

# Cabinet Supplementary Agenda



**5. Local Government Association Report of the Croydon Council  
Corporate Peer Challenge (Pages 3 - 46)**

To receive the Local Government Association Report of the  
Croydon Council Corporate Peer Challenge.

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## LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	<b>CABINET</b>
<b>DATE OF DECISION</b>	<b>8 JANUARY 2025</b>
<b>REPORT TITLE:</b>	<b>Report of the Corporate Peer Challenge</b>
<b>CORPORATE DIRECTOR / DIRECTOR:</b>	<b>Katherine Kerswell, Chief Executive</b> <b>Elaine Jackson, Assistant Chief Executive</b> <b>Jane West, Corporate Director of Resources &amp; S.151 Officer</b> <b>Stuart Collins, Corporate Director of Children, Young People &amp; Education</b> <b>Annette McPartland, Corporate Director of Adult Social Care &amp; Health</b> <b>Nazeya Hussain, Corporate Director of Sustainable Communities, Regeneration &amp; Economic Recovery</b> <b>Susmita Sen, Corporate Director of Housing</b>
<b>LEAD OFFICER:</b>	<b>Carol Squires, Interim Director of Policy, Programmes and Performance</b>
<b>LEAD MEMBER:</b>	<b>Jason Perry, Executive Mayor of Croydon</b>
<b>KEY DECISION?</b>	<b>NO</b>
<b>CONTAINS EXEMPT INFORMATION?</b>	<b>NO</b>
<b>WARDS AFFECTED:</b>	<b>All</b>

### 1 REPORT SUMMARY

- 1.1** The final report of the Local Government Association (LGA) Corporate Peer Challenge (CPC) presents the key findings and recommendations of the Peer Challenge Team following their visit to Croydon in October 2024. After one of the most challenging financial and governance crises in local government today, this independent report validates the work to rebuild the Council at unprecedented speed. It says, “The peer team was impressed with the scale of change the Council has achieved over the last four years,” noting the “significant progress” in responding to the issues faced. The peer team said that the Council should take pride in what has been achieved. Despite ongoing financial challenges, much of the transformation work taking place across the organisation could now be considered as an exemplar to others.
- 1.2** The peer team noted that “the Council has an ambitious vision for the borough, with clear corporate priorities – namely ‘balancing the books, listening to residents and delivering good, sustainable services’, and restoring pride in Croydon – and is delivering steadily against them, with progress made in financial management and

monitoring, attempting to reconnect with local communities and building the ‘customer voice’ into service development and provision, and efforts to improve town centres and tackle anti-social behaviour.”

**1.3** The Peer Challenge Team comprising senior local government Councillors and officers undertook a comprehensive review of key finance, performance and governance information, speaking to a range of Council staff, members and external partners, with a view to providing robust, strategic, and credible challenge and support. As a next step, the Council is developing an action plan that responds to the report recommendations. This will be presented to the Scrutiny and Overview Committee and then submitted to Cabinet for approval on 22 January 2025.

**1.4** The importance of this report for residents, officers and Councillors who experienced the Council’s crisis four years ago cannot be overestimated. Its recognition is a source of pride and will encourage the Council to continue working on Croydon’s recovery, guided by its recommendations.

## **2 WHAT THE PEER CHALLENGE TEAM FOUND**

**2.1** The peer team recognised that Croydon Council has made significant change and improvement over the last four years. Those involved “should be really proud” of this achievement. They said that they had “learned a lot from Croydon and will borrow with pride.”

**2.2** Their overall messages and observations included:

- The Executive Mayor and Chief Executive were respected and visible in their leadership both inside and outside the organisation.
- A strong direction is set out in the Mayor’s Business Plan and the Council is delivering steadily against its priorities.
- Members of the Corporate Management Team are highly thought of internally and by external partners.
- The Council has a strong culture, with a dedicated workforce. Having worked through the last few years, they now feel proud to work for Croydon Council.
- Member-officer and member-member relationships across the Council are generally mature and respectful.
- There is widespread understanding and ownership of the Council’s financial challenges across the organisation.
- There is a range of approaches to drive down costs, make savings and generate income, but there is more to explore.
- Continuing the work to rebuild trust with residents will be key.

- Clear examples of significant transformation in parts of the business can be learned from – elsewhere in the organisation and as an exemplar to the sector.
- Croydon Council is recognised as a credible partner on the sub-regional, and regional stage.

**2.3** At the end of their visit, the peer team fed back some quotations that they had heard from Croydon staff and partners. These included the following:

- “Croydon [is] starting to feel and behave like a normal partner.”
- “Croydon has a really big heart and wants to help people.”
- “This is the closest that I have felt aligned with the Council in my career.”
- “We own our past, but we are not defined by it.”
- “Members get it.”
- “Croydon has as good a leadership team as I have come across in local government.”

### **3 CROYDON COUNCIL’S JOURNEY TO GET HERE**

**3.1** In September 2020, a [Report in the Public Interest \(RIPI\)](#) uncovered catastrophic failures in leadership, governance and financial management. Two months later, the Council issued the first Section 114 Notice in London for 20 years. A second followed in December 2020. At this time, a [non-statutory government assurance review](#) found that “the Council has been poorly led by both Members and Officers over recent years... The signs of this crisis have been there for some time – the high spending departments have continued to overspend; savings targets have not been met. The signs were there, and alarm should have been noted and escalated, but the Assurance process has failed, and Governance has been poor.”

**3.2** The government appointed an [Improvement and Assurance \(IAP\) Panel](#) in February 2021 to oversee Croydon’s recovery efforts. The same month, a [national ITV report](#) highlighted the need for urgent transformation of the housing service. A [further RIPI](#) followed in January 2022, relating to historical failures in the Council’s refurbishment of Fairfield Halls. Both RIPIs uncovered substantial issues in leadership, governance and financial management. They highlighted a toxic organisational culture characterised by detached leadership, silos, and widespread bullying and discrimination.

**3.3** In October 2021, Croydon residents voted to change to a directly elected mayor model in a governance referendum to determine how their Council would be run. In 2022, following the election of Croydon’s first directly elected Executive Mayor, Jason Perry, and at his direction, the Council embarked on an ‘Opening the Books’ exercise. This, alongside external audit reviews of past expenditure, identified a range of additional challenges, including the need to rectify legacy budget errors totalling £161.6m in one

off costs and £49m in ongoing annual shortfalls. The Council subsequently issued a third Section 114 notice in November 2022 and was also forced to request a further significant increase in Capitalisation support from Government to balance its budget. As a result, in July 2023 the government [moved the IAP to a statutory footing](#) with a strengthened remit.

- 3.4** The Council has been left with £1.6bn in debt and reliant on exceptional Government financial support in the form of permissions to borrow £407.6m to date. £134m savings have been made over three years and asset disposals have delivered £150m to date. Nevertheless, the Council is paying £62m a year to service the debt, meaning that 17% of its core spending power is being spent on debt before providing services for residents.
- 3.5** In response, Croydon has embarked on one of the most ambitious improvement programmes in local government, with a relentless focus by elected leaders and officers on fixing the finances and getting Croydon back on track. The recommendations of an extensive range of external reviews have all been acted upon. The Council's work has been guided by corporate plans such as the [Mayor's Business Plan \(2022-26\)](#), [Improvement Plan \(2022-27\)](#), the [IAP's Intervention Exit Strategy](#) and [Future Croydon Transformation Plan 2024-29](#). These programmes are underpinned by measurable milestones and consistent monitoring. Listening to Croydon - residents, businesses and partners - is an Executive Mayoral commitment and runs throughout.

## **4 THE CORPORATE PEER CHALLENGE**

- 4.1** The CPC is a key part of the LGA's improvement and assurance framework for local government. It assists local authorities in meeting part of their Best Value duty; with every council required to undergo a CPC every five years. It is delivered by the local government sector for the sector and complements the Council's own performance and improvement focus. It is available, at no cost, to all English councils and involves a diverse team of experienced peers, comprised of senior local government councillors and officers, visiting the host council to undertake a review of key finance, performance and governance information.
- 4.2** The peers spent the 7<sup>th</sup> to the 10<sup>th</sup> of October at the Council with a view to providing robust, strategic, and credible challenge and support. They reviewed a range of information and evidence to ensure that they were familiar with the Council, the challenges it is facing and its future plans. The peer team gathered information and views from more than 30 meetings, in addition to further research. They spoke to more than 75 people including a range of Council staff together with members and external partners.
- 4.3** As required, the Council is preparing an action plan that responds to the 10 recommendations of the CPC final report. The plan will be presented to the Scrutiny

and Overview Committee on 21 January 2025 and submitted to Cabinet on 22 January 2025 for adoption.

- 4.4** A Progress Review will need to take place at Croydon Council in 2025. Croydon Council is expected to publish the related Progress Review Report within twelve months of the CPC (by 10 October 2025).

## **5 RECOMMENDATIONS**

For the reasons set out in the report the Executive Mayor and Cabinet is recommended to:

- 5.1** Note the final report of the Croydon Council Corporate Peer Challenge (Appendix 1).
- 5.2** Note that an action plan responding to the recommendations in the final report will be presented to Cabinet on 22 January 2025.

## **6 REASONS FOR RECOMMENDATIONS**

- 6.1** The Corporate Peer Challenge (CPC) assists local authorities in meeting part of their Best Value duty. The Government expects councils to have a CPC every five years.
- 6.2** The LGA stipulates that the CPC Report should be published on the Council's website no later than 10 January 2025, three months after the CPC.
- 6.3** The Council must also prepare an action plan that responds to the report recommendations. It is expected that the action plan will be published within five months of the CPC.
- 6.4** The recommendations are for noting only.

## **7 CONSULTATION**

- 7.1** This report is for noting only.

## **8 CONTRIBUTION TO EXECUTIVE MAYOR'S BUSINESS PLAN**

- 8.1** The CPC assists local authorities in meeting part of their Best Value Duty. The CPC final report makes recommendations that, when implemented, will strengthen the Council's ability to deliver on the following priorities in the Mayor's Business Plan:
- Get a grip on the finances and make the Council financially sustainable.
  - Become a council which listens to, respects and works in partnership with Croydon's diverse communities and businesses.

- Strengthen collaboration and joint working with partner organisations and the voluntary, community and faith sectors.
- Ensure good governance is embedded and adopt best practice.
- Develop our workforce to deliver in a manner that respects the diversity of our communities.
- Support the local economy and enable residents to upskill and access job opportunities.

## **9 IMPLICATIONS**

### **9.1 FINANCIAL IMPLICATIONS**

- 9.1.1 Two recommendations in the CPC emphasise the need for the Council to demonstrate that it has taken all possible measures to bring down costs and deliver value for money, and to develop a four-year sufficiency plan to balance the Medium Term Financial Strategy.
- 9.1.2 There are no other financial implications arising from the recommendations in this report.
- 9.1.3 Comments approved by James Huggett, Head of Finance for Resources, Assistant Chief Executive and MTFS on behalf of the Director of Finance 19/11/2024.

### **9.2 LEGAL IMPLICATIONS**

- 9.2.1 The Corporate Peer Challenge assists local authorities in meeting part of their Best Value Duty. This Duty relates to the statutory requirement for local authorities and other public bodies defined as best value authorities in Part 1 of the Local Government Act 1999 (“the 1999 Act”) to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. In practice, this covers issues such as how authorities exercise their functions to deliver a balanced budget (Part 1 of the Local Government Finance Act 1992), provide statutory services, including adult social care and children’s services, and secure value for money in all spending decisions.
- 9.2.2 Statutory guidance on the Best Value Duty issued under section 26 of the 1999 Act sets out the Government’s expectation for local authorities to make their own arrangements to secure continuous improvement. This includes being open to external challenge and scrutiny, including regular peer challenges.
- 9.2.3 The guidance also provides that arranging a corporate peer challenge at least every five years, acting promptly on any recommendations given, and publishing the report of that review and progress updates, are among characteristics of a well-functioning authority.
- 9.2.4 Comments approved by Kiri Bailey Head of Commercial, Housing and Litigation and Deputy Monitoring Officer on behalf of the Director of Legal Services and Monitoring Officer. (19/11/2024).

### **9.3 EQUALITIES IMPLICATIONS**



9.3.1 In its assessment of the Council's local priorities and outcomes, the Peer Challenge Team found that the Council had a good understanding of the diversity of the place and the needs of the borough. There are no equalities implications arising from the recommendations of this report.

9.3.2 Comments approved by Helen Reeves, Head of Strategy and Policy (12.11.2024)

#### **9.4 HUMAN RESOURCES IMPLICATIONS**

9.4.1 There are several workforce-related actions emergent from the CPC that will need focus and resource to embed alongside a refresh of the Council's People and Cultural Transformation Strategy.

9.4.2 Key actions include: completion of a skills audit; introduction of a new change model and framework; review and potential expansion of the core management development programme; review of the staff networks' terms of reference and critical role for building an inclusive workplace culture; completion of Oracle HR improvements to yield organisational efficiency; digital training and development; the building of talent pipelines supported by skills and career pathways; improvement of customer service skills; refreshment of the Council's values, reduction in agency use and spend; and the continued focus on retention and workforce stability.

9.4.3 Approved by: Dean Shoesmith, Chief People Officer. (12/11/2024)

## **10 APPENDICES**

1. Croydon Council Corporate Peer Challenge Final Report, November 2024.

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# LGA Corporate Peer Challenge

Croydon Council

7 – 10 October 2024

Feedback report



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## 1. Introduction

Corporate Peer Challenge (CPC) is a highly valued improvement and assurance tool that is delivered by the sector for the sector. It involves a team of senior local government councillors and officers undertaking a comprehensive review of key finance, performance and governance information and then spending four days at Croydon Council to provide robust, strategic, and credible challenge and support.

CPC forms a key part of the improvement and assurance framework for local government. It is underpinned by the principles of Sector-led Improvement (SLI) put in place by councils and the Local Government Association (LGA) to support continuous improvement and assurance across the sector. These state that local authorities are: Responsible for their own performance, Accountable locally not nationally and have a collective responsibility for the performance of the sector.

CPC assists councils in meeting part of their Best Value duty, with the UK Government expecting all local authorities to have a CPC at least every five years.

Peers remain at the heart of the peer challenge process and provide a 'practitioner perspective' and 'critical friend' challenge.

This report outlines the key findings of the peer team and the recommendations that the Council are required to consider.

## 2. Executive summary

There is effective and visible political and managerial leadership in Croydon Council. The Mayor is approachable and clear about his political priorities, which are set out in the [Mayor's Business Plan 2022-2026](#). The Chief Executive, having joined the Council on an interim basis in September 2020 and appointed permanently in July 2021, was described to the peer team as honest, engaging and caring. Together the Mayor and Chief Executive are well-respected and provide strong, visible leadership to the Council.

The relationships between the Mayor and Chief Executive, and between Cabinet and CMT, are positive and effective, underpinned by mutual respect for their respective

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roles and trust. Cabinet members are knowledgeable about their portfolios and feel well-sighted on the key issues facing the Council. Members of the Corporate Management Team operate well together as a cohesive and supportive body, and are highly thought of internally and by external partners.

The Council has a strong culture, with a dedicated workforce. Having worked through the last few years, they now feel proud to work for Croydon Council. The staff that the peer team met were passionate about delivering quality services to residents and their role in helping the Council to improve. Members across the political groups are passionate and committed to Croydon the place, and supporting the Council to improve and move to a sustainable footing. Member-officer and member-member relationships across the Council are generally mature and respectful.

The Council has an ambitious vision for the borough, with clear corporate priorities – namely ‘balancing the books, listening to residents and delivering good, sustainable services’, and restoring pride in Croydon – and is delivering steadily against them, with progress made in financial management and monitoring, attempting to reconnect with local communities and building the ‘customer voice’ into service development and provision, and efforts to improve town centres and tackle anti-social behaviour.

Croydon Council has faced well-documented financial and governance challenges over recent years. Since 2020, the Council has been subject to two Reports in the Public Interest (RIPs), three Section 114 reports being issued, and significant churn at both senior management and executive level. The Council has clearly made significant progress in responding to the issues flagged and there is now stable leadership across the organisation. The Council has also been successful in leveraging in external funding to deliver projects that it otherwise would not have been able to prioritise given the financial strain it is under. A good example of this is London Borough of Culture 2023, which levered a £1.5m investment in culture from external partners, requiring no call on the General Fund, and created legacies for the future.

The peer team was impressed with the scale of change the Council has achieved over the last four years, but noted that, despite these improvements, generally residents and local people are not yet seeing a lot of tangible evidence of

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improvement and delivery externally. The Council recognises this. There is a need to prioritise work to both bring about visible change and communicate with residents to make them aware of important – but generally invisible to the public – improvements that are being made.

For the most part the narrative about Croydon Council is still controlled by others external to the Council, and tends to focus on the Council's historic problems. There is a need for the Council to reclaim the narrative to set out the next chapter of the Croydon story over the medium- to long-term.

The peer team found that the Council has a strong understanding of the diversity of the borough, the needs of Croydon's communities, and the specific challenges its residents face, along with a strong sense of place and an understanding of the borough's importance in the South-West London sub-region and its contribution to the capital.

There is a committed and renewed approach to partnership working in Croydon, both strategically and operationally, which represents a shift having previously been very inward looking in order to focus on addressing internal challenges. Partners now report that the Council is now providing credible senior political and officer leadership at both the sub-regional and London-wide levels, and this work has generated tangible benefits for local people. There are opportunities for further partnership working, and key partners such as health, police, schools, and the voluntary, community and faith sector see that they have a role as part of the 'Croydon Village' to contribute to improvement in the borough and tackling tough decisions. The Council has an important leadership and convening role to bring partners together to explore how the 'Croydon village' can consolidate around shared issues of concern to identify and prioritise actions that can be delivered together.

Croydon's political leaders have successfully rebuilt credibility with investors and partners, which is a significant achievement. The Council's initiatives, such as developer days, have attracted active interest from private sector partners looking to invest in the borough. The peer team noted that the Council could benefit from a cohesive and forward-looking growth plan, building on existing foundations, to

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strategically shape and direct investment in the borough to act as a framework for driving sustainable development, creating jobs, upskilling residents, increasing the council tax base, and boosting business rate revenues.

Improvement activity around governance has been at the core of the Council's improvement agenda over the last four years. Following a governance referendum in May 2022 a new executive model was introduced, with the first election for a directly elected executive mayor taking place alongside the all-out ward councillor elections. Almost 2.5 years on, it is clear to the peer team that the Council is operating confidently within its new governance model, honing the model as time goes on.

There is a clear organisational commitment to effective challenge, and the Council's commitment to openness, honest and transparency was evident, with strong leadership from the top of the organisation that is then threaded through all activity. This is further evidenced by arrangements such as the Audit and Governance Committee being chaired by a skilled and experienced independent person, and the overview and scrutiny committee being chaired by an opposition councillor.

The peer team heard consistent messages regarding the improvement achieved in the overview and scrutiny function, with members and officers both reporting that it is working well, with evidence of robust discussions taking place. This has helped the scrutiny function re-establish credibility.

The governance framework across the Council is extensive, having been created to provide grip and oversight following the first RIPI, which noted "weak underlying [governance] arrangements," The Council has moved on significantly since then, and now has a strong foundation in place, with an organisational culture that recognises the importance of good governance. With this in mind, the peer team believes there is now an opportunity to review the internal governance arrangements and potentially scale down some of these in order to free up capacity. The peer team recognises that there is a balance to be struck to ensure that an appropriate level of grip and oversight is in place to support the Council today.

The peer team was of the view that some of the assurance functions, such as the Programme Management Office, Internal Audit and Risk, are currently under-

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resourced and undersized for the complexity and pace of change that the Council is undertaking. There is a need to convert previous temporary funding for these areas into permanent funding to secure longer term organisational capacity and to embed assurance.

The Council reports progress against the Intervention Exit Strategy to the Improvement and Assurance Panel (IAP) every six months. At the time of the CPC, 91% of the actions had been completed or were on track to be completed. Due to the progress made by the Council, the IAP has committed to reduce the amount of time it spends working at the Council. The peer team found that member and senior officer engagement with the IAP is positive and effective, and all political groups reported good access to the IAP.

The Council has an effective member induction programme and training provision. The members and staff that the peer team spoke to recognised that the Members Enquiries System has improved, but there is still a way to go to enhance the responsiveness, quality, and consistency of responses. It would be worth the Council strengthening its training provision around this.

Balancing the books' is a priority for the administration, and there is widespread understanding and ownership of the Council's financial challenges across the organisation. The 'Opening the Books' exercise and the recent financial management review have re-built much needed trust and confidence in the calculation of the scale of the challenge to be tackled, the response needed, and the culture required to achieve this. Improvements have been made to financial management and monitoring, with the Council putting in place well-established budget monitoring and systems to enable regular and quality oversight and management of risk and financial governance. At the time of the CPC, the Council had recently identified a large corporate in-year overspend due to children's social care placement costs, demand for temporary accommodation, and demand for home to school transport for children with special educational needs and disabilities. Whilst this is consistent with many other London boroughs and is not unique to Croydon specifically, in particular the significant increase in temporary accommodation costs will have a marked impact

on the financial sustainability of the Council (excluding external debt levels) and requires further revisions to the MTF5 to deliver financial sustainability over the medium term.

The peer team heard about a range of approaches to drive down costs, make savings and generate income, but there is more to explore. There was a sense from the IAP that the Council has not yet demonstrated that it has done all it can to bring down costs, including exploring proposals that conflict with political commitments. It is important that the IAP is explicit in what more it thinks the Council could do and what evidence members of the IAP expect the Council to provide to evidence that all options have been exhausted. It appeared to the peer team that some of this could be resolved by the Council 'showing its working' to evidence that options have been considered and why they have been rejected, and it would be helpful to share this with key partners, such as government. Without such assurances and evidence that the Council has explored all options and has exhausted opportunities to bring down costs, the peer team's view is that it is unlikely that Government would consider further assistance beyond the Exceptional Financial Support framework. The peer team recommends that the Council develops some products that show intent and ambition in this space.

The Council's General Fund debt of over £1.3bn is costing in excess of £60m to service each year, with every £38m indicative additional capitalisation direction adding over £2m to the cost of servicing the debt. The Council's debt represents a key structural challenge to the delivery of sustainable finances. The Council is working with the IAP in developing a long-term proposal to the Government to secure long-term financial sustainability. However, the peer team found that the Council's relationship with MHCLG on addressing its financial challenges has not translated into meaningful action or decision-making regarding the Council's structural debt. It was suggested to the peer team by members of the IAP that Government was unlikely to make a decision about how to resolve Croydon's debt issue before summer 2025 which, given the ongoing cost to the public purse of servicing the debt, was shocking to the peer team. The peer team would urge Government (MHCLG and

the Treasury) to engage with the Council in a meaningful way to identify how the structural debt issue can be addressed.

Croydon Council has been on an improvement journey since 2020, with transformation activity seeking to simultaneously achieve significant cost savings and reform service delivery. There is strong cross-party commitment and support for the improvement agenda, and senior officers are passionate and committed in their leadership of the improvement activity. The staff the peer team met were optimistic about their roles in contributing to improvement and being ambassadors for change, though some staff feel disconnected from the improvement agenda, and are not clear how they can contribute. The Council should provide clarity to ensure that all staff are about to contribute fully.

The peer team heard that management capability is inconsistent across the organisation, and the Council is addressing this by investing in the learning and development of the middle managers on topics such as political awareness, resilience, financial management, and cultural competence. This is a positive development.

The Council has commissioned three strategic partners to help support the design and delivery of its transformation: Newton for Adult Social Care and Health Services; IMPOWER for Children, Young People and Education Services; and Boston Consulting Group (BCG) for re-designing the target operating model. It is evident that the strategic partners have contributed much-needed capacity in these areas but given the work to develop their proposals was still in train at the time of their visit, the peer team was not able to validate the level of cashable benefits suggested or the nature of the programme and assurance frameworks which will be required to take the work forward. The Council will need to assure itself that it has sustainable transformation capacity (people, processes and technology) to deliver ambitious plans at the pace it desires once the strategic partner capacity withdraws from the Council. Cashable benefits and savings not only need to be delivered, but need to be sustainable and long term.

Improving the quality and responsiveness to customer service enquiries is a priority for the Council, and progress is being made in this area. Customer satisfaction monitoring tools are currently being put in place for, which will help measure future impact, and the Council is reviewing policies and procedures, improving the complaints system, and investing in staff training and extra capacity in the complaints team. Some residents have already recognised positive changes, particularly in housing and transformation, and are willing to support further improvement.

However, the peer team also heard from groups representing residents and service users that their experience often differed depending on which part of the Council they were interacting with. There is more work for the Council to do to ensure that it is responsive and able to deliver service improvement and re-build trust with residents.

It was clear to the peer team that the Council has made significant progress in the last four years. Though there is more to do, the improvement achieved so far should be celebrated. Positive feedback from the Council's External Auditors suggested that the work the Council has put in over the last few years means that Croydon is now arguably better placed to manage its current challenges than other London boroughs (excluding the debt issue).

While undoubtedly the Council has benefitted from the advice and support from members of the IAP over the last 3.5 years, Croydon is now in a position where external assurance and oversight from the IAP may no longer be necessary.

Croydon's statutory intervention is due to run until July 2025. The peer team felt that there is a strong case for the intervention to be brought to an end before then, given the progress made to date.

The structural debt issue remains a live issue, with no meaningful discussions taking place to try and reach a solution, resulting in the problem being compounded further and a greater impact on the public purse. The peer team strongly urges Government (MHCLG and the Treasury) to engage with the Council in a meaningful way to identify how the structural debt issue can be addressed satisfactorily.

## 3. Recommendations

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the Council:

### **3.1 Tell the next chapter of the Croydon story. Develop a clear narrative about where Croydon is now, where it is going (place, people, partnerships) and control the narrative going forward, supported by a strong communications strategy**

A compelling narrative will help members, staff, partners, and residents look towards the future and help them see how they can support the delivery of this vision.

### **3.2 Demonstrate that you have done all you can to bring down costs and deliver value for money, and resolve the debt issue**

It will be necessary to evidence that the Council has considered all options and done all it can to bring down costs. This may require exploring proposals that conflict with political commitments. Where decisions have been taken to reject proposals because modelling has shown that making one saving would result in pushing up costs elsewhere, it would be helpful to share this with key partners such as government. The peer team strongly urges Government (MHCLG and the Treasury) to engage with the Council in a meaningful way to identify how the structural debt issue can be addressed.

### **3.3 Speed up your work to create a four-year sufficiency plan to balance the MTFS, including a capital ambition for the borough**

Over the last three years, the Council has taken a significant amount of funding out of its budget. Despite this, budget gaps remain in the Medium Term Financial Strategy (MTFS) and severely constrained capital financing is constraining a coherent place shaping vision.

### **3.4 Take the learning from successful projects that have been delivered and replicate this in other places across the organisation**

There are already examples of significant transformation and improvement achieved across the organisation. This presents a valuable opportunity to take the learning and

apply it to other parts of the organisation.

### **3.5 Invest in sustainable transformation capacity**

The Council currently has three strategic partners, which is adding much needed capacity to its transformation work. There is a need to determine how the Council will ensure that it has sustainable transformation capacity and programme management to deliver ambitious plans at the pace it desires.

### **3.6 Ensure sufficient resources (people, processes and technology) are in place for improvement, and re-embed a strong corporate capacity to operate at pace as 'one council'**

In order to sustain its transformation work over the MTFS period and beyond, the Council must ensure that sufficient resources are in place. A strong corporate core will provide solid foundations to act as an enabling function to support delivery across the organisation.

### **3.7 Bring greater stability to the organisation with permanent staff**

The Council still has a relatively high number of interim staff, some on a long-term basis. Where it is possible and when opportunities arise, the Council should recruit staff on a permanent basis.

### **3.8 Develop a Croydon Growth Plan, building on the inward investment strategy**

The Council has taken initial steps to engage effectively with investors, but would benefit from going further and developing a Growth Plan to maximise its investment potential.

### **3.9 Embed clear customer experience standards and a culture that supports positive customer service consistently across the organisation, with clear accountability for delivery**

The Council has started to improve the quality of the customer experience through targeted activities. Establishing an overarching customer improvement strategy for the whole Council, supported by a set of defined standards and expectations, will provide a more consistent experience for customers and help get the basics right.

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### 3.10 Celebrate success – you have achieved a lot over the last four years

The Council has achieved significant change and improvement over the last four years, and staff and members should be proud of this. While there is more work to be done, don't forget to celebrate your achievements, including communicating progress to residents.

## 4. Summary of peer challenge approach

### 4.1 The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the focus of the peer challenge and peers were selected by the LGA on the basis of their relevant expertise. The peers were:

- Lead Officer Peer: Shokat Lal, Chief Executive, Sandwell Council
- Lead Member Peer: Cllr Kevin Bentley, Leader, Essex County Council
- Cllr Simon Henig, Former Leader, Durham County Council
- Sarah Bogunovic, Assistant Director – Registrations, Coroner's Service and Customer Strategy, Surrey County Council
- Nabeel Khan, Corporate Director for Climate and Inclusive Growth, Lambeth Council
- Wendy Popplewell, Executive Director for Core Services, Barnsley Council
- Simon Riley, Chief Operating Officer & S151 Officer, Cheshire West and Chester Council
- Kate Herbert, LGA Peer Challenge Manager
- Nick Searle, LGA Senior Regional Adviser

## 4.2 Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Challenges. These areas are critical to Councils' performance and improvement.

1. **Local priorities and outcomes** – Are the Council's priorities clear and informed by the local context? Is the Council delivering effectively on its priorities? Is there an organisational-wide approach to continuous improvement, with frequent monitoring, reporting on and updating of performance and improvement plans?
2. **Organisational and place leadership** – Does the Council provide effective local leadership? Are there good relationships with partner organisations and local communities?
3. **Governance and culture** – Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?
4. **Financial planning and management** – Does the Council have a grip on its current financial position? Does the Council have a strategy and a plan to address its financial challenges? What is the relative financial resilience of the Council like?
5. **Capacity for improvement** – Is the organisation able to bring about the improvements it needs, including delivering on locally identified priorities? Does the Council have the capacity to improve?

As part of the five core elements outlined above, every Corporate Peer Challenge includes a strong focus on financial sustainability, performance, governance, and assurance.



### 4.3 The peer challenge process

Peer challenges are improvement focused; it is important to stress that this was not an inspection. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. This included a position statement prepared by the Council in advance of the peer team's time on site. This provided a clear steer to the peer team on the local context at Croydon Council and what the peer team should focus on. It also included a comprehensive LGA Finance briefing (prepared using public reports from the Council's website) and a LGA performance report outlining benchmarking data for the Council across a range of metrics. The latter was produced using the LGA's local area benchmarking tool called LG Inform.

The peer team then spent four days onsite at Croydon Council, during which they:

- Gathered evidence, information, and views from more than 30 meetings, in addition to further research and reading.
- Spoke to more than 75 people including a range of Council staff together with members and external stakeholders.

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and members.

## 5. Feedback

### 5.1 Local priorities and outcomes

Following the election of the new Executive Mayor of Croydon in May 2022, lead members and senior officers worked together to articulate the political priorities of the incoming administration in a corporate strategy for the organisation. In December 2022, the Council adopted the [Mayor's Business Plan 2022-2026](#), which sets out a

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clear vision and priorities, underpinned by a strong focus on 'balancing the books, listening to residents and delivering good, sustainable services', and restoring pride in Croydon.

The Council is delivering steadily against these priorities. For example, a review of the Local Plan was a key manifesto commitment and is underway, with the SPD2 Suburban Design Guide revoked shortly after the election, and a new Local Plan in development and anticipated to be adopted by late 2025. Similarly, the Council's transformation in the Housing department is impressive and is an exemplar of in-house improvement. In addition to this, the peer team saw evidence of other strong performance across the Council, such as delivering Education, Health and Care Plan assessments within the statutory timescales; Croydon's first Family Hub opening in January 2024; the Young Ambassadors Programme; work in place to establish a new children's home in the borough; and appointing a care leaver as co-chair of the Children and Young Persons Board.

The Council has also been successful in leveraging in external funding to deliver projects that it otherwise would not have been able to prioritise given the financial strain it is under. A good example of this is London Borough of Culture 2023. The year long 'This is Croydon' event celebrated the borough's diverse communities and heritage, reaching an audience of over 600,000 people. It was successfully delivered with no call on the general fund and represented a £1.5m investment in culture. It also created legacies for the future, such as an increase in Croydon-based Arts Council England National Portfolio Organisations, with £4.8m awarded to six organisations for programme delivery.

The peer team saw evidence of the Council attempting to reconnect with its communities, with visible engagement of residents and building the 'customer voice' into service development and provision, and the Mayor holding regular question sessions and community meetings across the borough. The transformation programme in Housing services maintains a clear focus on tenants and residents, with examples of co-production including the new Residents' Charter, and provides a helpful model for the whole organisation to learn from.

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The peer team was impressed with the scale of change the Council has achieved over the last four years, but noted that, despite these improvements, residents and local people are not yet seeing a lot of tangible evidence of improvement and delivery externally. The Council recognises this. There is a need to prioritise work to both bring about visible change and communicate with residents to make them aware of important – but generally invisible to the public – improvements that are being made.

Linked to this, the peer team observed that for the most part the narrative about Croydon Council is still controlled by others external to the Council, and tends to focus on the Council's historic problems. There is a need for the Council to reclaim the narrative to set out the next chapter of the Croydon story over the medium to long term. This might describe where Croydon is now, and where it is going and the outcomes the Council is keen to bring about, whether relating to place, to people (workforce and communities), or to the partnerships it values. A compelling and inspiring narrative will help members, staff, partners, and residents look towards the future and help them see how they can support the delivery of this vision. This work could be widened to a broader piece of work that brings together partners and residents to shape that medium term thinking. This is essential to inform the next iteration of the Mayor's Business Plan, which will inform the wider external outcomes for the Borough beyond 2026. The output of this work should help to shape the narrative regarding the Council going forward, and should be supported by a strong communications strategy to make the plans real to all stakeholders. This may require further investment in the Council's communications capacity to support this work.

The peer team found that the Council has a strong understanding of the diversity of the borough, the needs of Croydon's communities, and the specific challenges its residents face. For example, the early intervention work undertaken as part of developing the Safety Valve Plan has helped the Council better understand the needs of children and young people in Croydon. This has then led to a higher success rate for applications for an Education, Health and Care Needs Assessment.

### **5.1.1 Performance**

Croydon is one of the most diverse boroughs in London and with a population of over

390,000, it is also the most populous. It has the largest population of under 18-year-olds in London, making up over a quarter of local residents<sup>1</sup>. An outer London borough, Croydon boasts more than 120 parks and green spaces, and has much envied transport connections (fast rail access to London, Gatwick airport, as well as to the south coast, and an extensive tram network).

Croydon Council has faced well-documented financial and governance challenges over recent years. Since 2020, the Council has been subject to two Reports in the Public Interest (RIPs), three Section 114 reports being issued, and significant churn at both senior management and executive level.

Following a Ministry of Housing, Communities and Local Government (MHCLG) Rapid Review in late 2020 that highlighted concerns regarding leadership and management (particularly in the sphere of financial management, governance and risk), the Council was placed into non-statutory intervention in February 2021, and an Improvement and Assurance Panel was established to advise and support the Council. This moved to a statutory intervention footing in July 2022, with an indication that the intervention would run to July 2025. Over the last four years the Council has sought permission from central government to access Exceptional Financial Support totalling £297.04m to address financial challenges over the period 2019-2025.

Since 2020, the Council has been on a steady road to recovery and has already achieved substantial change and improvement: A new permanent chief executive and senior management team have been appointed, and the Council introduced a new executive model in 2022 following a public referendum. Reports from the Improvement and Assurance Panel to government have charted progress and improvement across the Council.

Looking at the [LG Inform](#) data performance information system which the Local Government Association hosts on behalf of the sector, the following can be seen for Croydon when comparing it with other London Boroughs, using the most recently available data:

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<sup>1</sup> Based on 2021 Census data

Where Croydon is amongst the better performers:

- The percentage of non-domestic rates collected as a percentage of non-domestic rates due
- The number of households on the housing waiting list
- The percentage of household waste sent for reuse, recycling and composting

Where Croydon is less high performing:

- The timeliness of processing minor Planning applications
- The proportion of young people not in education employment or training

Where performance in Croydon is around the average:

- The percentage of council tax collected as a percentage of council tax due
- The time taken to process housing benefit new claims and change events
- The number of affordable homes delivered
- The timeliness of processing of major Planning applications
- The amount of residual waste per household
- The number of children looked after per 10,000 children

As part of the standard peer challenge process the team reviewed several inspection reports, regulatory notices and statutory requirements:

The peer team noted that the last full Ofsted inspection was in 2020 and the Council was given an overall rating of 'Good,' with 'Requires Improvement' for experiences and progress of children in care and care leavers. This marked an improvement from 2017's 'Inadequate' judgement. There was a focussed visit in 2021 and a joint area SEND inspection with the Care Quality Commission (CQC) in 2021. The peer team noted that while they were onsite for the CPC, the Council received the notification that the ILACs inspection would begin the following week<sup>2</sup>.

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<sup>2</sup> The outcome of the Ofsted ILACS inspection was published in early December, with the overall effectiveness of Croydon Council's Children's Services graded as 'Good'.

The Council received a regulatory notice in 2021 due to a breach of the Home Standard and the Tenant Involvement and Empowerment Standard. It was concluded by the Regulator of Social Housing (RSH) that as a consequence of this breach, there was actual and potential serious detriment to Croydon's tenants. The Council is addressing the issues raised with an action plan.

As of March 2023, the Council has a five-year supply of housing land (5.3 years) to meet housing targets until 2027. The result of the 2021 Housing Delivery Test was released in January 2022 and identified Croydon exceeding their requirement by 28% and therefore no further action was required. The Local Plan was reviewed, and the revised Local Plan is due to be submitted to the Secretary of State for Examination in Public by the end of 2024.

The peer team noted that Croydon has yet to receive inspections from the Regulator of Social Housing and the Care Quality Commission. These will be key events for the Council and will further shape the organisation's improvement agenda. Discussions with senior officers suggest that the Council is well-prepared for the inspections.

In considering how the Council undertakes performance management, the peer team made the observation that the organisation undertakes a wide range of data collection, with significant Corporate Management Team (CMT) time spent on the 'escalation' of performance management to their level. It would be worth considering how the next tier of management below CMT could take ownership of performance oversight and management, embedding a performance management culture within the Council that escalates when needed to CMT.

## **5.2 Organisational and place leadership**

There is effective and visible political and managerial leadership in Croydon Council. The Mayor is clear about his political priorities and is approachable. The Chief Executive, having joined the Council on an interim basis in September 2020 and appointed permanently in July 2021, was described to the peer team as honest, engaging and caring. Together the Mayor and Chief Executive are well-respected and provide strong, visible leadership to the Council. They set out a clear direction for

the Council, and their commitment to both the Council and the borough means that they are seen as the ‘custodians of place.’

The relationships between the Mayor and Chief Executive, as well as between Cabinet and CMT, are positive and effective. There is mutual respect for their respective roles, and working relationships are underpinned by trust. Cabinet members are knowledgeable about their portfolios and feel well-sighted on the key issues facing the Council. The relocation of the Cabinet’s offices and meeting spaces from the Town Hall to the main Council offices has further strengthened relationships. Members of the Corporate Management Team operate well together as a cohesive and supportive body, and a highly thought of internally and by external partners. However, the peer team were sighted on the need to deepen the leadership cohort at middle management level through the leadership development programme (Invest). This programme was just commencing and its effectiveness needs to be monitored carefully to broaden leadership resilience and to promote increased autonomy and accountability at this level.

When considering place leadership, Croydon Council has a strong sense of place and an understanding of the borough’s importance in the South-West London sub-region and its contribution to the capital. The Council has an ambitious vision for the borough, which is clearly set out in the Mayor’s Business Plan.

There is a committed and renewed approach to partnership working in Croydon, both strategically and operationally. The peer team was told that the Council had previously been very inward looking, having to focus on addressing internal challenges, but partners now report that the Council is now providing credible senior political and officer leadership at both the sub-regional and London-wide levels.

This work has generated tangible benefits for local people. For example, the One Croydon Alliance is a partnership between the local NHS, Croydon Council and Age UK Croydon. It is one of six national sites for integrated health and social care discharge programme. It is an example of effective partnership working and the Council may wish to consider raising awareness of such benefits with residents.

There are opportunities for further partnership working, something partners told the

peer team that they are keen to explore further. Key partners such as health, police and schools, see that they have a role as part of the 'Croydon Village' to contribute to improvement in the borough and tackling tough decisions. The Council has an important leadership and convening role to bring partners together to explore how the 'Croydon village' can consolidate around shared issues of concern to identify and prioritise actions that can be delivered together. It may be helpful to identify a corporate lead to shape and support the Council's relationship with partners in order to bring greater consistency to the way in which the Council engages with partners.

Linked to this, the voluntary, community and faith sector (VCFS) is an important strategic partner in Croydon. Although the Council strives for a close relationship with the VCFS, the peer team found that the current strength of the relationship is mixed. The peer team felt that there is therefore more work to do to move to the next phase of the Council-VCFS relationship to ensure a positive, collaborative and respectful working relationship for the future. Some councils have found the process to develop a local 'Compact'<sup>3</sup> – a framework agreement between the Council and the local VCFS setting out principles to underpin the way they will work together – a very helpful exercise to improve relationships for mutual advantage.

As well as working with the VCFS, there are significant opportunities to work with the private sector to attract investment into the borough. The peer team observed that Croydon's political leaders have successfully rebuilt credibility with investors and partners, which is a significant achievement. The Council's initiatives, such as developer days, have attracted active interest from private sector partners looking to invest in the borough. Furthermore, the Greater London Authority (GLA) has designated Croydon as a 'high priority' for investment, recognising its 'enormous potential.' The approval of a new Inward Investment Plan by Cabinet in September 2024 marks a positive step forward.

However, the peer team noted the absence of a cohesive and forward-looking growth plan to strategically shape and direct investment in the borough. While the Inward

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<sup>3</sup> More detail about the National Compact and approaches to developing local Compacts is available from the NCVO: <https://www.ncvo.org.uk/help-and-guidance/running-a-charity/collaboration/working-with-local-compacts/>



Investment Plan provides a valuable foundation, Croydon would benefit from a broader Growth Plan that integrates economic, social, and environmental priorities. Such a plan could act as a framework for driving sustainable development, creating jobs, upskilling residents, increasing the council tax base, and boosting business rate revenues.

Aligning this Growth Plan with London's broader growth agenda and the UK Government's National Industrial Strategy could unlock further opportunities for Croydon. Additionally, collaboration with the GLA and neighbouring boroughs could position Croydon as a critical hub in South London's economic growth, contributing to London's overall competitiveness and resilience.

A clearly articulated Croydon Growth Plan would also strengthen the Council's ability to secure funding from public and private sources, providing confidence to stakeholders and ensuring that new developments align with the borough's long-term vision. This plan should prioritise inclusive growth, addressing local challenges such as housing affordability, skills development, and infrastructure connectivity, while capitalising on Croydon's unique assets, such as its transport links and growing cultural scene, building on its hugely successful London Borough of Culture work.

### **5.3 Governance and culture**

Given the assessment of the Council in the MHCLG Rapid Review and the subsequent Reports in the Public Interest (RIPs), improvement activity around governance has been at the core of the Council's improvement agenda over the last four years.

In October 2021, a governance referendum was held to determine how Croydon Council was to be run and Croydon residents voted to move from a leader and cabinet model to a directly elected mayor model. The new executive model was introduced in May 2022, with the first election for an executive mayor taking place alongside the all-out ward councillor elections. In advance of the election, the Council commissioned a bespoke peer challenge from the LGA to assess its preparedness for the change of executive model.

Almost 2.5 years on, it is clear to the peer team that the Council is operating confidently within its new governance model, honing the model as time goes on<sup>4</sup>. The Mayor and Cabinet work well together and operate as a coherent Cabinet. The peer team heard consistent messages regarding the improvement achieved in the overview and scrutiny function, with members and officers both reporting that it is working well, with evidence of robust discussions taking place. This has helped the scrutiny function re-establish credibility.


The Council continues to strengthen its governance and assurance arrangements, and the peer team heard consistent messages regarding organisational commitment to effective challenge. This was echoed by individuals who articulated the importance of good governance in maintaining their own integrity, and was further evidenced by arrangements such as the Audit and Governance Committee being chaired by a skilled and experienced independent person, and the overview and scrutiny committee being chaired by an opposition councillor.

The Audit and Governance Committee has an important role in holding the Council to account on governance improvement activity: it oversees compliance with the Code of Corporate Governance and tracks the delivery of the Annual Governance Statement action plan, the latter of which contains improvement plans related to good governance (including the actions resulting from the Reports in the Public Interest (RIPIs)). This activity appears to operate effectively.

As a result of the first RIPI noting “weak underlying [governance] arrangements,” several Internal Control Boards were established to provide governance over matters such as internal controls, performance, programme and risk management, and operational delivery. The Council also has established Improvement Boards (such as the Housing Improvement Board, and the Children’s Improvement Board) to oversee key improvement themes, and Programme Delivery Boards to monitor progress against delivery action plans. The governance framework across the Council is

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<sup>4</sup> From May 2022 until June 2024, the member-level executive functions of the Council were mainly discharged by the Mayor in Cabinet or by the Executive Mayor individually; The Mayor delegated only limited functions. Since June 2024, Cabinet has operated as a collective decision-making body.



extensive, and was created to provide grip and oversight at a time when both were in short supply. The Council has moved on significantly since then, and now has a strong foundation in place, with an organisational culture that recognises the importance of good governance. With this in mind, the peer team believes there is now an opportunity to review the internal governance arrangements and potentially scale down some of these in order to free up capacity. The peer team recognises that there is a balance to be struck to ensure that an appropriate level of grip and oversight is in place to support the Council today.

The peer team was of the view that some of the assurance functions, such as the Programme Management Office, Internal Audit and Risk, are currently under resourced and undersized for the complexity and pace of change that the Council is undertaking. There is also the need to convert previous temporary funding for these areas into permanent funding to secure longer term organisational capacity and to embed assurance. While recognising the restrained financial environment that the Council operates in, there is a need for a strong assurance function with a supportive culture and as such would encourage the Council to review resourcing in these areas.

While more senior officers spoke authoritatively about the importance of good governance and their role in supporting a governance-positive culture, there is work to be done to improve the understanding and importance of governance at more junior levels. The Council is investing in the learning and development of middle managers across the organisation, and there is an opportunity to weave governance throughout this programme and potentially supplement the programme with specific training on governance.

In February 2021, the Secretary of State for Communities appointed a non-statutory Improvement and Assurance Panel (IAP) to advise and support the Council on the progress of the 'Croydon Renewal Plan' that was developed by the then administration to respond to the issues raised in the first Report in the Public Interest. The intervention moved to a statutory footing in July 2022, and the expanded IAP worked with the Council to develop an Intervention Exit Strategy setting out the

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milestones the Council need to meet for the intervention to be stepped down. The Exit strategy was agreed in October 2022. The Council reports progress against the Exit Strategy to the IAP every six months. At the time of the CPC, 91% of the actions had been completed or were on track to be completed. Due to the progress made by the Council, the IAP has committed to reduce the amount of time it spends working at the Council.

The peer team found that member and senior officer engagement with the IAP is positive and effective, and all political groups reported good access to the IAP.

The IAP members told the peer team that they use the seven overlapping themes of good practice, as set out the statutory best value guidance<sup>5</sup>, as a framework for their assessment of the council. These are: Continuous improvement, leadership, governance, culture, use of resources, service delivery, and partnerships and community engagement. IAP members did not have any concerns relating to leadership, governance or culture, and the peer team saw no evidence during the CPC that would raise concerns in this area. While undoubtedly the Council has benefitted from the advice and support from members of the IAP over the last 3.5 years, the peer team queried whether there was still a need for the IAP's oversight and assurance role. Croydon's statutory intervention is due to run until July 2025. The peer team felt that there is a strong case for the intervention to be brought to an end before then, given the progress made to date.

The Council has a Risk Management Strategy and the Corporate Risk Register is published on the Council's website, with risks assigned to a Director or Corporate Director. The peer team found that the CMT suitably understand risk, actively manage it, and are engaged.

Members across the political groups are passionate and committed to Croydon the place, and supporting the Council to improve and move to a sustainable footing. Member-officer and member-member relationships across the Council are generally

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<sup>5</sup> <https://www.gov.uk/government/publications/best-value-standards-and-intervention-a-statutory-guide-for-best-value-authorities/best-value-standards-and-intervention-a-statutory-guide-for-best-value-authorities>

mature and respectful. All political groups reported good access to the chief executive.

The Council has an effective member induction programme and training provision. The members and staff that the peer team spoke to recognised that the Members Enquiries System has improved, but there is still a way to go to enhance the responsiveness, quality, and consistency of responses. It would be worth the Council strengthening its training provision around this.

The Council has a strong culture, with a dedicated workforce. Given the unfavourable press coverage in recent years, some staff commented that they used to be reluctant to tell family and friends that they worked for the Council, but that this is now changing and they now feel proud to work for Croydon Council.

The staff that the peer team met were passionate about delivering quality services to residents and their role in helping the Council to improve. However, some staff said that they still feel reticent to challenge managers and share concerns. As acknowledged by senior management when the peer team raised this, there is an ongoing need to support and reassure staff to understand that challenge is encouraged and will not negatively impact on them should they raise concerns. The peer team was pleased to find that in some parts of the organisation, there is a culture of a dynamic learning environment where people are receptive to new ideas and are comfortable with getting things wrong. The Council should aim to replicate this across the organisation.

The Council's 'Guardians' initiative was established to promote a culture of fairness, inclusion, and respect, and provides a safe space for staff to feel listened to and where they can receive relevant support or information. The peer team frequently heard that the initiative has been very well-received by staff across the Council.

The Council's commitment to openness, honest and transparency was apparent to the peer team, with strong leadership from the top of the organisation that is then threaded through all activity. There are eight diversity networks<sup>6</sup> that play a pivotal

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<sup>6</sup> The Race Equality Network, Disability Network, Women's Network, LGBT+ Allies Network, Carers Network, Christian Network, Croydon Young Staff Network, and Mental Health and Wellbeing Network

role in rebuilding trust in the Council. The networks welcome their regular meetings with CMT members, known as ‘tea talks,’ and value their direct access to and engagement with the chief executive. As the Council’s improvement agenda matures, there is an opportunity to clarify the role, scope and objectives of the staff networks to provide greater empowerment of the staff networks to help maximise their impact. Though some staff told the peer team that they were not given time to attend network meetings, senior management said this was not the case. The peer team therefore felt there was a need to reiterate to managers the expectation that staff should be released to take part in staff networks unless there was a strong business need that prevents it.

#### **5.4 Financial planning and management**

‘Balancing the books’ is a priority for the administration, and there is widespread understanding and ownership of the Council’s financial challenges across the organisation. The ‘Opening the Books’ exercise and the recent financial management review have re-built much needed trust and confidence in the calculation of the scale of the challenge to be tackled, the response needed, and the culture required to achieve this.

Improvements have been made to financial management and monitoring, with the Council putting in place well-established budget monitoring and systems to enable regular oversight and management of risk and financial governance. Staff and members have noted a significant shift in the quality of financial reporting. There are effective working relationships between the S151 Officer and the Cabinet, and between the S151 Officer and the CMT. An annual cycle of budget challenge through the Star Chambers is now embedded, and further grip is demonstrated by CMT members meeting monthly with the S151. The peer team heard that the frequency of reporting and engagement on the financial position is limiting the ability for a more tactical and strategic discussions on finances – the Council should balance the frequency of the reporting with the continued need for assurance given the overall financial position.

There is a need to improve the financial skills across the finance team and budget holders, particularly with regard to training on financial systems. The peer team also noted that there is a lack of sufficiently trained contract managers in service areas to drive through some of the savings targets, and this needs to be addressed to ensure savings are realised.

The Council has taken an average of £46m out of the budget each year for the last 3 years. It is also noteworthy that over the last three years, the Council has come in within budget, after capitalisation. The Council's Medium-Term Financial Strategy (MTFS) shows a funding gap of £45m for 2024/25. At the time of the CPC, the Council had recently identified a large corporate in-year overspend due to children's social care placement costs, demand for temporary accommodation, and demand for home to school transport for children with special educational needs and disabilities. In particular, the significant increase in temporary accommodation costs will have a marked impact on the financial sustainability of the Council (excluding external debt levels). These challenges are resulting in an approximate £30m overspend. This will require further revisions to the MTFS to deliver financial sustainability over the medium term, and the peer team noted that work is already underway to identify in-year savings to address the overspends.

The Council's total asset portfolio is worth approximately £1bn. Although there has already been a consolidation of assets resulting in around £220m of property sold, it is the peer team's opinion that the asset disposal programme has further way to go to reduce the overall debt levels. For example, key decisions on Council-owned sites in the borough need to be taken as part of wider financial sustainability and regeneration proposals. The peer team was encouraged by progress on disposals but would suggest a new and more strategic programme to be developed across the Council as a whole to ensure that individual decisions support wider organisational objectives.

The peer team heard about suggestions to pursue income generation to offset pressures, for example using parks and open spaces for events. If the Council were

to rigorously pursue income generation opportunities, then it needs to adopt a holistic approach across the organisation.

The Council has other workstreams underway that will play a vital role in delivery of its financial sustainability goals. The Transformation Programme must identify robust financial savings and outline when they will be realised, as well as deliver service re-design. The approach to the Better Care Fund provides a helpful model of successfully pooling budgets across partnerships, and there is an opportunity to further build on this with other arrangements

The Council's General Fund debt of over £1.3bn is costing in excess of £60m to service each year, with every additional £38m indicative capitalisation direction adding over £2m to the cost of servicing the debt. The Council's debt represents a key structural challenge to the delivery of sustainable finances.

The Council is working with the IAP in developing a long-term proposal to the Government to secure long-term financial sustainability. However, the peer team found that the Council's relationship with MHCLG on addressing its financial challenges has not translated into meaningful action or decision-making regarding the council's structural debt. It was suggested to the peer team by members of the IAP that Government was unlikely to make a decision about how to resolve Croydon's debt issue before summer 2025 which, given the ongoing cost to the public purse of servicing the debt, was shocking to the peer team. The peer team would urge Government (MHCLG and the Treasury) to engage with the Council in a meaningful way to identify how the structural debt issue can be addressed.

Though the peer team heard about a range of approaches to drive down costs, make savings and generate income, there is more to explore. Furthermore, there was a sense from the IAP that the Council has not yet demonstrated that it has done all it can to bring down costs, including exploring proposals that conflict with political commitments. It is important that the IAP is explicit in what more it thinks the Council could do and what evidence members of the IAP expect the Council to provide to evidence that all options have been exhausted. It appeared to the peer team that some of this could be resolved by the Council 'showing its working' to evidence that

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options have been considered and why they have been rejected. For example, it may be that modelling has shown that making one saving would result in pushing up costs elsewhere. It would be helpful to share this with key partners, such as government. Without such assurances and evidence that the Council has explored all options and has exhausted opportunities to bring down costs, the peer team's view is that it is unlikely that Government would consider further assistance beyond the Exceptional Financial Support framework. The peer team recommends that the Council develops some products that show intent and ambition in this space.

The peer team heard positive feedback from the Council's External Auditors, who suggested that given the work it has put in over the last few years Croydon is arguably better placed to manage its current challenges than other London boroughs, excluding the debt issue. This adds to the argument that Croydon is now in a position where external assurance and oversight from the IAP may no longer be necessary.

## **5.5 Capacity for improvement**

Croydon Council has been on an improvement journey since 2020, with transformation activity seeking to simultaneously achieve significant cost savings and reform service delivery. There is strong cross-party commitment and support for the improvement agenda. Senior officers are passionate and committed in their leadership of the improvement activity. A significant proportion of staff live in the borough, and as a result staff have a strong connection to the Council. The staff the peer team met were optimistic about their roles in contributing to improvement and being ambassadors for change. This is particularly impressive given a number of staff and members described the circumstances that led to intervention in the Council as 'traumatic.'

Though staff are keen to make a positive contribution, the peer team found that some staff feel disconnected from the improvement agenda, and are not clear how they can contribute. In some areas there also appears to be some resistance to change, as well as scepticism of what change may entail. Effort is therefore required to bring all colleagues along on the change journey, and there is an important role for middle managers in this work to help staff feel empowered to deliver. The peer team noted

that 'managing change' is a key element in the recently launched Invest middle managers leadership development programme. Developing managers' skills in this area will help to embed a strong organisational understanding of transformation, including the reasons why the organisation has to transform, what transformation will look like, the prioritisation of change activities, and the role individuals can play in effecting change. Some parts of the organisation are further along on their own transformation journeys, such as Housing; Children, Young People and Education; and Adult Social Care. This presents an exciting opportunity to highlight strengths and provides opportunities for learning that could be applied across the organisation.

The Council has commissioned three strategic partners to help support the design and delivery of its transformation: Newton for Adult Social Care and Health Services; IMPOWER for Children, Young People and Education Services; and Boston Consulting Group (BCG) for re-designing the target operating model. It is evident that the strategic partners have contributed much-needed capacity in these areas but given that the work to develop their proposals was still in train at the time of the CPC, the peer team was not able to validate the level of cashable benefits suggested, or the nature of the programme and assurance frameworks which will be required to take the work forward. The Council will need to assure itself that it has sustainable transformation capacity (people, processes and technology) to deliver ambitious plans at the pace it desires once the strategic partner capacity withdraws from the Council. Cashable benefits and savings not only need to be delivered, but need to be sustainable and long term. It is essential to ensure the Council has teams with the right knowledge, the buy in and the capacity embedded into the organisation and working alongside the strategic partners, as well as learning from success across other areas across the organisation. Linked to this, a strong corporate core will provide solid foundations to act as an enabling function to support the Council as a whole, for both 'business as usual' and improvement activity.

Capacity remains a key concern for some staff. The Council has invested in key service areas to increasing the number of full time equivalent staff where a business case supports expansion, for example in environmental services. The Council has

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invested in programmes to recruit and training new staff and reduce the need for agency cover.

For example, an increase in newly qualified social workers has been funded to complete the Assessed and Supported Year in Employment social work programme. The programme has had impressive retention, with most alumni of the programme still working at the Council after seven years and, at the time of the CPC, Children's Social Care had achieved 80% permanent social workers which is commendable.

Across the Council there is a relatively large number of interim managers in post, and the peer team heard that in some areas there is a discrepancy in pay between permanent and contract staff, which has led to a degree of discontent. Where it is possible and when opportunities arise, the Council should recruit staff on a permanent basis. More generally, the Council needs to ensure it has clear succession plans in place and may want to consider more investment in subject matter experts.

The peer team heard that management capability is inconsistent across the organisation, and the Council is addressing this by investing in the learning and development of the middle managers. It recently launched the 'Invest' programme, taking 420 managers through a wide ranging programme of 10 modules, including political awareness, resilience, financial management, and cultural competence.

The Council is aware from staff feedback that some IT systems (such as Oracle Fusion, NEC and Liquid Logic) were introduced with insufficient training and their use needs to be improved. The peer team heard that the Council is investing in improving the training offer. The Council is on a data improvement journey, and data from these systems should be used to inform the prioritisation and sequencing of improvement and transformation activity.

Improving the quality and responsiveness to customer service enquiries is a priority for the Council, and progress is being made in this area. Benchmarking is now in place for customer satisfaction, which will help measure future impact, and the Council is reviewing policies and procedures, improving the complaints system, and investing in staff training and extra capacity in the complaints team. Some residents

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have already recognised positive changes, particularly in housing and transformation, and are willing to support further improvement.

However, the peer team also heard from groups representing residents and service users that their experience often differed depending on which part of the Council they were interacting with. A lack of connectivity between some services meant that customers could be caught up in multiple procedures or interactions for a single issue, creating confusion and delays in getting things resolved. The importance of staff being responsive and empathetic in their dealings with customers was also highlighted as a key factor in building trust and creating positive experiences.

The peer team found that there is more work for the Council to do to ensure that it is responsive and able to deliver service improvement and re-build trust with residents. A review of core customer journeys and associated processes would help identify opportunities to help reduce silos and build a 'One Council' approach to delivering impactful improvements to the customer experience, which should be based around customer needs. Some of these improvements could be delivered quickly and relate to getting the basics right. For example, in some parts of the organisation organograms are not updated, which means that when customer service staff are trying to direct a customer to the appropriate colleague it is difficult to do so.

Articulating clear customer experience standards will provide clarity both for residents about what they should expect from the Council and for staff to know what is expected of them. Systems to chart performance against those standards will enable the Council to assess the extent to which a positive customer service culture is embedded consistently across the organisation. It would also be helpful to identify a senior accountable officer for delivery of the customer improvement plan, along with building on areas of expertise and strength within the organisation.

There are also opportunities to improve insight and analysis from customer feedback to drive change. The peer team also flagged the potential to work with engaged and passionate residents to help drive change beyond representation on panels and boards. It is also important that the Council communicates to residents what has changed and improved as a result of listening to residents, for example through

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initiatives such as 'you said, we did.' Linked to this, the peer team heard that some customers on boards do not always feel that their experiences and contributions are valued and used to drive change. It is important that this is addressed.

The peer team heard that the contract management function is being strengthened, with training underway for key contract managers that is already adding real value. Providers are being integrated into the improvement journey, for example the renegotiation of the Veolia contract. However, stronger key performance indicators need to be introduced to measure the impact of this work (e.g. Streets and Environment).

The increasingly outward-focussed nature of the Council includes a commitment to external challenge. The Council is keen to learn from diagnostic work and peer reviews. In addition to a range of review work relating to the governance and finance issues flagged in the RIPs, the Council has commissioned a number of peer challenges, including those on the Multi Agency Safeguarding Hub, Preparation for [CQC] Assurance, Public Health, and Planning. Learning and recommendations emerging from such exercises are built into service and corporate improvement plans.

## 6. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss and reflect on these findings. The LGA will continue to provide on-going support to the Council. Following publication of CPC report you need to produce and publish an Action Plan within five months of the time on site.

As part of the CPC, the Council are also required to have a progress review and publish the findings from this within twelve months of the CPC. The LGA will also publish the progress review report on their website.

The progress review will provide space for a Council's senior leadership to report to peers on the progress made against each of the CPC's recommendations, discuss early impact or learning and receive feedback on the implementation of the CPC action plan. The progress review will usually be delivered on-site over one day. The

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progress review at Croydon Council should take place before the end of June 2025.

In the meantime, Kate Herbert, Principal Adviser for London, is the main contact between your authority and the Local Government Association. As outlined above, Kate Herbert is available to discuss any further support the Council requires ([Kate.Herbert@local.gov.uk](mailto:Kate.Herbert@local.gov.uk)/ 07867 632404).

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