



# Report in the public interest presentation

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# What is a report in the public interest

Local Audit and Accountability Act 2014

General duties

Specific statutory duties

- Issue a Report in the Public Interest
- Make statutory recommendations
- Issue an Advisory Notice
- Apply to the court for an item of account to be declared unlawful
- Apply for a judicial review

## Financial position – pre Covid-19

Deteriorating over a number of years with overspends on

- Children's social care
- Adult social care
- Unaccompanied asylum seeker children

Reserve levels

- Reducing year on year
- Lowest in London
- Impact of Dedicated Schools Grant deficit

## Financial position – pre Covid-19

Impact of flexible use of capital receipts for transformation funding

Qualifying expenditure is on a project designed to

- Generate ongoing savings
- Transform service delivery to reduce costs or demand for services

£73 million invested over three years

Challenge over areas to invest or outcomes achieved?

## Financial position – pre Covid-19

### Budget monitoring

- Quarter 2 reported in November 2019 showed a £10 million overspend
- Improving forecast in quarter 3 and outturn

### Budget setting

- Optimistic assumptions
- Unanimous approval
- 2017/18 recommendations, 2018/19 adverse value for money conclusion and discussed statutory recommendations in April 2020

## Financial position – during 2020

Covid-19 impact on original budget

Finance review panel and Financial Consultant

Additional expenditure plus not delivering savings plus loss of income

May gap was £65 million

November gap is £66 million

Financial Consultant and Head of Internal Audit reports

## Other matters

Treasury management

Increase in borrowing and affordability

Safeguard Council's interests - risk assessments supporting the revolving investment fund and the asset investment strategy

## Other matters

Subsidiary companies

Brick by Brick

- Sole shareholder
- Loans in excess of £200 million
- Rigour of scrutiny and safeguarding Council investment

London Borough of Croydon Holdings LLP

# Governance

Missed opportunities – financial position

- Budget outturn reports setting out overspends and also corporate adjustments
- Budget setting reports showing increasing reliance on savings and income generation
- Responding to audit concerns
- Re-setting the 2020/21 budget

# Governance

Missed opportunities – other matters

- Treasury management strategy showing borrowing at or above prudent levels
- Medium Term Financial Strategy that established Asset Investment Strategy approval by guillotine procedures
- Understanding your complex group structures, what good governance looks like and how to safeguard council taxpayers monies

## Good practice

- Role of members
- Cross-party working on matters
- Clarity on what is member responsibility and what is officer responsibility
- Use of exempt meetings
- Written record of member challenges
- Scrutiny and Audit Committees seen to act



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