

DLUHC and the Improvement and Assurance Panel

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Ministerial Statement issued on 16 March 2023

- On 16 March DLUHC published a Written Ministerial Statement on Croydon Council.
- The Minister for Local Government, Lee Rowley MP placed on record in the WMS, that he and the Secretary of State recognise “the positive steps taken by the Council with oversight from the IAP to lay the foundations for its recovery and ensure that legacy issues area addressed”.
- In a letter to the Executive Mayor, the Minister stated that he is “grateful for all of the work that you and other colleagues in Croydon have done in recent months to begin the long journey back from unprecedented challenges that the council has faced. I would like to formally acknowledge the good progress made by the council, under your leadership and with close support from the Panel, to address the difficult challenges it faces.”
- This is welcome recognition, that despite the deep historic problems facing Croydon, the council is recognised as making good progress and being willing to take the difficult decisions necessary to return the Council to a sustainable footing.

Recognition of progress, but assurance required

- Negotiations with the government on the Council's package of financial support are continuing, particularly in respect of the treatment of the £66million a year servicing costs of our unsustainable debt of £1.6 billion.
- As the financial support we have requested has now increased to £369 million it is understandable that DLUHC require extra assurance.
- DLUHC are minded to move the Improvement and Assurance Panel onto a statutory footing and they will be given a power of direction to use if they are not satisfied with the progress being made. This is designed to give DLUHC extra assurance that the Council is using their financial support to best effect.
- The Minister's written statement to the House of Commons is clear – this decision isn't a negative reflection of where the Council are now. The Minister states that "it is important that the council leads their recovery". Government recognises the progress that has been made and the positive steps taken to lay the foundations for recovery and ensure legacy issues are addressed as swiftly as possible.

Improvement and Assurance Panel

- The Panel, chaired by Tony McArdle, has worked with the Council since early 2021. It has given support, challenge and advice on how the Council has delivered on the Croydon Renewal plan and has regularly reported progress to DLUHC in their published letters.
- The need for more assurance on our progress, is proposed to be through a new 'power of direction'. This is the result of DLUHC declaring the council is failing its best value duty due to the extent of the historic problems, the level of improvement necessary and the additional amount of money the Council has had to request to sort out the historic legacy problems in our finances.
- Initially the Council had to ask permission to borrow £150m in 2020. The Council has since had to ask for a write off of £540m of debt and to borrow a further £224m.
- This additional £224m borrowing, plus the transformation of Council services and delivery of the £36m of savings next year, has allowed the 2023/24 budget to be balanced. There is still more to do to become a sustainable council but that is not possible without further support from government due to the amount of debt the Council has and what it costs us.

Formalising improvement arrangements

- The Council is different to Slough and Thurrock councils which are currently run by Commissioners with decision-making responsibilities, not powers of direction. The responsibility for the day-to-day running of Croydon won't change.
- What is happening at Croydon is a strengthening of the existing relationship with the Improvement and Assurance Panel, who have been working with the Council for the past two years. DLUHC have made clear it recognises the progress the Council has made but, due to the historic problems which have required the increase in financial support and the extent of improvement necessary; the council is not meeting its best value duty, therefore the Panel needs to give government further assurance.
- It is a precautionary measure that will help the Council build on the important progress already made and one that also signals that DLUHC are serious in their intent to help us resolve the cost pressure of the debt we carry.
- The Council and the Improvement and Assurance Panel are defining how the new arrangements will work and will also develop an exit strategy.

Future Steps

- The Council has been asked to comment on the government's proposals for the strengthening of the Improvement and Assurance Panel's arrangements by the 30 March 2023.
- The Opposition parties will be asked to comment on the draft letter as well
- The government will write to the Council after the May 2023 local elections setting out the exact changes to the arrangements to be put in place.
- The Panel will report to the government every six months on the Council's progress.
- The aim is for these arrangements to conclude by 31 March 2025 at the latest via the completion of the exit strategy.