



Department for Levelling Up,
Housing & Communities

Tony McArdle
Chair
LB Croydon Improvement
and Assurance Panel

Kemi Badenoch MP
*Minister of State for Equalities and Levelling
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Dear Tony McArdle,

I am writing in response to your letter of 27 August to the Secretary of State which provided an update on the Improvement and Assurance Panel's assessment of the London Borough of Croydon's improvement progress since May. I am replying as this issue now falls within my Ministerial responsibilities and I would like to extend my thanks to you and your fellow Panel members for producing such a detailed and comprehensive report.

In your report you set out clearly the progress that the Council is making in implementing the Croydon Renewal Improvement Plan. It is particularly encouraging to read of what you have noted as significant progress in putting in place and implementing arrangements for improved budgetary control and strategic financial planning. I was pleased to read about the real progress being made by the Council to dispose of some capital assets and resolve issues associated with past failings in the management of key investment vehicles. I also note your encouragement of the Council to make progress in stabilising the senior management team.

The Panel's role in supporting and challenging the Council as it seeks to make progress continues to be of vital importance. I am pleased to read of the cooperation and support that you have received from the Council. Any faltering in this area would be of considerable concern and could lead to a reconsideration as to whether a statutory approach might be appropriate in order to secure the improvements that are necessary.

Your description of progress in the financial management of the Council mentions the need to finalise the position in respect of the Council's request for a £50m capitalisation direction covering the year 2021-22. My officials will be in touch shortly with regards to the in-principle capitalisation direction for 2021-22, and to seek the Council's final assessment of its budget gap. As part of the approval process for the capitalisation direction, we will be seeking the Panel's endorsement of the Council's assessment. You, and the Council, will wish to note that, in view of the good progress made in

moving towards the asset sales, I would expect the Council to seek to minimise its future borrowing requirement as part of any future direction, subject to ensuring future sustainability.

On the Council's request for 2022-23, as you will be aware, it is not possible for me to be able to provide any assurance in advance of the Spending Review outcome. However, any capitalisation direction which emerges from a future process would be subject to similar conditions to those I have outlined for 2021-22.

I am most grateful to you for your continuing work with the Council and look forward to receiving your next report in December. As you highlight in your report, by that point, it will be reasonable to expect further substantial progress in respect of the Council's assets and financial vehicles and greater certainty as to the likely outturn in 2021-22 alongside plans for 2022-23.

Yours sincerely,

KEMI BADENOCH MP

**Minister of State for Equalities
and Levelling Up Communities**