Public Document Pack

Council Supplementary Agenda



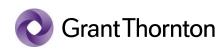
3. Report in the Public Interest (Pages 3 - 14)

Concerning the Council's financial position and related arrangements in addition to establishing an overarching improvement board.

JACQUELINE HARRIS BAKER Council Solicitor and Monitoring Officer London Borough of Croydon Bernard Weatherill House 8 Mint Walk, Croydon CR0 1EA Annette Wiles 020 872 6000 x64877 020 8726 6000 annette.wiles@croydon.gov.uk www.croydon.gov.uk/meetings







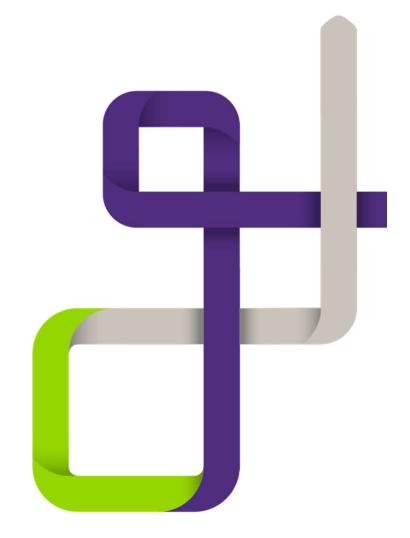
Report in the public interest presentation

Sarah Ironmonger

Director

Paul Dossett

Partner - Head of Local Government



What is a report in the public interest

Local Audit and Accountability Act 2014

General duties

Specific statutory duties

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



Financial position - pre Covid-19

Deteriorating over a number of years with overspends on

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

Reserve levels

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



Financial position - pre Covid-19

Impact of flexible use of capital receipts for transformation funding Qualifying expenditure is on a project designed to

- Generate ongoing savings
- Transform service delivery to reduce costs or demand for services £73 million invested over three years

Challenge over areas to invest or outcomes achieved?



Financial position - pre Covid-19

Budget monitoring

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

Budget setting

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

Financial position - during 2020

Covid-19 impact on original budget

Finance review panel and Financial Consultant

Additional expenditure plus not delivering savings plus loss of income

May gap was £65 million

November gap is £66 million

Financial Consultant and Head of Internal Audit reports



Other matters

Treasury management

Increase in borrowing and affordability

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

Other matters

Subsidiary companies Brick by Brick

- Sole shareholder
- Loans in excess of £200 million
- Rigour of scrutiny and safeguarding Council investment London Borough of Croydon Holdings LLP



Governance

Missed opportunities – financial position

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



Governance

Missed opportunities – other matters

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



Good practice

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





© 2020 Grant Thornton UK LLP.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

grantthornton.co.uk