

# LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	<b>Council</b>
<b>DATE OF DECISION</b>	<b>29 March 2023</b>
<b>REPORT TITLE:</b>	<b>Section 24 Statutory Recommendations Report from Grant Thornton</b>
<b>CORPORATE DIRECTOR / DIRECTOR:</b>	<b>Katherine Kerswell, Chief Executive Jane West, Corporate Director of Resources (Section 151 Officer)</b>
<b>LEAD OFFICER:</b>	<b>Jane West, Corporate Director of Resources</b>
<b>LEAD MEMBER:</b>	<b>Councillor Jason Cummings Cabinet Member for Finance</b>
<b>CONTAINS EXEMPT INFORMATION?</b>	<b>No</b>
<b>WARDS AFFECTED:</b>	<b>All</b>

## 1 SUMMARY OF REPORT

- 1.1 The purpose of this report is to present a recent Section 24 Statutory Recommendations Report received from the Council's external auditors, Grant Thornton, along with the Council's response to those recommendations.
- 1.2 As well as giving an opinion on the financial statements and assessing the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources, Grant Thornton have additional powers and duties under the Local Audit and Accountability Act 2014. These include powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.
- 1.3 Following the two Public Interest Reports they issued in October 2020 and February 2022 and the Report issued on 18 November 2022 by the Council's Section 151 Officer under s.114 of the Local Government Finance Act 1988, Grant Thornton have concluded that it is appropriate to make written recommendations under section 24 of the Act. They have concluded that they have a duty to report on the historically inadequate arrangements and capacity at the Council, most particularly in relation to the financial years 2019/20, 2020/21 and 2021/22, to prepare reliable financial statements and supporting working papers and concerns regarding the Council's financial sustainability and historic levels of reserves.
- 1.4 Due to the backlog in finalising and auditing the Council's accounts for the financial years 2019/20, 2020/21 and 2021/22, this is the first opportunity Grant Thornton have

had for over a year to report to Full Council. Paul Dossett, the Audit Partner, will be available at the Council meeting to answer any questions from councillors.

- 1.5 The Council and Grant Thornton have recently agreed a new approach to the accounting for Croydon Affordable Homes and the Council has recently completed its review of the recharges to the Housing Revenue Account from the General Fund. This has unlocked the opportunity to now conclude the Council's accounts from 2019/20 onwards.
- 1.6 The Appointments and Disciplinary Committee on 9 November 2022 requested that the Corporate Director of Resources and the Monitoring Officer meet with the External Auditor to convey its decision that the Committee did not endorse the decision of the August 2020 Appointments Committee that the settlement payments made to the former Chief Executive were value for money. The Committee also asked the External Auditor to reflect upon the Committee's decision in the value for money judgement for the 2020/21 financial year in the External Auditor's letter. This Section 24 Report reflects the outcome of that review by the Council's External Auditor, Grant Thornton.
- 1.7 Grant Thornton's full report is attached as Appendix A to this report. The Council's response to the recommendations is attached in Appendix B.

## **2 RECOMMENDATIONS**

Council is recommended:

- 2.1 To accept the recommendations presented by Grant Thornton in Section 24 Statutory Recommendations Report attached as Appendix A.
- 2.2 To approve the actions in response to these recommendations as set out in Appendix B.

## **3 REASONS FOR RECOMMENDATIONS**

- 3.1 The Council is obliged to decide whether the recommendations raised in the Section 24 Statutory Recommendations Report are to be accepted, and what, if any, action to take in response to the recommendations.

## **4 BACKGROUND AND DETAILS**

- 4.1 As set out in the Section 24 Statutory Recommendations Report from Grant Thornton at Appendix A and the Council's response to those recommendations as set out in Appendix B.

## **5 LEGAL IMPLICATIONS**

- 5.1 Under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014, a local auditor may make a written recommendation to the authority during or at the end of an audit, and any such recommendation must be sent to the Secretary of State.
- 5.2 The authority must consider the recommendation at a meeting held before the end of the period of one month beginning with the day on which it was sent to the authority. At that meeting, the authority must decide whether the recommendation is to be accepted, and what, if any, action to take in response to the recommendation.
- 5.3 The consideration of the recommendation as specified above is a council (non-executive) function, which cannot be delegated by full Council.
- 5.4 In addition to the usual requirements to give notice of meetings, the authority must give notice stating the time and place of the meeting, indicating that the meeting is to be held to consider a local auditor's recommendation, and setting out the recommendation, or where this is not reasonably practicable describing the subject-matter. The notice must be published before the beginning of the period of 8 days ending with the day of the meeting. The notice must be published on the website, and otherwise in such manner as the authority thinks is likely to bring the notice to the attention of people who live in its area.
- 5.5 The agenda supplied to the Members for the meeting must be accompanied by a copy of the recommendation.
- 5.6 The usual rules relating to "exempt information" do not apply, and neither the recommendation nor any report on the recommendation can be treated as exempt information.
- 5.7 In addition to the usual requirements for publicity in relation to decisions, the authority must as soon as practicable after making the decisions specified above, notify the local auditor of those decisions, and publish a notice containing a summary of those decisions which has been approved by the auditor. Again, the notice must be published on the website, and otherwise in such manner as the authority thinks is likely to bring the notice to the attention of people who live in its area.

Approved by: Sandra Herbert, Head of Litigation & Corporate Law, on behalf of the Director of Legal Services and Monitoring Officer.

## **6 APPENDICES**

Appendix A - Section 24 Statutory Recommendations Report from Grant Thornton

Appendix B – The Council’s response to the Section 24 Statutory Recommendations Report from Grant Thornton