

Audit & Governance Committee Supplementary Agenda



- 3. Minutes of the Previous Meeting** (Pages 3 - 12)

To approve the minutes of the meeting held on 30 November 2023 as an accurate record of the proceedings.

- 7. Annual Governance Statement (Update on Action Plan 2022/23)** (Pages 13 - 34)

Updated Appendix 1 - Annual Government Statement (AGS) 2022/23 Action Plan Update.

Updated Appendix 2 - RIPI 2 Action Plan Progress Update.

- 8. Risk Register Entry 'Deep Dive'** (Pages 35 - 44)

Appendix 1 - Sustainable Parking Services Income presentation.

- 9. Dedicated Schools Grant (DSG) Deficit Management Plan** (Pages 45 - 52)

This report provides some important updates regarding the Dedicated Schools Grant (DSG) Deficit Management Plan, which has been in place since 2019/20. The management plan is being implemented successfully; however, there is a level of risk from increasing numbers of Children and Young People with complex Special Education Needs.

The Audit and Governance Committee is asked to note:

- a) The key performance targets set under the DfE Safety Valve agreement.
- b) The overall performance of the Deficit Recovery Plan against the target and challenges and risks of delivery.
- c) The impact on the accounting treatment of the DSG deficit as provided for in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003/3146, as amended by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 and the Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 2) Regulations 2022.
- d) Challenges faced by the service with the implementation of new Education system (Synergy) from Capita One.

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Public Document Pack Agenda Item 3

Audit & Governance Committee

Meeting of held on Thursday, 30 November 2023 at 6.30 pm in Council Chamber, Town Hall, Katherine Street, Croydon, CR0 1NX

MINUTES

- Present:** Councillor Matt Griffiths (Vice-Chair);
Councillor Claire Bonham, Simon Brew, Enid Mollyneaux,
Nikhil Sherine Thampi and Sean Fitzsimons
- Also Present:** Councillor Mark Johnson
- Apologies:** Dr Olu Olasode (Independent Chair)
Councillor Endri Llabuti

PART A

- 31/22 **Disclosure of Interests**
There were none.
- 32/22 **Minutes of the Previous Meeting**
The minutes of the meetings held on;
19 October 2023 and 21 September 2023,
were agreed as an accurate record.
- 33/22 **Urgent Business (if any)**
There were no items of urgent business.
- 34/22 **Audit & Governance Committee Action Log**
The Committee requested the inclusion of the meeting year within the
deadline column.
- 35/22 **Audit & Governance Committee 2023-24 Work Programme**
The Committee received the Work Programme for noting.
- 36/22 **Committee Assurance Mapping**

Dave Phillips, Head of Internal Audit introduced the Committee's Assurance Mapping document and advised that it was to be owned by the Committee to facilitate regular review of the Committee's sources of assurance alongside the Work Programme.

The Committee discussed the wording regarding the Independent Member within the Committee's Terms of Reference. Officers advised that any amendment to the wording would need to be made via the Constitution Working Group (CWG). Councillor Fitzsimons advised of his role as Chair of the General Purposes Committee and advised the amendment could be formally submitted for discussion to the CWG. Councillor Cummings advised the RIPI recommendation from which the appointment of an Independent Chair has stemmed, had been to appoint a Chair who was not from the majority political group, however it had been a Council decision to appoint a completely Independent Chair.

Officers agreed to provide a table within the Assurance Mapping Document with the frequency of reports received by the Committee.

The Committee RESOLVED to;

1. Note results of the mapping of the Committee's terms of reference to the different sources of assurance that it receives and to use this to inform the Committee's forward plan.
2. Agree that going forward, the assurance mapping document be reviewed at each Committee meeting alongside the forward plan.

37/22 Accounts

External Audit Findings Report on the 2019-20 Statement of

Allister Bannin, Director of Finance introduced the reports to the Committee and advised the final updated 2019/20 Statement of Accounts and External Audit Findings Reports were expected at the February 2024 Committee meeting.

Sarah Ironmonger, Grant Thornton provided an overview of Appendix 1 – The Interim Audit Findings Report for London Borough of Croydon 2019-20 available within the agenda report pack. The Committee was advised that the report remained interim due to subsequent events which required inclusion before finalisation.

Jane West, Section 151 Officer thanked Grant Thornton and noted the scale of work undertaken and the agreement now achieved on the Council's position at the end of 2019/20 which provided a firm basis to progress the remaining outstanding accounts.

Councillor Cummings noted the wider discussion on the backlog of financial accounts in the Local Government sector. The Committee heard that as a council with intervention, it was not Croydon's intention to

partake in any expedited process. The decision to complete all accounts in full had been taken to ensure clarity and understanding and the council intended to complete audited accounts for all outstanding years.

The Committee commented on the number of accounting irregularities which had been uncovered and the subsequent negative impact these had. In response to questions from the Committee, the external auditor advised the Opening the Books exercise undertaken by management had supported the progression of modelling to move issues forward. Officers noted the Opening the Books exercise had also provided a basis for discussions with DLUHC regarding the capitalisation direction, and had proved accurate now that subsequent work had been completed.

Sarah Ironmonger, Grant Thornton introduced Appendix 2 – Value for Money Findings Report 2019-20 to the Committee available within the agenda report pack and noted its adverse conclusion. The Committee noted significant reporting on the issues within the report had been received previously. Officers highlighted the importance of the adverse conclusion and advised whilst the Committee was aware of the issues which had led to this outcome in 2019-20, if the council were to receive this conclusion in a future year it would be of significant concern.

Matt Dean, Grant Thornton introduced Appendix 3 – The Audit Findings Report for The London Borough of Croydon Pension Fund 2019-20 to the Committee and noted the positive outcome of the audit.

The Committee queried the progress on the remaining outstanding accounts and the working relationship between officers and the external auditors. Grant Thornton advised the approach was a collaborative one, with willingness from officers to resolve any issues found. Value for money (VFM) audit work was underway for 2020/21 and 2021/22, but the completion process was not expected to be quick due to the complexity of issues.

Cllr Cummings advised the Committee that whilst Croydon was balancing its budget with capitalisation direction, it was not meeting VFM and would not be able to do so until further arrangements were agreed with central government.

In response to questions from the Committee, Grant Thornton advised the report was a summary of findings in 2019-20, following change in the code of practice in 2021 future years would provide a commentary on arrangements.

The Committee RESOLVED to;

1. Note “The Interim Audit Findings Report for London Borough of Croydon” from Grant Thornton UK LLP (Appendix 1) and the management responses to the action plan which are set out within the action plan from page 42 of the report onwards.

2. Note the estimated external audit fees relating to 2019-20 as detailed in the Interim Audit Findings Report and that the final fees will be agreed with the S151 Officer and approved by Public Sector Audit Appointments (PSAA) before payment of the final fees outstanding.
3. Note the "Value for Money Findings Report for 2019/20 (Appendix 2).
4. Note "The Audit Findings Report for London Borough of Croydon Pension Fund" (Appendix 3).

38/22

Risk Register Entries "Deep Dive"

Malcolm Davies, Head of Risk, Anti Fraud and Insurance introduced the Risk Register Deep Dive item for the Committee. Huw Rhys-Lewis, Interim Director Commercial Investment & Property and Scott Funnell, Head of Strategic Procurement & Governance then gave a presentation providing an update on the procurement risk register entries and improvement plans.

The Committee queried whether the council's governance arrangements and constitution could be perceived as a risk in relation to procurement and should be captured in the report. Officers advised the proposed improvements to the systems under the mayoral model would support further efficiencies. The annual procurement plan overseen by the Mayor and Cabinet was reviewed quarterly and had improved the process and provided greater transparency on the letting of contracts.

The Committee noted the improvement plan's alignment with the council's IAP Exit Strategy and asked if there had been consultation with other teams within the council and/or other local authorities' or organisation's best practice. Officers advised consultation had taken place with teams across the council and benchmarking had been undertaken against other local authorities to ensure the proposals aligned with best practice elsewhere. The changes to procurement regulations due in October 2024 had also been considered, which were expected to impact lower value contracts. A flexible approach was being taken to help ensure these regulatory changes would be incorporated into the improvement plans once formalised. A council wide contract management community had launched in Summer 2023, this supported the development of the improvement strategy and ongoing improvement plans. The complex processes in place due to the historical governance issues within the Council were noted. Member's had oversight and input into the improvement plans via the Constitution Working Group which had considered normal practices in other council's and agreed the remodelling of procurement processes in Croydon.

The Committee asked how the improvement plan's actions and success would be measured. Officers advised high level programme dates had been agreed and the next phase would be to set milestones for implementation of actions within the different workstreams. Progress reporting would be taken to the Corporate Management Team (CMT) and Mayors Advisory Board (MAB) meetings for monitoring. The expected output and timescales for the project were being developed in consultation with cabinet members and officers.

Niall O'Rourke Interim Head of Building Safety & Compliance, gave a presentation on the Gas Safety and Heating Contractor risk register entry to the Committee.

The Committee requested the current gas safety compliance data and was advised beginning November 2023 this was at 95.15% (currently at 96%) due to the legacy issues inherited following mobilisation of the new contract. The Committee raised concerns and stated every property should be compliant regardless of a change of contractor.

In response to questions officers advised the challenge regarding 38% of annual safety checks being due in Q1 2023 had been greater due to the previous contractor's exit. The new contractor had started on 1 August 2023 and these checks were prioritised with additional resources deployed to rectify these as soon as possible.

Satisfaction surveys were currently undertaken in house by the council and based upon approximately 300 telephone calls per month to residents.

The issue of residential property access in achieving 100% compliance was noted, the Compliance Team were receiving support from Social Services colleagues for several cases where access to properties was difficult. The Committee heard that the current 95.1% compliance had dropped from 99% in August 2023 due to the contract mobilisation issues, however those residents with overdue inspections were overdue by a short period of months. The target was set at 100% compliance by Christmas 2023 and 98% achievement was anticipated.

The Committee queried the lessons learned from the handling of the mobilisation and subsequent issues. Officers noted the importance and sensitivity of the gas safety contract and advised the need for additional resourcing to rectify issues had been subject to the council's financial constraints. There had been a withdrawal of resources at the end of a previous contract combined with a peak in servicing due. The situation had been challenging and additional resources had been implemented to rectify the issues as soon as possible.

In response to questions officers advised that all customers had been sent a copy of their gas safety check report in June/July 2023, however

the KPI was based on the resident survey response and their knowledge of receipt.

The Committee requested a detailed update on compliance to be included in the risk register entry due to the March meeting.

The Committee RESOLVED, to:

Note the contents of the risk presentations attached in Appendix 1.

39/22

Revenue & Capital Monitoring Improvements

Allister Bannin, Director of Finance provided an overview of the report for the Committee.

The Committee commended the work undertaken to complete many of the external review's recommendations and queried how actions requiring ongoing review would be monitored. Officers advised key areas were the Finance Team's structure, which included new posts focused on systems training and guidance for budget holders and the Oracle Improvement Programme, which would streamline systems and provide consistency. The importance of embedding the adoption of the Oracle systems with staff was noted.

In response to questions from the Committee officers advised the Housing Revenue Account (HRA) finance function sat within the Deputy Section 151 Officers remit and functioned using the same Oracle systems and training. Housemark benchmarking data had indicated in 2022-23 that Croydon had the lowest investment per resident across its statistical neighbours and work was underway to increase this historical underinvestment in areas such as housing repairs and maintenance. Housing stock condition surveys and improved data from the housing NEC system were informing the updated HRA business plan due to Council in February 2024.

The Committee requested assurance that there was separate reporting focussed on the HRA. Officers advised there would be separate reporting on the HRA business plan and rent setting provided to Cabinet and available to the Scrutiny and Overview Committee functions.

Councillor Cummings commented on the lessons learned from the historically insular approach within Croydon and advised of the council's intention to integrate external challenge and benchmarking through the utilisation of initiatives such as LGA corporate peer reviews.

The Committee RESOLVED, to:

1. Note the update on progress against recommendations from the Opening the Books external review, as detailed in Appendix 1.

2. Note the Capital Framework Improvement Plan, attached as Appendix 2.
3. Note the update on progress against recommendations from the Capital Framework Improvement Plan, as detailed in Appendix 3.
4. Note that a further update to Audit and Governance committee is planned for April 2024 which will include a prioritisation of outstanding actions at that time.

40/22
22

Sales, Fees and Charges Compensation Scheme 2020-21 and 2021-

Jabin Jiwa Finance Manager introduced the report for the Committee.

In response to questions from the Committee officers advised the parameters of the scheme had allowed for approximately 75% reimbursement of losses and it was noted there had been other government support available to councils in response to the Covid-19 pandemic.

The Committee RESOLVED, to:

1. Note the details of the compensation received from the Sales, fees and charges scheme for the financial year 2020-21 and the first quarter of 2021-22.
2. Note that a reconciliation was carried out and the income received is in line with the losses incurred and claimable and that the grant for these losses has been received.

41/22

Internal Audit Update

Dave Phillips Head of Internal Audit introduced the report for the Committee.

The improved scheduling of audits and engagement in the process by CMT was noted. There had also been improvements to the resolution of older outstanding Internal Audit actions which had been raised as an area of concern by the Committee earlier in the year.

In response to questions from the Committee officers advised the assurances from audit reports were currently in line with previous years and whilst there had been culture change in senior management towards internal audit there was ongoing work to improve this in other areas of the organisation.

The Committee queried if there were particular areas of concern within the priority issues listed in the report. Officers advised rather than focussing on internal audits findings, the emphasis was around the

willingness to make improvements and this was happening at a faster rate than previously.

The Committee requested clarification on the impact of external partners regarding the SLWP Income Collection and Payment of Funds (Limited Assurance) priority issue. Officers explained the invoicing for some services was incorrectly resulting in the payment of VAT by Croydon and there was disagreement between the other local authority partners on this issue.

The Committee RESOLVED, to:

Note the work completed by Internal Audit so far during 2023/24 and the progress made by the Council in resolving findings arising from audits.

42/22

Mid Year Treasury Management Update

Matt Hallet, Pension Fund Investment Manager introduced the report for the Committee.

The Committee queried the impact of the report on the revenue account and budget setting. Officers advised the position for the budget setting process and the Medium Term Financial Strategy (MTFS) were regularly updated based on the asset disposal activity and changes to interest rates.

The Committee queried the council's risk approach to interest rates and borrowing. Officers advised £50 million was held by the council to meet payment requirements (BACS, Payroll etc.). Whilst the asset disposal programme reduced the level of debt, it was also utilised for the capitalisation direction, which limited the council's ability to reduce external debt. The need for a resolution to this issue was being discussed with DHLUC.

Officers commented on the importance of risk management and noted the inclusion of the best and worst case scenario figures within the MTFS. Croydon had taken a middle ground approach and all risk factors would be explored during the budget setting process. Members would then decide if the recommendations aligned with council's risk profile. The availability of benchmarking figures for the risk assumptions made by other local authorities was noted.

The Committee queried whether Croydon was subject to higher interest rates than other councils due to its financial position. Officers advised this was the case if refinancing in the local government market, however PWLB was being utilised more across the sector and Croydon had refinanced with PWLB at the certainty rate.

The Committee RESOLVED, to:

Note the contents of the mid-year report on the treasury management activity for 2023/24.

The meeting ended at 8.57 pm

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Appendix 1 - AGS 2022-23 Action Plan Progress Update

| No. | Governance Issue | Action | Accountable | Responsible | Status Update from 2022/23 | Assessment of Impact / Outcomes Achieved |
|-----|---------------------------------|--|---|--|---|--|
| 1 | Financial management | Implement the External Auditors Section 24 statutory recommendations that are still outstanding. Implement the External Auditors Interim Report for the financial year 2019/20, 2020/21 and 2021/22 recommendations | Corporate Director of Finance Resources | Allister Bannin, Director of Finance (Deputy S151 Officer) | <p>External Auditors Section 24 statutory recommendations:</p> <p>"Finalise the root and branch review of financial management in all service departments and in respect of corporate decisions as part of the Opening the Books exercise". An update on progress against the 76 recommendations from the Opening the Books external review was taken to Audit and Governance Committee on 30/11/23 through the "Revenue and Capital Monitoring Improvements" report. This showed 40 recommendations as being complete, 9 as underway and 27 to be progressed. A further update to A&G Committee is planned for April 2024.</p> <p>"Resolve the accounting arrangements in respect of Croydon Affordable Homes". This has been completed and agreed with the auditors for the 2019-20 final accounts which are planned to be taken to A&G Committee in February 2024.</p> <p>"Invest significant extra resource (when possible) in finance capacity, internal audit and risk management to ensure robust processes are brought into place to monitor progress and meet statutory financial obligations". The Director of Finance (Deputy S151) completed the restructure consultation for the Strategic Finance service area in October 2023. A growth bid of £0.5m is being considered as part of the Council's 2024-25 budget setting process to improve capacity and skills levels in the Strategic Finance structure. Capacity in Internal Audit and Risk Management was increased in 2022-23.</p> <p>"Demonstrate clearly to Council tax payers how the additional Council tax for 2023/24 has been properly controlled and demonstrates improvements in value for money arrangements". It was agreed with Grant Thornton to detail this in a report by June 2024. The monthly financial performance reports include the list of transformation projects and their budget allocations.</p> <p>"Develop an action plan to clear the three outstanding years of accounts and audit by June 2024". The 2019-20 interim audit findings report was taken to A&G Committee on 30/11/23. The final 2019-20 accounts are planned to be taken to A&G Committee on 1/2/24. The expected completion for 2020-21 is April 2024 and for 2021-22 is September 2024.</p> <p>"Develop and enhance governance process for all key investment decisions and develop a Panel to address the accounting implication of all capital investments". This recommendation is aligned to the Capital Framework Improvement Plan from PwC. An update on progress against the 9 recommendations from this plan was taken to A&G Committee on 30/11/23 which showed 7 as underway and 2 to be progressed. A further update to A&G Committee is planned for April 2024.</p> <p>"Enhance existing officer control activities by ensuring the Scrutiny and Governance Committee robustly challenges the monthly budgets report from officers from a governance and control perspective". Implemented. The Scrutiny and Overview Committee receives and challenges the monthly financial performance reports and uses its subcommittees to deep dive into financial performance of service directorates.</p> <p>"Ensure that the lessons learned from the former CEO's termination payments, as set out to Full Council in 2022 and set out in detail below, are applied to all future Chief Officer severance payments". Implemented. The requirement of Statutory Guidance on Special Severance Payment is being adhered to. There have been changes made to the Pay Policy Statement to make it clear that Special Severance Payments and severance packages of £100,000 and above should be approved by a vote of full Council. However, if the proposals are being made in the context of litigation and the making of the decision is urgent, General Purposes Committee (GPC) can approve such payments in accordance with the Council's constitution. Decisions will only be referred to the GPC for approval in limited and exceptional cases, where a decision is required urgently in the context of litigation. A robust written business case setting out the considerations for making a Special Severance Payment, along with appropriate written professional legal and financial advice, must be provided where approval for a Special Severance Payment is sought. In line with Statutory Guidance any settlement agreement between £20,000 and up to £100,000 has to be approved by the Executive Mayor and Chief Executive, with a full written business case demonstrating good value to the taxpayer. A settlement below £20,000 has the same requirements, approved by the Chief People Officer.</p> <p>"That proper records are kept of any conversations, discussions, or meetings of any potential settlement agreements with an employee." Implemented. Records are kept within the written business case to demonstrate the legal and financial best value case. Where members are involved in the decision-making process, a full written note will be taken and retained by Democratic Services.</p> <p>"That reasonable enquiries are made to establish all the facts, events, and circumstances that give rise to any proposed settlement agreement, including any wrongdoing by the parties involved". Implemented. Appropriate legal and financial advice is taken and recorded to ensure all facts and events are considered as part of the best value written business case.</p> <p>"That legal advice is sought on merits and chances of success of any potential claim against the Council and quantum of damages awarded. This should inform the decision on any potential settlement payment". Implemented. As above, legal advice is sought and captured in the written business case to ensure best value for the taxpayer is satisfied.</p> <p>"There is compliance with the governance arrangements relating to the decision-making on settlement payments". Implemented. Addressed through the Pay Policy statement 2023/4 which sets out clearly the governance arrangements and compliance with the Statutory Guidance for Special Severance Payments.</p> <p>"That officers and members who are the subject of the dispute are not involved in the decision-making relating to the proposed settlement agreement". Implemented. Addressed in the Pay Policy Statement 2023/4.</p> <p>"That Democratic Services attend both the open and exempt part of any committee meeting for approval of settlement payments. That proper minutes of the meeting are taken so that there is an understanding of the reasons for the decision and the deliberation by the committee". Implemented. Addressed in the Pay Policy Statement and in all meeting practice.</p> <p>External Auditors Interim Report for the financial year 2019/20, 2020/21 and 2021/22 recommendations:</p> <p>"With three Section 114 notices having been issued in two years, and the Council having made it clear that extraordinary government support is required to return to financial sustainability, it will be important that the Council maintains discipline over its own savings and transformation plans. For savings plans, Internal Audit recommendations for improvement in Star Chamber processes should be implemented as a matter of priority. Plans that are realistic should be approved. For transformation projects, arrangements should be put in place for tracking and challenging outcomes before any further funding is approved." Implemented. Proposed savings plans were discussed in Star Chambers in July and September 2023 and realistic savings were approved to be put forward to Full Council in February 2024. A permanent Director of Transformation has been recruited to support tracking and challenging of outcomes for transformation projects. The approved list of transformation projects and their budget allocations are included in the monthly</p> | <p>Improvements in financial management are demonstrated through the monthly financial performance reports to Cabinet. At 2023-24 Period 7, the overall General Fund revenue forecast is breakeven (after the capitalisation direction of £63m) with all service directorates at forecast breakeven or underspend except for Children, Young People and Education (owing to high cost placements to meet individual needs).</p> <p>Improved capital governance through the Capital Internal Control Board is in place.</p> |
| 2 | Capital Projects and Programmes | To continue to improve on arrangements for the management of major capital projects and programmes. | Corporate Directors | Allister Bannin, Director of Finance (Deputy S151 Officer) | <p>An update on progress against the 9 recommendations from the PwC Capital Framework Improvement Plan was taken to A&G Committee on 30/11/23 which showed 7 as underway and 2 to be progressed. A further update to A&G Committee is planned for April 2024.</p> <p>The Capital Internal Control Board (CICB) continues to further improve the governance of the capital programme taking on board what best practice can be incorporated within the resource constraints given the Council's financial position. This includes overseeing the development of business case templates in line with the Five Case Model and associated training and governance approval routes, which will be taken forward after the recruitment of capital accounting officers into the new Strategic Finance structure.</p> <p>The capital programme is reviewed by the CICB on a monthly basis, providing robust challenge to project managers on project delivery. Capital delivery is reported on a monthly basis to Cabinet through the Financial Performance Report. Verto 365 project management software has been rolled out across the Council and this is supporting the CICB to oversee the delivery of the Capital Programme in a more consistent and informed way.</p> <p>For 2023-24, as part of the budget setting process, a new best practice Capital Strategy was prepared and approved by Full Council. This set out the overall capital strategy and capital programme plans. It also set out clearly the governance of the capital programme including, roles and responsibilities, funding and financing, decision making process, risk management and escalation approach, and management and monitoring processes. This has been further developed through the draft Capital Programme and Capital Strategy 2023-29 report presented to Cabinet on 6/12/23 and the final report is underway for Cabinet 14/2/24 and Full Council 28/2/24.</p> | <p>Improved oversight, monitoring and reporting of the capital strategy and programme.</p> <p>Earlier detection of risks to delivery and remedial action.</p> |

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| <p>3</p> | <p>Ongoing improvement in awareness and practice in finance management</p> | <p>Implement CIPFA maturity model. Finance training for non-finance managers</p> | <p>Corporate Director of Resources</p> | <p>Allister Bannin, Director of Finance (Deputy S151 Officer)</p> | <p>CIPFA carried out a Financial Management (FM) Review to improve alignment with best practice of the CIPFA FM Model. The review commenced in October 2022, workshops with senior finance officers concluded in April 2023 and draft recommendations have been provided to the council.</p> <p>Issues and draft recommendations raised from the review highlighted the main areas of processes/systems, budget holder accountability/skills, monitoring of revenue savings & capital delivery, and the skills/knowledge/ways of working of finance staff (and the risk from the high level of interim finance staff).</p> <p>Processes/systems: The Oracle Improvement Project is underway with three workstreams (finance, procurement and human resources) to identify quick wins to improve workflows and surrounding processes, review current and potential modules and identify longer term improvements which will be reported to Cabinet in the coming months. This will include a request for revenue/capital growth that could be required above the current allocation of transformation funding. The new Strategic Finance structure creates a new Finance Manager post (reporting to the Chief Accountant) to lead on ongoing systems development, production of guidance notes and delivery of training.</p> <p>Budget holder accountability/skills: The Council commissioned CIPFA to provide training to over 300 budget holders in 2022 and to provide Housing Revenue Account (HRA) ringfence and recharge training to officers and Councillors in June 2023. Once new business case templates and governance routes are agreed for capital, then capital training will be provided for capital leads. The extra capacity built into the new Strategic Finance structure for systems (one Finance Manager and two Accountant posts) will allow monthly reporting on the submission of forecasts by budget holders to improve accountability and identify training needs to provide support as required.</p> <p>Monitoring of revenue savings & capital delivery: The Council brought in a savings tracker at the beginning of 2023-24 which allows monthly monitoring of savings delivery and the RAG rated performance of individual savings is reported monthly to Directorate Management Teams (DMTs), the Corporate Management Team (CMT) and Mayor's Advisory Board. A summary of savings performance at directorate level is reported to Cabinet monthly through the financial performance reports. Monitoring of capital delivery was improved through the creation of the Capital Internal Control Board (CICB) in 2022 and further improved during 2023-24 through the Council-wide implementation of the Verto project management software system. The Verto project delivery and risk information, together with financial reports, are reviewed by the CICB on a monthly basis and deep dives into specific projects are undertaken by the CICB on a risk-based approach. Capital monitoring has also been harmonised with revenue budget monitoring, to ensure consistent timelines and consolidation of information for both revenue and capital to be taken to DMTs (for consideration at the same meeting) for integration into the monthly financial performance reports.</p> <p>Skills/knowledge/ways of working of finance staff (and the risk from the high level of interim finance staff): The Strategic Finance restructure reviewed the capacity and skill levels required in the accountancy function and identified required growth of £0.5m in the revenue staffing budget which has been requested through the proposed 2024-25 budget currently under consideration. The Council has recruited a permanent Director of Finance (Deputy s151) and is currently recruiting six permanent Head of Strategic Finance posts which are currently filled by acting up, agency or fixed term contract arrangements. Recruitment will then continue down the levels of post throughout the structure. Once appointments are made, a skills audit will be undertaken to identify the training needs of staff including external CIPFA and AAT professional studies. The new Finance Manager (Systems) post will lead on updating guidance and procedure notes and providing internal training to both finance and non-finance staff.</p> | <p>Improved monitoring and reporting of revenue, savings & capital.</p> <p>Timely identification of risks and remedial actions.</p> <p>Enhanced financial skills and awareness of officers and Members.</p> <p>Accurate treatment of expenditure and income for the Council's annual accounts.</p> |
| <p>4</p> | <p>Housing Improvement</p> | <p>To continue to improve the housing function and housing standards for residents through the Housing Transformation Programme</p> | <p>Corporate Director of Housing</p> | <p>Susmita Sen</p> | <p>The Housing Transformation programme continues to deliver against the milestones set out within the Voluntary Undertaking agreed with the Regulator for Social Housing and the overall Improvement programme agreed with the Housing Improvement Board. This includes:</p> <p>Repairs contact centre insourced in August 2023. Recruitment underway for permanent staffing. Tenancy checks in all housing stock as part of a rolling programme - increasing understanding of customers and their profiling needs to target services better. In the process of co-designing a new tenant engagement framework using TPAS (tenant engagement specialists). Customer Care training programme procured and in design stage.</p> <p>Contract management hub in place for the three main repairs contractors. Governance being developed through appropriate clienting meetings.</p> <p>Good leadership and direction: New Housing strategy passed at Full Council. New Homelessness Prevention strategy and Rough Sleeping Action Plan in final stages of consultation. New interim director of Assets and Repairs joined in January 2024. Permanent appointment to Director of Housing Management and Director of Homelessness Prevention and Accommodation.</p> <p>New homeless prevention model implemented in September 2023. Customers assessed within timeframes - average wait time for appointments significantly reduced - some embedding and managing of change still required.</p> <p>HouseMark Photobook implemented on estates to raise standards of grounds cleanliness and enable residents to feedback.</p> <p>+G23 New SLAs being developed with Legal services. SLAs now in place with Violence Reduction Network, Parks and Grounds, and corporate anti-fraud.</p> <p>Architect and main consultant partner appointed on the Regina Road regeneration programme.</p> <p>New lettable standards in place and currently monitored through new homes survey - feedback given to contractors to ensure continuous improvement. Void turnaround times showing significant improvement from 107 days (Aug 2023) to 83.6 days (Nov 2023).</p> <p>Oversight of the above is through Housing Improvement Board and Regulator of Social Housing.</p> | <p>Closer relationship with customer through insourcing of contact centre</p> <p>More effective contract management of repairs contracts through contract management hub</p> <p>More visible improvements to estates through estate walkabout programme</p> <p>78% new tenancies satisfied with our services Impact of prevention model due to be assessed for Housing Needs – reduction anticipated in wait times for appointments.</p> <p>Specific internal service level agreements detailing services provided against HRA recharging.</p> <p>DPS will ensure compliance of temporary accommodation providers.</p> <p>New homes to be provided on the Regina Road estate following successful ballot.</p> <p>Improvements to Voids properties and new tenancies following establishment of lettable standards.</p> |

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| 5 | <p>Review and improve arrangements for health and safety</p> | <p>Review of effectiveness of health and safety arrangements</p> | <p>Corporate Director of SCRER</p> | <p>Nick Hibberd</p> | <p>Corporate Health & Safety Board continues to meet every 6-8 weeks. A corporate health & safety strategy and policy has been developed by the corporate health & safety team. A central digital location has been set up to save service level risk assessments so that a clearer picture of the robustness of risk assessments can be obtained. The fire & building safety working group has been re-convened and is chaired by the Director of Assets & Commercial Investment. Work is continuing on improving the consistency and quality of method statements and risk assessments with particular focus being given the various operational teams across the Council. This also includes Improving the timeliness and consistency of responding to actions identified following health and safety audits. <i>Note: The Corporate Health & Safety Manager retired at the end of 2023. A new Interim Health & Safety Manager has been recruited by the Property Team team. This post will continue to undertake a review of corporate health & safety policies, procedures and assurance across the Council reporting findings to the Corporate Health & Safety Board and where necessary escalating matters to CMT</i></p> | <p>Better awareness of health and safety requirements and arrangements.</p> |
| 6 | <p>Strengthen governance framework</p> | <p>Ensure directorate schemes of management (i.e., delegation) are reviewed and updated. Ongoing review and updates to the Constitution</p> | <p>Corporate Directors & Monitoring Officer</p> | <p>Corporate Directors & Stephen Lawrence-Orumwense</p> | <p>The purpose of the Directorate schemes of delegation is to set out the detailed arrangements for each Directorate as regards which officers are given delegated authority by the Corporate Director to discharge which functions. Most of the current schemes are several years old, and pre-date the Council's change to a mayor and cabinet Executive model. The schemes also need to be updated to take account of changes in responsibilities between Directorates, Directorate re-structures, changes in legislation etc. The review of the delegation schemes is progressing. For most Directorates, the majority of the work in reviewing their schemes has been completed. The next stage is to finalise the draft new scheme of delegation and take to the Corporate Management Team for approval. This planned for February/March 2024. There is ongoing work by the Constitutional Working Group (CWG) to review and strengthen the Council's governance arrangement via the Constitution. There has been a review of and update to the Council's Pensions Committee, Pension Board, and Local Pension Board Rules in the Constitution. This was approved at Full Council meeting in December 2023. There is Work Programme for CWG on potential changes to the Constitution. This includes updating changes to the Financial Regulations, Tender and Contracts Regulations and the Terms of Reference of the Health and Wellbeing Board. At the meeting of CWG in November 2023, a paper on the development of Contract Standing Order to replace the current Tender and Contracts Regulations was discussed. The aims are to ensure: a) an efficient and effective governance process; b) compliance with procurement regulations; c) a planned approach to a procurement pipeline; d) alignment with the financial scheme of delegation; e) best value for the Council and the residents of Croydon; and f) a strategic deployment of procurement resource.</p> | <p>Better awareness and transparency of decision makers in Directorates. Also, of potential changes to the Constitution.</p> |

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| 7 | <p>Information management</p> | <p>Provide assurance that the Council is operating in accordance with best practice and relevant legislation to include Publication Schemes, Open Data, Data Storage Security, Subject Access Request and Freedom of Information.</p> <p>Fully implement the Action Plan arising from the June 2023 Enforcement Notice by the Information Commissioners Office.</p> | <p>Assistant Chief Executive`</p> | <p>Paul Golland</p> | <p>Publication Scheme - The Council continues to review and update our processes in line with responsibilities set out in the Information Commissioner's Office Model Publication Scheme. This is ensuring that all information required to be in the public domain is published. Croydon remains compliant. We continue to proactively publish key information including:</p> <ul style="list-style-type: none"> •Who we are and what we do •What we spend and how we spend it •What our priorities are and how we are doing •How we make decisions •Our policies and procedures •Lists and registers •The services we offer. <p>Subject Access Requests (SAR) - A detailed SAR improvement plan was developed and shared with the ICO. This has led to significant progress in the Council's performance, a reduced backlog of requests and a big improvement in our compliance rate. The Council is no longer required to attend quarterly compliance meetings or share our monthly statistics with the ICO.</p> <p>Freedom of Information (FOI) Requests -Croydon was subject to an Enforcement Notice issued by the ICO in June 2023. This was due to a backlog of overdue FOI requests and the notice required that we improve our compliance rate and close all requests in our backlog, as of June 2023.</p> <p>Working closely with the ICO, a detailed FOI improvement plan was developed and significant changes to our processes followed. With the continued support of the Corporate Management Team the Council has seen great improvement in FOI response timeframes. We are now hitting the 90% compliance rate, which means responding to the request within 20 working days. The backlog now consists of 4 and we expect these to be closed soon. The ICO will review the Enforcement Notice in the second week of February, and we expect to no longer be to subject to it.</p> <p>We continue to publish our previous FOI responses in a disclosure log on the Council's public-facing website.</p> <p>Resources - As part of the improvement plans for both SAR and FOI, additional human resources have been deployed. Within the Central Information Management Team three roles have been appointed:</p> <ul style="list-style-type: none"> •A dedicated full-time Data Protection Officer •An additional full-time SAR / FOI Officer •A full-time Admin Support Officer <p>Within the Children, Young People & Education Directorate</p> <ul style="list-style-type: none"> •One secondment of a full-time SAR Officer •A full-time Admin Support Officer <p>Within Housing Directorate</p> <ul style="list-style-type: none"> •An additional full-time shared resource, coordinating responses. <p>Data Protection, GDPR Training - There is a mandatory e-Learning training module for all Council staff to complete online. This training is for all new staff starting with the Council and all staff are required to do yearly refresher training. This training has been refreshed as of January 2024. The Croydon learning team are now able to capture statistics and send out reminders to staff.</p> <p>A more in-depth face-to-face training sessions, held virtually on MS Teams, are available via Croydon learning for up to 40 attendees. These are held monthly and advertised on the intranet and via the Chief Executive's news bulletins. In line with the ICO's recommendation, these sessions are an opportunity for staff to engage with the team and for staff to ask for more service specific guidance. This training is continually being revised to include examples of previous Data Breaches, remedies and changes to processes as required.</p> <p>Going forward, there is a plan to make it mandatory for staff, and their line-manager, who have been involved in a Data Breach, to complete the e-Learning training again and a recommendation to attend the in-depth face-to-face session.</p> <p>Freedom of Information Training - The FOI improvement plan led to the team creating new FOI & EIR training. This training details the background to the legislation, key obligations of the Council and all relevant exemptions & exceptions. It has been delivered to all key stakeholders and has been added to Croydon's e-Learning portal. Going forward, we will recommend that e-Learning training be made mandatory for all Team Managers and other key staff.</p> <p>Reporting - Weekly SAR / FOI reports sent to the whole organisation highlighting all open and overdue cases per directorate. Colleagues can view the report and advise on any closures or responses due. Regular updates on FOI, SARs and Data Breaches are reported to the Corporate Management Team and the Information Management Internal Control Board.</p> <p>Governance - The Data Protection Officer and Chief Digital Officer are both members of the Council's Statutory Officers' Meeting, chaired the Chief Executive. This meeting gives us the opportunity to raise and address key concerns.</p> <p>There is a monthly Information Management Internal Control Board meeting to discuss the Council's Information Governance arrangements, chaired by the Council's Director of Legal Services and Monitoring Officer.</p> | <p>There is still significant work required to improve on information management arrangement. Recent action plan is intended to deliver on this.</p> |
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| 8 | Officer Induction Programme | Establish and maintain an officer induction and performance management programme. | Assistant Chief Executive | Dean Shoesmith | <p>The online corporate induction programme has been relaunched to provide an overview of the operation and governance of the council, providing (i) essential information about the organisational structure, committees and decision-making processes (ii) mandatory training for new staff including GDPR/information governance, health and safety, and equality, diversity and inclusion. (iii) online managers' induction checklist to ensure completion and compliance for each new starter. Work is currently on-going to supplement the basic online induction essentials with an in-person induction experience to address the correct cultural orientation to the council. The People and Cultural Transformation Plan action plan has been co-created engaging 250 staff, including front line employees, trade union representatives and staff network representatives. The action plan has been reviewed by Scrutiny and Cabinet and agreed at the end of September 2023. Work is ongoing to implement the actions associated with the four-year strategy against each of the seven strategic objectives, referred to as pillars. A strategic partner has been commissioned to support the council with the design and delivery of leadership and management development which will be rolled out across the council in the coming year. The council has launched two new specialist diversity talent development programmes, Black on Board and Raising the Bar, to ensure targeted positive action for improving talent management for global majority and female staff, where there are issues of underrepresentation. ACAS is currently delivering training to managers on employment relations skills, to ensure improved management of discipline, grievance, sickness and poor performance. The council's employee relations policies framework have been reviewed, agreed with the trade unions and sign-off by CMT, seeking to make practical implementation easier and seeking to improve procedural compliance.</p> | <p>Improved induction of all new starters and ensuring the completion of mandatory training, as well as good knowledge of how the council operates Co-creation of the PCTS strategy and actions has supported a positive culture change across the workforce as demonstrated to Cabinet and Scrutiny in reviewing and approving the action plan The ACAS skills training will aim to ensure improved procedural compliance and reduce risk and costs associated with employment litigation</p> |
| 9 | Procurement and contract management. | Address areas for improvement in procurement and contracting identified by Internal Audit. | Corporate Director of Resources | Huw Rhys-Lewis | <p>Procurement Improvement Plan/Benchmarking - We have further developed our procurement improvement plan to allow us to monitor our progress against well regarded benchmarks. The plan now includes a set of activities to enable us to reach a 'mature' standard when measured against the LGA National Procurement Strategy (NPS) and the equivalent Cabinet Office, Commercial Continuous Improvement Framework (CCIAF) 'good' standard, by March 25. In August 23, we baselined our current performance against this standard to inform the actions we need to take.</p> <p>From the benchmarking exercise, the resulting procurement improvement plan focuses on 5 key areas:</p> <p>1. A revised operating model for the procurement function. The new operating model has been informed by extensive consultation with other local authorities (October 23). It will see procurement playing a more strategic role in future, with early engagement to provide commercial expertise to our most critical procurements and to provide support to the management of our contracts, helping to ensure that business case objectives are delivered.</p> <p>2. Developing procurement skills, stronger market engagement & appropriate, clear governance & processes. Discovery work has been done with Directorates since April 23 to improve the planning for future procurements. As a consequence, an updated forward plan will be published in January 24 to provide the market with visibility of upcoming opportunities. Revised Contract Standing Orders are also in the process of being reviewed, for approval by Cabinet and Full Council in April 24. These will include reduced thresholds requiring involvement by the Procurement function to enable an increased commercial focus on more strategic projects; more streamlined governance and the establishment of fixed procurement gateway delegations instead of requesting through the APP. Business case & other procurement gateway templates are also being developed to further streamline the procurement and contract approval process and remove unnecessary duplication. These will be piloted in March 24. A savings/benefits methodology is being developed to allow procurement savings to be tracked in a consistent manner from April 24. Apprenticeship levy funding has been identified to support the training of more junior members of staff in the Chartered Institute of Purchasing and Supply (CIPS) qualification.</p> <p>3. Improving the standard of contract management across the council. Alongside forward planning, work has also been underway since April 23 to improve the completeness of the council's contract register (and to manage instances where contracts have expired). In addition, an up to date register of contract managers will be in place by February 24. Following a pilot (October 23), a baselining exercise to assess current contract management performance across the council's key contracts (categorised as Platinum and Gold) will be conducted in January-February 24. This will inform a set of recommendations to be produced for the end of February 24 to improve contract management practice with an objective that all key contracts are operating at a CCIAF 'Good' standard as a minimum by March 25.</p> <p>4. Using our procurements to drive social value. The forward plan mentioned above will also be shared with local suppliers so they can identify suitable opportunities. A cross-functional team has been formed to develop a new social value policy, a draft to be completed in March 24 and final version approved by Jun 24 (in the longer term this will extend to facilitating meetings with main contractors so they can identify opportunities within the supply chain on larger procurements).</p> <p>5. Further developing and integrating our P2P, e-tendering, pipeline & contract management systems, alongside improved reporting capability to aid compliance. A review of Oracle Fusion's ability to support pipeline management, e-tendering and contract management requirements versus alternatives has been undertaken (October 23) and our future strategy for commercial systems agreed by the Oracle Steering Group (Nov 23) as part of a wider systems business case. This also include a series of recommendations to improve the purchase to pay process alongside implementation plans. For 23/24, these include the development of improved reporting to identify areas of non-compliance, analysing the root causes and starting to address these. An interim resource is being recruited to support this.</p> | <p>The ongoing Procurement Improvement plan is intended to deliver the following outcomes:</p> <p>Improved commercial skills across the council Increased expert procurement input throughout the contract lifecycle, so improving value for money delivered through our contracts Improved supplier relationships through early engagement and robust contract management practices More informed decision making & improved compliance to processes through development of our systems and management information Ensuring our decision making is subject to appropriate the controls whilst maintaining an efficient process</p> |

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| 10 | Recommendations arising from the Report in the Public Interest relating to the refurbishment of Fairfield Hall. | To continue to implement the action plan in response to the recommendations. Also, to ensure learning arising continues to be embedded across the organisation. | Corporate Director of Resources | Stephen Lawrence-Orumwense | The Council has made significant progress in completing the actions arising from the recommendations. The Council will now be taking steps to further reassure itself that the learning arising from the recommendations are now fully embedded. The following actions are planned from January to March 2024: a) A stakeholder group of officers' from Finance, Legal, Property, Procurement, Democratic Services and Capital Programme are to hold a lessons learnt session that includes an insight into current practice and any further changes required; and b) Presentation on lessons learnt and changes in practice to be taking to Capital Internal Control Board, Housing Transformation Board, CMT, Directors and Heads of Service Meeting; and Statutory Officers Group. This is to ensure wider dissemination of expectations in managing major capital projects. | Better officer reports and executive decision making in respect of capital projects. Better awareness and analysis of risk and compliance requirements. Better awareness of the financial reporting requirements in respect of capital projects. |
| 11 | Secretary of State Directions to comply with Best Value Duty | To implement the Action Plan (i.e., Exit Strategy) to secure compliance with the Secretary of State Directions | Chief Executive and Corporate Directors | Katherine Kerswell | <p>The Exit Strategy Action covers the following themes: Governance, Culture and Leadership, Financial Strategy, Service Performance: CYPE; ASCH; and Housing , and Capability & Capacity to Improve.</p> <p>A delivery tracker has been developed to monitor progress against all 177 actions in the Exit Strategy.</p> <p>Progress is reviewed regularly by DMT's and at CMT on a bi-monthly basis.</p> <p>The majority of actions due March 2024 are complete or on track to be completed.</p> <p>Progress will continue to be monitored overtime and reported on at the following intervals:</p> <ul style="list-style-type: none"> •March 2024- Progress report on the Exit Strategy submitted to IAP to inform April 2024 letter to SOS •July 2024- Interim progress report on the Exit Strategy submitted to IAP •September 2024- Progress report on the Exit Strategy submitted to IAP to inform October 2024 letter to SOS •January 2025- Interim progress report on the Exit Strategy submitted to IAP •March 2025- Progress report on the Exit Strategy submitted to IAP to inform April 2025 letter to SOS <p>The objectives of the Exit Strategy will also be embedded into service plans for 24/25.</p> | |

Action 1. Financial Management

Status Update from 2022/23 Additional Information

External Auditors Section 24 statutory recommendations:

"Finalise the root and branch review of financial management in all service departments and in respect of corporate decisions as part of the Opening the Books exercise". An update on progress against the 76 recommendations from the Opening the Books external review was taken to Audit and Governance Committee on 30/11/23 through the "Revenue and Capital Monitoring Improvements" report. This showed 40 recommendations as being complete, 9 as underway and 27 to be progressed. A further update to A&G Committee is planned for April 2024.

"Resolve the accounting arrangements in respect of Croydon Affordable Homes". This has been completed and agreed with the auditors for the 2019-20 final accounts which are planned to be taken to A&G Committee in February 2024.

"Invest significant extra resource (when possible) in finance capacity, internal audit and risk management to ensure robust processes are brought into place to monitor progress and meet statutory financial obligations". The Director of Finance (Deputy S151) completed the restructure consultation for the Strategic Finance service area in October 2023. A growth bid of £0.5m is being considered as part of the Council's 2024-25 budget setting process to improve capacity and skills levels in the Strategic Finance structure. Capacity in Internal Audit and Risk Management was increased in 2022-23.

"Demonstrate clearly to Council tax payers how the additional Council tax for 2023/24 has been properly controlled and demonstrates improvements in value for money arrangements". It was agreed with Grant Thornton to detail this in a report by June 2024. The monthly financial performance reports include the list of transformation projects and their budget allocations.

"Develop an action plan to clear the three outstanding years of accounts and audit by June 2024". The 2019-20 interim audit findings report was taken to A&G Committee on 30/11/23. The final 2019-20 accounts are planned to be taken to A&G Committee on 1/2/24. The expected completion for 2020-21 is April 2024 and for 2021-22 is September 2024.

"Develop and enhance governance process for all key investment decisions and develop a Panel to address the accounting implication of all capital investments". This recommendation is aligned to the Capital Framework Improvement Plan from PwC. An update on progress against the 9 recommendations from this plan was taken to A&G Committee on 30/11/23 which showed 7 as underway and 2 to be progressed. A further update to A&G Committee is planned for April 2024.

"Enhance existing officer control activities by ensuring the Scrutiny and Governance Committee robustly challenges the monthly budgets report from officers from a governance and control perspective". Implemented. The Scrutiny and Overview Committee receives and challenges the monthly financial performance reports and uses its subcommittees to deep dive into financial performance of service directorates.

"Ensure that the lessons learned from the former CEO's termination payments, as set out to Full Council in 2022 and set out in detail below, are applied to all future Chief Officer severance payments". Implemented. The requirement of Statutory Guidance on Special Severance Payment is being adhered to. There have been changes made to the Pay Policy Statement to make it clear that Special Severance Payments and severance packages of £100,000 and above should be approved by a vote of full Council. However, if the proposals are being made in the context of litigation and the making of the decision is urgent, General Purposes Committee (GPC) can approve such payments in accordance with the Council's constitution. Decisions will only be referred to the GPC for approval in limited and exceptional cases, where a decision is required urgently in the context of litigation. A robust written business case setting out the considerations for making a Special Severance Payment, along with appropriate written professional legal and financial advice, must be provided where approval for a Special Severance Payment is sought. In line with Statutory Guidance any settlement agreement between £20,000 and up to £100,000 has to be approved by the Executive Mayor and Chief Executive, with a full written business case demonstrating good value to the taxpayer, A settlement below £20,000 has the same requirements, approved by the Chief People Officer.

"That proper records are kept of any conversations, discussions, or meetings of any potential settlement agreements with an employee." Implemented. Records are kept within the written business case to demonstrate the legal and financial best value case. Where members are involved in the decision-making process, a full written note will be taken and retained by Democratic Services.

"That reasonable enquiries are made to establish all the facts, events, and circumstances that give rise to any proposed settlement agreement, including any wrongdoing by the parties involved". Implemented. Appropriate legal and financial advice is taken and recorded to ensure all facts and events are considered as part of the best value written business case.

"That legal advice is sought on merits and chances of success of any potential claim against the Council and quantum of damages awarded. This should inform the decision on any potential settlement payment". Implemented. As above, legal advice is sought and captured in the written business case to ensure best value for the taxpayer is satisfied.

"There is compliance with the governance arrangements relating to the decision-making on settlement payments". Implemented. Addressed through the Pay Policy statement 2023/4 which sets out clearly the governance arrangements and compliance with the Statutory Guidance for Special Severance Payments.

"That officers and members who are the subject of the dispute are not involved in the decision-making relating to the proposed settlement agreement". Implemented. Addressed in the Pay Policy Statement 2023/4.

"That Democratic Services attend both the open and exempt part of any committee meeting for approval of settlement payments. That proper minutes of the meeting are taken so that there is an understanding of the reasons for the decision and the deliberation by the committee". Implemented. Addressed in the Pay Policy Statement and in all meeting practice.

External Auditors Interim Report for the financial year 2019/20, 2020/21 and 2021/22 recommendations:

"With three Section 114 notices having been issued in two years, and the Council having made it clear that extraordinary government support is required to return to financial sustainability, it will be important that the Council maintains discipline over its own savings and transformation plans. For savings plans, Internal Audit recommendations for improvement in Star Chamber processes should be implemented as a matter of priority. Plans that are realistic should be approved. For transformation projects, arrangements should be put in place for tracking and challenging outcomes before any further funding is approved." Implemented. Proposed savings plans were discussed in Star Chambers in July and September 2023 and realistic savings were approved to be put forward to Full Council in February 2024. A permanent Director of Transformation has been recruited to support tracking and challenging of outcomes for transformation projects. The approved list of transformation projects and their budget allocations are included in the monthly financial performance reports.

"The Council should continue to focus on resolving Internal Audit recommendations, including from 2017-18, 2018-19, 2019-20, 2020-21 and 2021-22." This work is ongoing and prioritised, with the Corporate Management Team (CMT) holding internal audit focus meetings to monitor progress.

"The Council should continually review arrangements for overseeing standards and codes of conduct. The Ethics Committee, in overseeing standards, should be mindful that the substance of cultural behaviour is as critical as the procedural form". Agreed and ongoing. The Council has undertaken a review of its arrangements and is satisfied that it is fit for its purpose. See report to the Ethics Committee meeting on 15th November 2023 at pages 27 - 33.

"Regular engagement with residents should continue. The Council's goal should be to improve upon a performance where 36% of its respondents described their experience with the Council as poor or very poor. As the housing contracts are re-procured or insourced, they should be sense checked for lessons learnt from engagement with the previous contractor. Working with partners is more effective where there are shared goals, clear roles and responsibilities, performance metrics that are monitored, and a forward-looking view". Agreed. The three new repairs and maintenance contracts let in summer 2023 are demonstrating good progress in dealing with the repairs and maintenance backlog.

"The Council should continue the work started to strengthen governance over procurement. This will be particularly important as the Council prepares for new procurement legislation and a transition period of six months in 2023, when two different sets of regulations are expected to be in force at the same time. Internal Audit findings around contract letting, monitoring and management arrangements between 2019-20 and 2021-22 should be actioned at the earliest opportunity". Agreed. This is being taken forward as part of the procurement and contract management improvement plan.

Action 7. Information Management

Status Update from 2022/23: Additional Information

Publication Scheme - The Council continues to review and update our processes in line with responsibilities set out in the Information Commissioner's Office Model Publication Scheme. This is ensuring that all information required to be in the public domain is published. Croydon remains compliant. We continue to proactively publish key information including:

- Who we are and what we do
- What we spend and how we spend it
- What our priorities are and how we are doing
- How we make decisions
- Our policies and procedures
- Lists and registers
- The services we offer.

Subject Access Requests (SAR) - A detailed SAR improvement plan was developed and shared with the ICO. This has led to significant progress in the Council's performance, a reduced backlog of requests and a big improvement in our compliance rate. The Council is no longer required to attend quarterly compliance meetings or share our monthly statistics with the ICO.

Freedom of Information (FOI) Requests -Croydon was subject to an Enforcement Notice issued by the ICO in June 2023. This was due to a backlog of overdue FOI requests and the notice required that we improve our compliance rate and close all requests in our backlog, as of June 2023.

Working closely with the ICO, a detailed FOI improvement plan was developed and significant changes to our processes followed. With the continued support of the Corporate Management Team the Council has seen great improvement in FOI response timeframes. We are now hitting the 90% compliance rate, which means responding to the request within 20 working days. The backlog now consists of 4 and we expect these to be closed soon. The ICO will review the Enforcement Notice in the second week of February, and we expect to no longer be to subject to it.

We continue to publish our previous FOI responses in a disclosure log on the Council's public-facing website.

Resources - As part of the improvement plans for both SAR and FOI, additional human resources have been deployed. Within the Central Information Management Team three roles have been appointed:

- A dedicated full-time Data Protection Officer
- An additional full-time SAR / FOI Officer
- A full-time Admin Support Officer

Within the Children, Young People & Education Directorate

- One secondment of a full-time SAR Officer
- A full-time Admin Support Officer

Within Housing Directorate

- An additional full-time shared resource, coordinating responses.

Data Protection, GDPR Training - There is a mandatory e-Learning training module for all Council staff to complete online. This training is for all new staff starting with the Council and all staff are required to do yearly refresher training. This training has been refreshed as of January 2024. The Croydon learning team are now able to capture statistics and send out reminders to staff.

A more in-depth face-to-face training sessions, held virtually on MS Teams, are available via Croydon learning for up to 40 attendees. These are held monthly and advertised on the intranet and via the Chief Executive's news bulletins. In line with the ICO's recommendation, these sessions are an opportunity for staff to engage with the team and for staff to ask for more service specific guidance. This training is continually being revised to include examples of previous Data Breaches, remedies and changes to processes as required.

Going forward, there is a plan to make it mandatory for staff, and their line-manager, who have been involved in a Data Breach, to complete the e-Learning training again and a recommendation to attend the in-depth face-to-face session.

Freedom of Information Training - The FOI improvement plan led to the team creating new FOI & EIR training. This training details the background to the legislation, key obligations of the Council and all relevant exemptions & exceptions. It has been delivered to all key stakeholders and has been added to Croydon's e-Learning portal. Going forward, we will recommend that e-Learning training be made mandatory for all Team Managers and other key staff.

Reporting - Weekly SAR / FOI reports sent to the whole organisation highlighting all open and overdue cases per directorate. Colleagues can view the report and advise on any closures or responses due. Regular updates on FOI, SARs and Data Breaches are reported to the Corporate Management Team and the Information Management Internal Control Board.

Governance - The Data Protection Officer and Chief Digital Officer are both members of the Council's Statutory Officers' Meeting, chaired the Chief Executive. This meeting gives us the opportunity to raise and address key concerns.

There is a monthly Information Management Internal Control Board meeting to discuss the Council's Information Governance arrangements, chaired by the Council's Director of Legal Services and Monitoring Officer. This meeting allows the Information Management Team to raise and discuss on-going issues and improvements with key stakeholders. From this meeting serious risks can be escalated to the Corporate Management Team.

Policies/procedures - A new freedom of information policy has now been published on the Council's public facing website. We are currently involved in reviewing all the Council's Information Security and Information Management Policies. These policies will be ratified at the Information Management Internal Control Board. For more details on added or amended procedures please refer to the FOI/SAR improvement plans, linked above.

Appendix 2 - RIPI 2 Action Plan Progress Update

| Status Update | Recommendation | Response | Action | Progress/Comments | Deadline | Responsible |
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| Complete | R1. The Chief Executive supported by the Monitoring Officer and the Section 151 Officer should ensure that Cabinet papers for major projects set out clearly: R1.1 the legal powers to enter into a particular arrangement and attendant risk | The Council has taken action to improve the processes for and contents of reports to Cabinet. Authors of reports must ensure comments are received from statutory officers and legal powers and risks are sufficient addressed. There is early consideration of all cabinet reports at the Corporate Management Team (CMT) and Mayor Advisory Board (MAB). The Chief Executive, Section 151 and Monitoring Officer are in attendance and do ensure the issues raised in R1 are always addressed. The process allows for much earlier consideration of papers and more opportunity for assurance of, and challenge to, advice being presented to the Cabinet and that the Council's interest is sufficiently protected. The Monitoring Officer also has in place final report clearance meetings before publication with Legal and Democratic Services Heads of Service to ensure that legal powers and risks are adequately covered in Cabinet reports. Reports on Regina Road and Purley Pool are some recent examples. | 1.1 A new report writers guide will be produced alongside a new report template for all Council reports to use regardless of which board or committee in will be presented in. This will explain the issues raised in the RIPI and why commentary is needed on the lawfulness of the council's arrangements | In October 22 a new officer report template and guidance that addresses the issue raised in R1 has been produced. Between October 22 and January 23, the Head of Democratic Services, Monitoring Officer and Deputy Monitoring Officer assisted by colleagues from Finance, Equalities and Procurement has provided training to Officer on the new template that includes guidance on risk and legal powers. | Sep-22 | Monitoring Officer |
| Complete | R1.2 how the Council can protect its interests and secure economy, efficiency and effectiveness | See reponse to R1.1 above | 1.2 The template for reports will be amended to include a reference in the legal comments section to the need to ensure legal advice is recorded in the paper on the power to enter into a particular arrangement for a major project and the actions required to ensure it remains lawful | This is contained in the current and new report guidance. Also, reports are reviewed by the Monitoring Officers and his Deputies to ensure legal powers for and lawfulness of decisions. | | Monitoring Officer |
| Complete | | | 1.3 The Capital Board will be asked to produce guidance on what constitutes a major project, and this will be incorporated into the new report writers' guide. This section in the report will also draw out the need for officers and those delivering on the Council's behalf to ensure the council delivers value for money within all its major projects and secures economy, efficiency and effectiveness for the taxpayers and residents of Croydon in accordance with Section 3(1) of the Local Government Act 1999 and the duty of best value. The template will stress the importance of ensuring the report provides decision makers with full information and the requirement to update the decision-making body when this information changes. | The new standard Committee Report template includes all the essential requirements including information that will assist Members to make an informed decision. As a separate action point arising from the PwC Capital Framework Improvement Plan recommendations (progress against which is separately reported to A&G Committee), the Capital Internal Control Board is overseeing the development of business case templates in line with the Five Case Model and associated training and governance approval routes (for different levels of expenditure) which will be taken forward after the recruitment of capital accounting officers into the new Strategic Finance structure. This will also align with the updated thresholds to be agreed through the refresh of the financial and contract regulations underway. | Apr-24 | Monitoring Officer & Director of Commercial Investment & Capital |
| Complete but ongoing | | | 1.4 Progress reports on the delivery of major projects to Cabinet will also incorporate an assurance section that the requirements are to ensure the arrangements are lawful and have been met e.g. contracts signed, land correctly transferred etc prior to committing the Council contractually. These reports will also be available to the Scrutiny and Overview Committee in order to enable them to fully scrutinise the delivery of major projects based on the same full suite of information that is available to the Cabinet Members. These requirements will also be included in the new guide. | There are currently no major capital projects that are at a sufficiently developed stage to require a progress report. However, these requirements will be adhered to. Also, at the monthly meetings of the Capital Internal Control Board, the financial performance of the capital programme is reviewed. The board reviews the progress made with delivery of capital projects including consideration of risks, financing and contracts completion and compliance issues. The Council's Constitution contains the procurement safeguards referred to below including legality and executed contract before commencement of obligations. Expenditure delivery on all capital projects is included in the monthly Financial Performance Report to Cabinet. In 2024/25, the monthly reports will include information on major project activity as well as financial spend. These reports will be available for Scrutiny and Overview Committee to review. | Apr-24 | Monitoring Officer Director of Commercial Investment & Capital |
| Complete | | | 1.5 Once the new guide and the new report template has been produced, it will be brought to the Audit and Governance Committee for member consultation and agreement. Training will then be developed to ensure understanding of the new requirements by report writers. | In September 2022, the new report template and guidance was taken to Audit and Governance Committee. As indicated above, officer training on the new template was provided in December 2022 and January 2023. | Dec-22 | Monitoring Officer Director of Commercial Investment |

| Complete | | | 1.6 The Council will make full use of its decision management software (Mod.Gov) to automate production of reports. This will have the benefit of allowing report authors to draw in expert advice earlier in the process and prevent reports from being changed after they have received legal and financial commentary. This has been amended to Share Point in Microsoft Teams. | The plan now is to use Share Point in Microsoft Teams. This was rolled out in December 2023 for Cabinet reports by the Head of Democratic Services and includes reports management guidance. Draft reports are now stored in a single location for access and help to manage issues relating to version control. | Dec-23 | Monitoring Officer |
|----------------------|---|--|--|---|-----------|---|
| Status Update | Recommendation | Response / Improvement Work to Date | Action | Progress | Deadline | Responsible |
| Complete but ongoing | R2. The Monitoring Officer should ensure that: R2.1 contracts are properly executed before entering into arrangements with third parties | The Monitoring Officer through the review undertaken and referred to in the progress/comments column is satisfied that the arrangement is in place to meet the requirements of this recommendation (i.e., R2.1 - R2.3). The proposals following the review is currently paused in view of potential changes to the Council's Tenders & Contracts Regulations which are in progress. The Monitoring Officer meets regularly with the Head of Service in Legal Services responsible for property, contracts, and planning matters to ensure that the key legal requirements and advice are adhered to and any issues of concern including risks are flagged and resolved. The Monitoring Officer will write to all Heads of Services and above and Council's lawyers reminding them of the requirements of the Contracts & Tender Regulations that contracts must be in place before arrangements for works, services or supply of good commence, in particular, for major capital projects. | 2.1 The Monitoring Officer will undertake a review of existing council processes for the signing of contracts, storage of signed contracts, and assurance on underpinning legal requirements prior to arrangements being entered into. The Council will also take further action to enhance and ensure compliance with these processes. | A review has been undertaken, the details of which are set out below. The proposals arising from the review is to be implemented by March 2024. Current protections/ processes Contracts falling within the Tenders and Contracts Regulations (TCRs) There are currently protections with the TCRs for procured contracts as follows: 4. Officer Responsibilities 4.1 Officers involved in the commissioning and procurement process must comply with: These Regulations; • All UK and European Union binding legal requirements; 4.2 Officers must: a. Have proper regard for all necessary legal, financial and professional advice; o. Enter all purchase order information onto the Council's financial system prior to any goods or services being provided. Raising purchase orders, and any permitted exceptions, must be conducted in accordance with the Council's P2P Guidance documentation; q. The contract manager should ensure the safe keeping of contract documentation in line with Croydon's document retention policy and uploaded onto the Council's contract management system; 5. Director Responsibilities 5.1 Directors must: a. Ensure that these Regulations are followed and enforced within their areas of responsibility; b. Make the staff aware of the requirements of these regulations; | Jul-23 | Monitoring Officer Director of Commercial Investment & Capital |
| Complete | R2.2 the properly executed documents are stored robustly to allow future scrutiny | See reponse to R2.1 above which refers to the review undertaken. There are arrangements in place for the safe and secure storage of contracts. The Monitoring Officer will write to all Heads of Services and above and Council's lawyers reminding them of the requirements for the safe storage of contracts as set out in the Contracts & Tender Regulations. | 2.2 The Capital Board will be given a formal role going forward in the assurance of the contracts having been signed, that they are stored, securely and all legal requirements have been met prior to approval to proceed with a major project. | It is recommended that the action plan be amended to read: - 'The Capital Board will be given a formal role going forward in monitoring that major projects contracts have been signed, that they are stored securely and that all legal requirements were met prior to the project proceeding.' The terms of reference of the Capital Board have been updated to reflect this. This is now part of Capital Board and Procurement Board standard agenda items for monitoring purposes. | Jul-23 | Monitoring Officer, Corporate Director of Resources and Director of Commercial Investment & Capital. |
| Complete but ongoing | R2.3 key requirements underpinning the legal advice are in place before progressing with the arrangement | See response to R1.1 above. As mentioned above, the Monitoring Officer has regular meetings with Heads of Service in Legal Services to review legal advice and ensure they are highlighted to decision makers and key requirements followed. | 2.3 This review will be reported to the Statutory Officers' Board in the first instance and will include any recommendations on required changes to processes, thresholds and delegations. This review will then be brought to the Audit and Governance Committee for Member oversight and comment. | The review arising from this recommendation is yet to be reported to the Statutory Officers' Board. This is now planned for the March/April 2024 meeting. | Mar-24 | Monitoring Officer Director of Commercial Investment & Capital |
| Status Update | Recommendation | Response / Improvement Work to Date | Action | Progress | Deadline | Responsible |
| Complete | R3. The Monitoring Officer should ensure that where legal advice changes after a Cabinet decision that the consideration of the implications of the changes is documented and where the Monitoring Officer considers additional legal risks are identified that the Cabinet is updated on the impact on the original decision made. | Through the CMT and MAB processes, senior officers, the Mayor and Cabinet are kept informed of any legal risk arising from decisions under considerations and already made. This is a business-as-usual requirement and embedded in day to day considerations of key decisions for Cabinet. In addition, the Monitoring Officer has made changes to the Council's Protocol on Decision Making to incorporate this requirement across Directorates. | 3.1 The Monitoring Officer will review the Council's Constitution, particularly Part 5A, the Protocol on Decision Making. This review will have particular regard to setting out proportionate thresholds for decisions to be reported back to the relevant decision-making body when advice (legal or otherwise) upon which the decision was based significantly changes. The review will also consider introducing a time limitation on the delegated decisions that are made by Cabinet in order to ensure they remain relevant and are used appropriately. This will also be included in the new Report Writers Guide. | Completed – a revised Part 5A was approved by Council in March 2022. This included addition of text to require Corporate Directors to keep the implementation of decisions under review and ensure that circumstances relevant to the decision continue to apply. Where there has been a material change of circumstances, a further report must be made to the decision-making body prior to implementation. | May-22 | Monitoring Officer |
| Complete | | | 3.2 A standing item will be included on the Statutory Officers' meeting to identify if there have been any significant changes to advice underpinning Cabinet decisions. | This will usually be discussed at Corporate Management Team which includes the Head of Paid Service, Chief Finance Officer, and Monitoring Officer. Cabinet will be updated on material changes in the circumstances given rise to decisions made and such that will require a review of the decision. | Immediate | Chief Executive |
| Status Update | Recommendation | Response / Improvement Work to Date | Action | Progress | Deadline | Responsible |

| Complete | R4. The Section 151 Officer should ensure that prior to making payments to third parties that appropriate legal documentation is in place such as a properly executed contract or a properly executed loan agreement | The Section 151 Officer do liaise with key officers on contract compliance prior to make payment under contractual obligations. The Section 151 Officer will write to all Heads of Services and above and Council's lawyers reminding them of the requirements of the Contracts & Tender Regulations that executed contracts must be in place before arrangements for payments are made. | 4.1 The Section 151 officer will undertake a review of the Council's existing processes for ensuring payments to third parties meet the required governance controls such as a signed and dated loan agreement or contract. This review will make any recommendations that are necessary to ensure that there are proportionate thresholds, checks and balances on payments to third parties. The Council will also take further action to enhance and ensure compliance with these processes. | The Section 151 officer confirmed that this task has been completed . A further assurance will be sought by commissioning an internal audit of these processes. In relation to procured contracts, the requirements of the Tenders and Contracts Regulations (Regulation 29) in the Constitution covers the process for assurances prior to proceeding with arrangements with contractors. A reminder note will be sent to staff. | Jul-22 | Corporate Director of Resources |
|---------------------------|--|---|---|---|----------|--|
| Complete | | | 4.2 The Capital Board will incorporate this assurance check as part of their formal programme board oversight on the progress of major projects and will amend their terms of reference to reflect this additional role. | As mentioned above, this will form part of Capital Board and Procurement Board standard agenda item. The Capital Board Terms of Reference were updated in September 2022 to incorporate these requirements. | Jul-22 | Corporate Director of Resources |
| Still in progress | | | 4.3 The findings of this review will be reported to the Statutory Officers' meeting in the first instance, with any changes that are required to the Council's Constitution being reported to the Council via the Audit and Governance Committee or Ethics Committee. | An update report will be provided to the Statutory Officers' meeting in March 2024 . | Mar-24 | Corporate Director of Resources |
| Status Update | Recommendation | Response / Improvement Work to Date | Action | Progress | Deadline | Responsible |
| Complete but ongoing task | R5. The Monitoring Officer and Section 151 Officer should ensure that arrangements are in place to properly consider public procurement rules and UK obligations on subsidy control rules before entering into arrangements. | The Council's Constitution, in particular, the Contract & Tender Regulations clearly sets out the required process and arrangements for entering contracts with third parties. This requires considering and applying the procurement and subsidy control rules. The Council usually engages inhouse or external legal advisers who would advise on any procurement and subsidy control issues arising from the proposed contract and whether lawful to proceed. As indicated above, these issues including any apparent risk are flagged up in the decision-making reports. For example, Purley Pool Cabinet report. The Procurement Team following a review contract compliance, maintains a log of expired contracts that are not compliant with Contract & Tender Regulations and with a view to taking the necessary action to manage any risk and secure compliance (through variation and extensions). | 5.1 The Council's Director of Commercial Investment will review the Council's existing arrangements for ensuring compliance with subsidy control legislation. This review will be reported to the Section 151 Officer and Monitoring Officer and will highlight any risks in the Council's current arrangements. The review will also make recommendations and set out an action plan to mitigate and address any risks that are identified. The Capital Board may play a part in the assurance mechanism before entering into arrangements. If so, its terms of reference will be amended. This review is now linked to wider ORACLE/ Procurement improvement plan which is on-going. | There are representatives from Finance, Legal and Procurement at Procurement Board and Capital Board who ensure that there is compliance with statutory provisions and the Constitution's Tender and Contract Regulations. There is regular and ongoing review of arrangements for both Procurement Board and Capital Board to ensure compliance with statutory and constitutional provisions. For Procurement Board, there is a log kept of any non-compliances with a view to escalation to CMT and to ensure any systemic failings are rectified. The same should be replicated for Capital Board. For all contract, procurement, and subsidy related matters requiring Cabinet decision, legal advice/comments are sought to ensure compliance with procurement and subsidy control rules. Also, for compliance with the Council's Tender and Contracts Regulations where relevant. These reference the need to check for public subsidy issues. Risks of public subsidy will vary from project to project and each project will have to be reviewed on its own merits. | Apr-24 | Director of Commercial Investment & Capital |
| Status Update | Recommendation | Response / Improvement Work to Date | Action | Progress | Deadline | Responsible |
| Complete | R6. The Chief Executive, Monitoring Officer and Section 151 Officer need to consider how to respond appropriately to challenge on decisions and be prepared to take corrective action where necessary. | As part of the Croydon Renewal and Improvement Plan, a range of actions have been undertaken to improve the culture of the organisation in relation to openness, transparency, accountability and challenge. The various actions are all designed to facilitate constructive challenge and open dialogue from Members, residents, officers and each other. To date, this work has included: - Introducing a 'guardians' programme for staff, providing a safe space for staff across the organisation to raise concerns - New customer complaints handling process - Developing a new access to information protocol for Councillors - Introducing new codes of conduct for Members, Co-opted Members and Officers There is regular dialogue between the Chief Executive, Section 151 Officer and Monitoring Officer to consider various challenging governance issues and decide on the appropriate response and if required, an action plan. | 6.1 A new member enquiry / casework process and supporting software will be rolled out to allow more pro-active tracking, management and responses to member casework enquiries and also allow learning from the casework to be captured more effectively to improve services. This may result in policy decisions needing to be revisited. | This has been completed. | Jul-22 | Assistant Chief Executive |
| Complete | | | 6.2 A new system of internal control officer boards have been implemented following a review of core business meetings and forums (Capital, Health & Safety, Equality Diversity & Inclusion, Finance & Assurance, Performance, Digital, Resident Voice and Corporate Resilience). To be implemented are boards on Information Management and Workforce). | This has been completed. A new Information Management Internal Control Board has been formed chaired by the Monitoring Officer to ensure a critical friend challenge and progress with the Council information management agenda. | Jul-22 | Director of Policy, Programmes & Performance |
| Complete | | | 6.3 A new Member / Officer working protocol will be developed and submitted to Council for adoption into the Council's Constitution. Please note that this action will also support 9.2 | This has been completed and was approved by Full Council in March 2022. | Mar-22 | Monitoring Officer |
| Complete | | | 6.4 A new assurance framework will be developed and reported on annually to the Audit and Governance Committee | The Council's governance framework has been reviewed and informed by the NAO's Three Lines of Defence model. | Jul-22 | Corporate Director of Resources |

| Status Update | Recommendation | Response / Improvement Work to Date | Action | Progress | Deadline | Responsible |
|----------------------|---|---|--|---|----------|---|
| Still in progress | R7. The Chief Executive should improve record keeping arrangements so that: R7.1 the records supporting key decisions including financial analysis are maintained R7.2 a standard approach to record keeping with monitoring of which decisions have been implemented R7.3 tolerances are established for reporting back changes to Cabinet | Through the Mod.Gov Committee Management Software, the Council's Democratic Services keeps and maintains all records of key decisions taken by the Executive and Officers under Delegated Authority. This includes reports by officers, decision notices and minutes of meetings. Through this software historical records of committee meetings can access. There is an established method for record keeping of these decisions in Mod.Gov. The relevant Corporate Director and/or Director is responsible for monitoring and implementing the decision taken by the Executive. This includes reporting back to the Executive if circumstances have changed that necessitates re-consideration of the decision made. The Head of Democratic Services will prepare a guidance note on the arrangement for providing and maintaining record of officers delegated decisions and raise awareness with Heads of Service and above. As to R7.3, see response to R.3. | 7.1 A review will be undertaken by the Council's Information Management Team of record keeping across the Council for key decisions, delegated decisions and Cabinet decisions in general and record keeping of formal internal control boards. The review will make any necessary recommendations regarding proposed future systems of control, in particular to ensure required or agreed future reporting requirements are adhered to through the forward plan and these will be reported to the Audit and Governance Committee and Cabinet. | This task has been allocated to the Monitoring Officer who is responsible for Democratic Services and which in turn is responsible for record keeping of Executive decisions. Guidance has been initially reviewed by the Head of Democratic Services available on the intranet, and between Oct and Nov 2023 is holding meetings with Head of Services throughout the Council to identify current arrangements and any training needs / gaps. The Monitoring Officer has commissioned a review which will be undertaken by the Council's Information Management & Governance Co-ordinator. | Mar-24 | Monitoring Officer |
| Still in progress | | | 7.2 This review to provide assurance that the Council is operating in accordance with the relevant legislation including the good practice recommendations in the Information Commissioner's Office "S46 Code of Practice – Records Management" issued under section 46 of the Freedom of Information Act 2000. | | Dec-23 | Monitoring Officer |
| Status Update | Recommendation | Response / Improvement Work to Date | Action | Progress | Deadline | Responsible |
| Complete | R8. The Chief Executive, as Head of Paid Service, should ensure appropriate governance arrangements are implemented in a timely manner particularly for strategic developments such as Brick by Brick including where appropriate that there is clear guidance for nominated representatives on the expectations of the role including reporting back to the Council. | Actions already taken by the Council to strengthen the governance arrangements for strategic and major projects and programmes include: - Appointment of a new Commercial Investment Director; - Establishment of a Croydon Companies Supervision and Monitoring Panel (officer only) to have oversight of all Council owned companies - Establishment of a Brick by Brick Shareholder Cabinet Advisory Board (Member only); - Established a new programme office that includes a remit to work on the capital programme - Agreement of new terms of reference for the Capital Board with a focus on good planning, governance and delivery - Where warranted, non-executive and / or independent chairing and leadership has been sought, including independent chairs for the Council's General Purposes and Audit Committee, Housing Improvement Board, Children's Improvement Board and the Croydon Adult Safeguarding Board. - External training on statutory officers responsibilities has been completed separately for members and officers with additional training for non-statutory officers on company law and shareholder function. There is an Outside Bodies Protocol protocol that provides basic advice and guidance to Council's representatives on outside organisations. This has been approved by Ethics Committee. | 8.1 The Croydon Companies Supervision and Monitoring Panel (CCSMP) be tasked with considering what additional measures, if necessary, need to be introduced to support and clarify the roles and responsibilities of any person appointed by the Council to be a director of a Council owned company. This review to incorporate an undertaking to abide by the code of conduct and standards of public life (commonly known as the Nolan principles). Please note that this action will also support 9.4 | | May-22 | Director of Commercial Investment and Capital |
| Complete | | | 8.2 The Council has had guidance notes agreed on the role of a non-executive appointee on behalf of the Council but these will now be reviewed and brought back to Ethics Committee for approval. | The Council, in line with other local authorities, developed an Outside Bodies Protocol for Officers and Members representing the Council in companies, charities and other organisations external to the Council. The guidance has been reviewed and commented on by the CCSMP and is now due to taken to Ethics Committee in February 23 for further consideration. Once approved, the Guidance will be circulated to all officers and members representing the Council in outside bodies. Update. This has now been approved by the Ethics Committee. | Feb-23 | Monitoring Officer |
| Complete but ongoing | | | 8.3 Mandatory training will be provided on a regular and timely basis to all Council owned company directors. Attendance at this training is part of the requirements to remain a Council appointed Director | Initial training has taken place but there is further training planned and to be commissioned by the Monitoring Officer by March 2024. | Mar-24 | Monitoring Officer |
| Complete | | | 8.4 The terms of reference for the Council's new internal control boards will be reviewed to ensure that there is clarity on how the work undertaken by these boards flows into member meetings and formal member briefings as appropriate. | The Internal Control Boards have recently been established and a review of their effectiveness is planned by September 23 | Sep-23 | Director of Policy, Programmes & Performance |
| Status Update | Recommendation | Response / Improvement Work to Date | Action | Progress | Deadline | Responsible |

| Complete | R9. The Chief Executive should work with the Executive Mayor to continue to embed: R9.1 a clearly understood distinction between the different roles and responsibilities of Members, officers and representatives akin to Brick by Brick | The Council has agreed a new code of conduct and guidance for Members and a new code of conduct for officers. This is being supplemented by tailored learning and development activity as part of the May 2022 Member Induction Programme, in new officer induction programmes and the corporate culture change programme. TO DISCUSS WITH SIMON & TOM | 9.1 Review role descriptions for members and a revised member handbook is being developed. This work will be brought to the Ethics Committee for approval. | This task is completed. A revised member handbook developed including role descriptions. All members were given access to the handbook following the elections. | May-22 | Monitoring Officer |
|---------------|--|--|--|---|----------|---|
| Complete | R9.2 clear responsibilities for officers and Portfolio Holders in challenging reports presented to Cabinet and other committees for balance, accuracy and consistency with their knowledge | | 9.2 A new Member / Officer working protocol will be developed and submitted to Council for adoption into the Council's Constitution. This protocol will clarify responsibility for providing effective advice and challenge. Please note that this action will also support 6.3 | This task is completed. Member/Officer protocol approved by Full Council in March 2022 | May-22 | Monitoring Officer |
| Complete | | | 9.3 The Croydon Companies Supervision and Monitoring Panel be tasked with considering what additional measures, if necessary, need to be introduced to support and clarify the roles and responsibilities of any person appointed by the Council to be a director of a Council owned company. | Completed | May-22 | Director of Commercial Investment and Capital |
| Complete | | | 9.4 The Croydon Companies Supervision and Monitoring Panel be tasked with considering what additional measures, if necessary, need to be introduced to support and clarify the roles and responsibilities of any person appointed by the Council to be a director of a Council owned company. This review to incorporate an undertaking to abide by the code of conduct and standards of public life (commonly known as the Nolan principles). Please note that this action will also support 8.1 | Completed | May-22 | Director of Commercial Investment and Capital |
| Status Update | Recommendation | Response / Improvement Work to Date | Action | Progress | Deadline | Responsible |
| Complete | R10. The Chief Executive should review the terms of reference for officer and member/officer boards that oversee significant projects and capital/revenue expenditure and clarify the escalation routes for significant additional expenditure in excess of the budget | The Council has introduced new system of internal control officer boards following a review of core business meetings and forums. The Boards are Capital, Health & Safety, Equality Diversity & Inclusion, Finance & Assurance, Performance, Digital, Resident Voice and Corporate Resilience. To be implemented are Boards on Information Management and Workforce. The Capital Board and Finance and Assurance Board oversees significant projects and capital/revenue expenditure and has in place escalation and reporting route to Corporate Management Team (CMT). Since June 2021 the Cabinet has been receiving a monthly update on the council's general fund, housing revenue account and capital expenditure. Currently, as part of the budget monitoring process, the spend on Capital Projects are reported monthly and reviewed at Capital Board, CMT and then Cabinet. | 10.1 The Capital Board will review its terms of reference to develop an effective role in regard to its oversight of the delivery of major projects and clarify the escalation routes for significant overspends. Future project governance should be reflective of the scale of each project, with an appropriate level of monitoring, reporting and resource allocated. | Capital Board reviewed its terms of reference in September 2022 to incorporate all the RPI2 requirements and will continue to regularly review and update its terms of reference and approach to ensuring the delivery of robust capital governance. This is completed. | May-22 | Director of Commercial Investment & capital |
| Complete | | | 10.2 The format of the monthly cabinet update on general fund, HRA and capital expenditure will be reviewed in general to ensure it is incorporating the best practice of high performing councils in budget reporting to members. This review will also pay specific regard to the reporting on risks and opportunities, over and underspends on the delivery of significant projects either revenue or capital expenditure and either general fund, parking places reserve account or housing revenue account related. | The S.151 officer confirms that this task is completed. There is regular budget monitoring report to Cabinet that deals with 10.2 above. | May-22 | Corporate Director of Resources |
| Complete | | | 10.3 The Internal Control Board terms of reference template will be reviewed for all boards to ensure clarity on responsibilities for risks in regard to its responsibilities, workload and escalation routes. | An initial Terms of Reference template has been used to establish the new Internal Control Boards. Once the boards have been in operation for a few months, a review will be undertaken of their effectiveness and a final Terms of Reference template will be agreed. | Jul-22 | Director of Policy, Programmes & Performance |
| Complete | | | 10.4 The current monthly budget assurance meetings chaired by the Chief Executive and Corporate Director of Resources will be reviewed to assess effectiveness after its first year of operation. | The monthly budget assurance meetings are continuing and their effectiveness continues to grow. As the monthly financial performance report has set out during 2022-23 these assurance meetings have been reviewed and strengthened. They will be kept under constant review to ensure they operated optimally. | Feb-23 | Director of Policy, Programmes & Performance |
| Status Update | Recommendation | Response / Improvement Work to Date | Action | Progress | Deadline | Responsible |

| | | | | | | |
|----------------------|--|---|---|--|-----------------|--|
| Complete | <p>R11. The Section 151 Officer should ensure financial reporting on significant capital projects is enhanced so that</p> <p>R11.1 a clear agreed budget for the project is identified and the underlying financial analysis is maintained</p> <p>R11.2 a clear agreed project expenditure amount can be reported through appropriate governance processes</p> <p>R11.3 where there are changes in the original financial assumptions that there is an assessment on the project's financial viability with appropriate reporting</p> <p>R11.4 the revenue impact of any changes in the capital project are addressed in future budget setting</p> | <p>Currently, as part of the budget monitoring process, the spend on Capital Projects are reported monthly and reviewed at Capital Board, CMT and then Cabinet.</p> <p>For 2023/24, as part of the budget setting process, a new Capital Strategy was approved. This set out a capital programme much reduced in scale and cost compared to previous years. The focus of the Capital Strategy in the short and medium term is delivery of an effective Asset Management Plan and an ambitious Asset Disposal Strategy including reducing the number of buildings held by the Council.</p> | <p>11.1 The Corporate Director of Resources will oversee the review work to be undertaken by the Director of Commercial Investment in regard to improving the role of the Capital Board in meeting a number of these recommendations. That review will incorporate the recommendations above.</p> | <p>The Section 151 Officer attends Capital Board meetings at which these issues are addressed.</p> <p>At the monthly meetings of the Capital Board, the financial performance of the capital programme is reviewed. The Board reviews the progress made with delivery of capital projects including consideration of risks, financing and contracts completion and compliance issues.</p> <p>The Council tax Setting process for 2023/24 included a new Capital Strategy document which joined together the capital programme, asset management plan and treasury management strategy. This alongside the main budget report emphasised the importance of reducing debt through asset disposals, a significantly paired back capital programme and the consequent impact through the treasury management strategy on borrowing costs on the budget and Medium Term Financial Plan.</p> | May / June 2022 | Corporate Director of Resources |
| Complete | | | <p>11.2 The review of the monthly budget report format will also take into account these recommendations and report to the Audit and Governance Committee, the Scrutiny and Overview Committee and finally Cabinet taking into account members' views.</p> | <p>Capital projects will continue to be monitored through the monthly Financial Performance Report. The focus in the autumn of 2022 shifted to paring back the capital programme and producing an asset management plan and disposals programme. Enhancements to capital monitoring and reporting have been made in 2023-24 through the introduction of the Verto software system to monitor project delivery and risks, building upon the work undertaken to develop the capital strategy. This addresses the issues raised by R11.1 and R11.2.</p> | Dec-22 | Corporate Director of Resources |
| Status Update | Recommendation | Response / Improvement Work to Date | Action | Progress | Deadline | Responsible |
| Complete | R12. The Chief Executive should put in place arrangements to consider inherent conflicts of interest for executive officers | The Council's Officer Code of Conduct in the Constitution includes provision for declaration of interest. It provides that "Officers in Tier 1-3 (Head of Service and above) are required to complete an annual declaration of interest. However, should a conflict arise at any time you must report it to your manager immediately and declare it in writing as above and not wait until the annual declaration. | 12.1 A new code of conduct for all officers is currently in development which will incorporate best practice in regard to the declaration of interests and arrangements for managing any conflicts. | This task has been completed and approved by Full Council in March 2022 | May-22 | Monitoring Officer |
| Still in progress | | | 12.2 An annual review of declarations for all officers will be undertaken each May. This will update a formal register of all declarations to be published on the council website. | This is planned for the end of the financial year. | May annually | Head of Internal Audit |
| Complete | | | 12.3 CMT, DMTs and all internal governance boards will have declarations of interest added as a standing item to their agendas | This has been actioned and completed | May-22 | Director of Policy, Programmes & Performance |
| Complete | | | 12.4 The Statutory Officers' Board will amend its terms of reference to include the formal review of any officer conflicts of interest and the agreement of arrangements for managing them | There is a standard agenda item for declaration of interest at the Statutory Officer's Board meeting. Officers are aware of the need to withdraw from parts of the meeting where there is likely to be a conflict of interest. | May-22 | Chief Executive |

Appendix 2 RIPI 2 Action Plan Spreadsheet

Recommendation R2.1: Additional Information

Progress

A review has been undertaken, the details of which are set out below. The proposals arising from the review is to be implemented by March 2024.

Current protections/ processes

Contracts falling within the Tenders and Contracts Regulations (TCRs)

There are currently protections with the TCRs for procured contracts as follows:

4. Officer Responsibilities

4.1 Officers involved in the commissioning and procurement process must comply with:

These Regulations;

- All UK and European Union binding legal requirements;

4.2 Officers must:

- a. Have proper regard for all necessary legal, financial and professional advice;
- o. Enter all purchase order information onto the Council's financial system prior to any goods or services being provided. Raising purchase orders, and any permitted exceptions, must be conducted in accordance with the Council's P2P Guidance documentation;
- q. The contract manager should ensure the safe keeping of contract documentation in line with Croydon's document retention policy and uploaded onto the Council's contract management system;

5. Director Responsibilities

5.1 Directors must:

- a. Ensure that these Regulations are followed and enforced within their areas of responsibility;
- b. Make the staff aware of the requirements of these regulations;
- g. Monitor compliance and investigate any non-compliance with the regulations and report any findings to the Director of Commercial Investment as Chair of the Contracts and Commissioning Board;
- j. Ensure their contract managers have kept contract documentation in line with Croydon's document retention policy and uploaded onto the Council's contract management system.

29. Contract Pre-conditions and Preliminaries

29.1 A Director must not authorise or permit a contractor to enter on any land or buildings belonging to the Council or to proceed with the Contract or start work on site until a written order to proceed with the Contract has been issued and the following actions are completed:

- a. the contractor has provided proof of insurance;
- b. the contractor has completed and returned to the Council the contract documents unless the Director can satisfy the Director of Legal Services and the Chair of CCB

that the Council's position is otherwise adequately secured;
c. where appropriate the performance bond is duly completed;
d. all procedures have been completed to the satisfaction of the Director of Legal Services.

33. Contract Storage

33.1 The Director responsible for the service area must ensure that all signed/ sealed Contracts established in accordance with these Regulations are scanned and the scanned copy or a true electronic copy (with signature/ sealed pages scanned accompanying it) is stored on the Council's Contract Management system and that the original copy of the contract has been received by the Deeds team in Croydon Legal Services.

Although these protections are in the constitution, there is the need to ensure they are complied with. In relation to any non-compliance, Contracts & Commissioning Board /Procurement Board are implementing a log which will be reviewed on a regular basis and escalated, where needed.

Other types of contracts/ agreements:

The provisions regarding other contracts/ agreements are covered to some extent in the Financial Regulations. The practice and advice from Legal Services to date is to follow the principle of the TCRs that, where a contract has a value of over £100k, it needs approval by Legal and needs to be signed by and authorised signatory in Legal.

There are likely many agreements entered into that do not come to Legal Services for consideration. There is no centralised data available to review the number of matters this might currently apply to.

Process for signing documents by Legal Services:

- Legal review undertaken
- Final agreement engrossed (not always internally)
- Authority provided
- Signing/sealing form completed, including relevant authority
- Record in the relevant register
- Signed contract scanned, sent to client officer and saved on Visual Files
- Where relevant, hard copy retained, and archive requested

There are currently four registers – Sealing register, Miscellaneous register, Electronic signing register and Browne Jacobson's POA register. The Electronic register and POA register were brought about due to the Pandemic.

Overall, the process works, however issues can arise at some stages for example, lack of appropriate authority to enter into the agreement.

Proposals

1. Training for staff to ensure they understand and follow processes e.g., under the TCRs.
2. To implement any relevant provisions into the Financial Regulations for 'other' agreements (e.g. for Capital Projects), similar to assurances in the TCRs. For

example, agreements with a value of over 100k should be signed off by Legal.

3. To implement a 'non-compliance' reporting/ escalation system with appropriate oversight (already underway for procured contracts).

4. Clarify who are Authorised Signatories. Please note, the Intranet is confusing at present, as it refers to Authorised Signatories in the context of those authorised under the financial regulations to approve requisitions up to a certain value – please see here. This needs to be clarified (e.g. re-title to 'Authorised Approvers'?).

5. For procured contracts, Scott Funnell to provide a central email address for copies of signed contracts to be sent to in order to be centrally stored.

6. Use of electronic signing/sealing platform e.g. Docusign. This will automate the process, reduce delay, simplify the registering system and storage system. Business case needed regarding cost and confirmation whether the Council can seal deeds electronically (it'll only cost effective if this is possible).

The Monitoring Officer is working with the Director of Commercial Investment & Capital to take forward the above proposals. The process is in place for the signing of contracts in accordance with the Constitution Tenders and Contracts Regulations and which also accords with R2. Legal Services has in place a process for signing and storing contracts on matters they are dealing with. Electronic copies are stored on Legal Services System (Visual Files Records). Hard copies are stored in the Deeds Room. Strategic Procurement are looking at a central repository of all Council contracts. This forms part of the Strategic Procurement and Contract Plan.

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Appendix 1

Risk Register Deep Dive

**PR0013 Sustainable Parking
Services Income**

Corporate Risk Register Item PR0013

| Risk Scenario | | |
|---------------------------|--|---|
| Risk Ref | Risk | Impact |
| PR0013 Iles, Steve | <p>Sustainable Parking Services Income</p> <p>Reduction in income that is generated through charges applied to appropriate parking spaces across the borough. Reduction in PCN income via civil enforcement officers and or ANPR camera enforcement.</p> <p>Covid has had a significant impact on parking income and with the general reduction in demand / footfall, in addition the ambitious introduction of more camera led enforcement through Low Traffic Neighbourhoods has not been delivered to plan due to a number of factors.</p> <p>(Risk generated 17/05/2017)</p> | <ul style="list-style-type: none"> • inability to balance the budget due to Income loss through pay and display and penalty charge notices |

The Parking Income is listed as PR0013 ‘Sustainable Parking Services Income’ as a longstanding ‘red risk’ on the council’s corporate risk register.

The socio-economic conditions post Covid, alongside inflationary pressures and the cost of living crisis have created a more uncertain environment on which these income levels are predicated, declining town centres and high streets, and a reduction in commuting. This has led to some budget pressures since that time.

Corporate Risk Register Item PR0013

Sustainable Parking Services Income Risks reviewed December 2023

Risk downgraded from 25 (**Red**; Impact 5, Likelihood 5) to 12 (**Amber**; Impact 4, Likelihood 3)

1. Reduction in income that is generated through charges applied to appropriate parking spaces across the borough.
2. Reduction in PCN income via civil enforcement officers and or ANPR camera enforcement.
3. Reduction in income from emissions-based parking charges, due to more efficient vehicles in the borough.
4. Camera led enforcement income at risk due to on going compliances and less vehicular journeys on the network.

2023/24 Parking Income Budget

| Income stream | 23/24 Budget |
|--|-----------------|
| Parking Permits | £1.913m |
| Pay & Display / Pay by Phone | £7.857m |
| Suspension payments (income from filming, utility companies, special events) | £0.734m |
| Penalty Charge Notice (PCN income) – on street | £5.562m |
| Income from existing ANPR cameras | £2.538m |
| Income from new ANPR camera schemes | £7.582m |
| Total | £26.186m |

NEW Draft Parking Policy

MAYOR'S BUSINESS PLAN



CROYDON PARKING POLICY

Customer focused in everything we do
Provide safe, accessible parking for all users
Efficiently manage the parking service
Be transparent in how we approach parking



FAIR

- We will aim to provide parking that will benefit businesses and all our users
- We will robustly enforce blue badge fraud
- We will provide targeted enforcement in non-compliant areas

SUPPORTIVE

- We will provide free limited stay parking in our town and district centres
- We will continue to consider the needs of businesses and our community when implementing parking schemes

EFFICIENT

- We will manage the parking service effectively, putting the customer at the forefront of everything we do
- We will introduce virtual permits and technologies to aid our customers

TRANSPARENT

- We will communicate openly with our customers
- We will undertake a fair assessment of footway parking across the borough
- We will continue to be transparent when setting parking tariffs

Parking Policy

- The 26 July 2023 Cabinet report sets out a new parking policy to play its part in transforming the council into one that delivers sound and sustainable local government services.
- The policy will support efforts for our town centre and high street recovery.
- The Parking Policy is framed around five specific policies to deliver on:
 1. supporting our local economy
 2. appropriate parking management
 3. supporting our disabled residents
 4. efficient service management
 5. Intelligence led enforcement

Control Mechanisms – Existing Controls

Existing Controls

- a. Review of Parking Fees and Charges (Changes to Parking Policy) as per MTFS 2024-28 SAV SCRER 002
- b. Developed a MTFS growth form to right-size parking income -Introduced growth to income budgets to align budget for 23/24 and onwards - this control measure is completed and the growth bid forms part of the MTFS 23/24 onwards.
- c. To develop a monthly dashboard for accurate forecasting and reconciliation of income. -- Controls are in place to monitor all income streams on a monthly basis.
- d. Development a financial management dashboard to provide accurate information for transactions and income to form part of the monthly monitoring process.
- e. Undertake monthly reconciliation of income coming into the council's financial system and parking back-office system.
- f. Dedicated corporate financial support to work with the service to ensure systematic financial management is in place.
- g. Working with London Councils & Peers across London to benchmark the parking account

Control Mechanisms – Future Controls

Future Controls

- a. Adopt the Parking Policy that went to consultation in the autumn 2023
- b. Implement the Action Plan associated with the Parking Policy over a two year period (through to end 2025/26 financial year)
- c. Monitor and report the impact of the Parking Policy actions

Questions?

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Agenda Item 9

| | | |
|--|--|-------------------------------|
| REPORT: | Audit and Governance Committee | |
| DATE OF DECISION | 1 February 2024 | |
| REPORT TITLE: | Dedicated Schools Grant (DSG) Deficit Management Plan | |
| CORPORATE DIRECTOR / DIRECTOR: | Debbie Jones, Interim Corporate Director of Children, Young People & Education | |
| LEAD OFFICER: | Shelley Davies, Director, Education and Youth Engagement | |
| LEAD MEMBER: | Cllr Gatland, Cabinet Member for Children, Young People & Learning | |
| AUTHORITY TO TAKE DECISION: | To note the updates on the (DSG) Deficit Management Plan on performance, risks, and governance. | |
| KEY DECISION? [Insert Ref. Number if a Key Decision] | No | Reason: Not Applicable |
| CONTAINS EXEMPT INFORMATION? | No | Public |
| WARDS AFFECTED: | All | |

1 SUMMARY OF REPORT:

- 1.1 This report provides some important updates regarding the Dedicated Schools Grant (DSG) Deficit Management Plan, which has been in place since 2019/20. The management plan is being implemented successfully; however, there is a level of risk from increasing numbers of Children and Young People with complex Special Education Needs.
- 1.2 The report focuses on the overall performance of the DSG Deficit Management Plan against key qualitative and quantitative performance metrics for the 2023/24 financial year as well as the outturn forecast as at quarter 3 of 2023/24. These important metrics are:
 - a) Ensuring all governance requirements under the DSG grant conditions are met.
 - b) Meeting the agreed DfE Safety Valve Financial and non-financial targets.
 - c) Confirmation that the accounting treatment of the DSG grant and budget allocation are compliant with the annually issued Department for Education (DfE) Operational guidance and the School and Early Years Finance (England) Regulations 2022.
 - d) Assurance and robustness of the Special Education Need and Disability (SEND) budget monitoring process.

2 RECOMMENDATIONS

2.1 The audit and Governance Committee is asked to note:

- a) The key performance targets set under the DfE Safety Valve agreement.
- b) The overall performance of the Deficit Recovery Plan against the target and challenges and risks of delivery.
- c) The impact on the accounting treatment of the DSG deficit as provided for in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003/3146, as amended by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 and the Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 2) Regulations 2022.
- d) Challenges faced by the service with the implementation of new Education system (Synergy) from Capita One.

3 REASONS FOR THE RECOMMENDATIONS

3.1 Reporting on the progress of the Deficit Management Plan to this committee and to School Forum is a critical governance requirement as part of the DSG grant conditions for individual local authorities that have an overall deficit on their DSG account.

3.2 The 2023/24 grant conditions require any local authorities with an overall deficit on its DSG account at the end of the financial year to meet the following requirements:

- a) Provide information as and when requested by the department about its plans for managing its DSG account in the 2023 to 2024 financial year.
- b) Provide information as and when requested by the department about pressures and potential savings on its high-needs budget.
- c) Meet with officials from the department as and when they request to discuss the authority's plans and financial situation.
- d) Keep the Schools Forum regularly updated about the authority's DSG account and plans for managing it, including high needs pressures.

3.3 In addition to the above, the Council is required to submit quarterly performance returns and thereafter meet with the DfE Safety Valve team to discuss the report as well as how the Council has demonstrated its compliance with the funding regulations and to address any risks or concerns.

3.4 The Secretary of State (SoS) reserves the right to impose more specific conditions of grant on individual local authorities that have an overall deficit on their DSG account, where the SoS believes that they need to take more action to address the situation.

4. BACKGROUND AND UPDATES

4.1 Under the current DSG grant conditions, Local Authorities with an overall deficit on their DSG Account at the end of the financial year or whose DSG surplus has significantly reduced during the year are expected to submit a Deficit Recovery Plan (DRP) to the DfE which demonstrates how the Local authority plans to recover the deficit within five years.

4.2 The Council successfully signed a "Safety Valve" (SV) agreement with the (DfE) early last year to receive a cash intervention of £27.4m. This agreement forms part of the initiatives designed to assist local authorities with the very highest percentage of cumulative DSG deficits on their balance sheet. The rationale is to inject cash in a form of both capital and revenue to fund the provision of more school places for children with special educational needs and disabilities (SEND) as well as clear the agreed historical deficits. The final cash intervention allocated to the Local Authority excludes capital.

5. KEY CROYDON (SV) AGREEMENT WITH DfE AND UPDATES

- 5.1 Financial Target under the DfE SV agreement: Table 1 below shows the annual payment expected from the DfE cash intervention award, which the Council received £10.960m in March 2023. A further payment of £3.290m was paid last year after Council demonstrated that it is on target to deliver the 2023/24 set financial targets showed in line 2 of table 1.
- 5.2 Unlike other local authorities the Council did not commit to provide any cash injection from its General Fund budget or transfer from reserves to reduce the overall DSG deficit. This was due to a Section 114 notice being in place at the time, which meant that such a commitment would only have been viable with regard to the Council's resources.
- 5.3 Non-Financial DfE targets signed under the SV agreement: The main non-financial targets set within the SV agreement are:
- 5.4.1. Completely implement the local authority's (LA's) "Locality Special Educational Needs and Disabilities (SEND) Support" model with early intervention for SEND pupils.
 - 5.4.2. Increase leadership capacity in schools to support pupils with SEND and their families.
 - 5.4.3. Develop partnerships and networks that support school-led improvement and inclusive practice.
 - 5.4.4. Increase SEND local provision, which includes increasing capacity in Addington Valley Academy, St Nicholas Primary School and across Croydon's education estate.
 - 5.4.5. Increase usage of Alternative Provision (AP) by right-sizing the commissioning of placement numbers at Croydon's pupil referral unit (PRU) and other AP
 - 5.4.6. Develop a combined work of local SEND College Pathways for 19–25-year-old students delivered in partnership between Coulsdon College Croydon and Waddon Youth Disability Service
- 5.4 All the non-financial targets listed in paragraphs 5.4.1 to 5.4.6 are on target with significant milestones reached.

This includes all the relevant staff needed to support the "Locality Special Educational Needs and Disabilities" (SEND) Support model referred to in paragraph 5.4.1.

Their role also involves training, peer reviews, and support for school leaders. There is evidence of greater commitment from both special schools and mainstream headteachers to the DSG Deficit Management plan when it was presented at the Schools Forum due to a shared commitment, as mentioned in paragraph 5.4.3.

6. PERFORMANCE OF THE DSG MANAGEMENT PLAN

- 6.1 The cash intervention under the SV agreement with the DfE is payable to the Council over a period of 5 years as shown in line 3 of table 1 below. The first instalment being £10.960m, followed by three instalments of £3.290m with a final payment of £6.580m in 2026/27.
- 6.2 These financial targets were agreed and signed under the SV agreement. Table 1 below is useful in understanding the direct correlation between the Council receiving the cash intervention (Line 3) from the DfE and the financial targets set to reach is shown in Line 2. Croydon forecast / actual performance is presented in line 1.

6.3 Performance Target - below represents financial targets linked to payment expected from the DfE. The overall forecast shows the LA is on target, albeit with significant risks, as the positive deviation is only £20k. See Table 1 below.

Table 1. DfE High Needs Overspend target under the Deficit Management Plan.

| Reference | Forecast - to assess whether LA is on track to achieve a £0 DSG deficit at the end of its Safety Valve agreement. | Outturn 22 /23 | 23-24 Target - as per agreement | Q3 Forecast 23-24 | Forecast 24-25 | Forecast 25-26 | Forecast 26-27 |
|-----------|---|----------------|---------------------------------|-------------------|----------------|----------------|----------------|
| | | £m | £m | £m | £m | £m | £m |
| Line 1 | Cumulative DSG deficit - brought forward (deficit at the beginning of financial year) | -21.295 | -15.384 | -15.384 | -12.799 | -10.078 | -6.675 |
| Line 2 | In the year DSG deficit (before Safety Valve and local contributions) | -5.049 | -0.725 | -0.705 | -0.569 | 0.113 | 0.121 |
| Line 3 | | -26.344 | -16.109 | -16.089 | -13.368 | -9.965 | -6.554 |
| Line 4 | Safety Valve programme contribution | 10.960 | 3.290 | 3.290 | 3.290 | 3.290 | 6.580 |
| Line 5 | Local contribution | - | - | - | - | - | - |
| Line 6 | Cumulative DSG deficit - carry forward (deficit at end of financial year) | -15.384 | -12.819 | -12.799 | -10.078 | -6.675 | 0.026 |
| Line 7 | | | | | | | |

6.4 The success of the management plan so far is driven by clear vision for the support needed to effectively manage current and emerging needs through robust strategic planning and budget monitoring.

6.5 Line 7 in Table 1 shows that the overall deficit is expected to be extinguished by 2026/27. The cash intervention (line 5 in Table 1) payments expected from the DfE depend on the LA meeting the in-year target in line 3. The service has accomplished most of the strategies and financial targets set by the DfE in line 3.

6.6 Section five of this paper highlights all the key strategic work streams agreed with the Department for Education (DfE), demand management initiatives, regular review of cost of provision and supply management using the High Needs Provision Capital Allocations to create new educational provisions in line of the DSG Deficit Management Plan. This includes the expansion of Enhanced Learning Provisions in the borough.

6.7 **Key Areas reporting overspend** - Out of Borough and Independent schools budget makes up the significant area of spend due to increases in top-up funding – Forecast overspend due to an increase in complex cases above that expected, requiring out-of-borough placement to meet needs. The service is in discussions with local providers to set up Enhanced Learning Provision during the Autumn Term.

7. ACCOUNTING TREATMENT AND ALLOCATION OF DSG - COMPLIANT WITH SCHOOL AND EARLY YEARS FINANCE (ENGLAND) REGULATIONS

7.1 The Local Authority has validation checks built into its chart of account and budget process that ensures compliant with the School and Early Years Finance (England) Regulations 2022 regarding expenditure type funded from the DSG. These validation checks ensure that cost is allocated to the right expenditure type under the DfE Section 251 guidelines and definition.

7.2 Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 have been amended (in 2020 and again in January 2023) to provide that any DSG deficit in relation to accounts prepared for the financial years falling within the period beginning with 1st April 2020 and ending with 31st March 2026. must not be charged to a general fund but must be charged to a separate fund established, charged, and used solely for the purpose of recognising deficits in respect of the school's budget. This has the effect of separating any such deficit from a local authority's general fund.

- 7.3 As part of the conditions agreed with the DfE, an Officer from the Safety Valve Team audited the 2022/23 S251 outturn with a focus on the High Needs expenditure classification in the returns.
- 7.4 There were a few items identified which should be funded from the General Fund. These include £208k for education psychologist costs, £57k for parents in partnership, and £250k for SEND Transport support. The Audit also identified transactions that should have been funded from High Needs DSG block. This includes the £450k 19-25 Croydon College Pathways and £460k Direct Payments for SEND Transport.

8. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 8.1 The financial considerations are incorporated above and within the DSG Deficit Management Plan.
- 8.2 The risk related to the statutory override has been extended for another 3 years. This implies that external auditors will not expect the deficit remaining to be recovered in full or held against non-earmarked general fund reserves for the next three years to financial year 2025-26.
- 8.3 The LA is monitoring the EHCP assessment processes and thresholds to ensure they are timely and in line with statutory duties. The continued rate of requests to assess presents a challenge and is increasing the caseload per EHCP coordinator to above 200. It is critical that we have the most current robust (SEND) pupil data to ascertain existing and emerging needs since that underpins the robustness of the forecast and reduces the risks.
- 8.4 The governance arrangement rooted within the DfE Deficit Management process ensures an extended oversight by the SEND Board, Schools Forum and Council Corporate Directors including transparency and opportunity to challenge the progress against the Recovery Plan.
- 8.5 The regular reporting requirement to all the above stakeholders including the Audit and Governance Committee provides another layer for challenge and opportunity for improvement. This assurance process was highlighted as a recommendation by the external auditor's Report in the Public Interest issued in 2020.
- 8.6 The budget monitoring reporting is based on a DfE robust financial monitoring template, which contains a separate risk section split into required and optional information, which the DfE considers as best practice for discussion with the Safety Valve team. These monitoring reports are submitted to the DfE in line with set deadlines. The DSG forecast position is also included in the Council's monthly financial performance reports to Cabinet.
- 8.7 A new risk identified is the systems changeover process from Capita to Synergy. The implementation process has slowed down the data validation process, which may affect the quality of the forecast in the short term from January 2024.

Approved by Allister Bannin, Director of Finance (Deputy S151), (24/01/2024).

9. LEGAL IMPLICATIONS

- 9.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Legal Services and Monitoring Officer that the Local Government Finance Act 1992 section 31A (calculation of council tax requirement) places the Council under a statutory duty to set a balanced budget and section 28 (budget monitoring: general) of the Local Government Act 2003 requires the Council to review its calculations from time to time during the year and to take such action, if any, as it considers necessary to deal with any deterioration in its financial position.
- 9.2 The Dedicated Schools Grant (DSG) is paid to the Council by the Secretary of State under the Education Act 2002 section 14 (power of Secretary of State to give financial assistance for purposes related to the provision of education or childcare, etc.). It is a ring-fenced specific grant provided outside the local government finance settlement. The formal terms of the grant require it to be used in support of the schools' budget for purposes defined in Regulation 6 and schedule 2 of The School and Early Years Finance (England) Regulations 2022 for the financial year 2022/23 and of The School and Early Years Finance (England) Regulations 2023 for the financial year 2023/24 and of The School and Early Years Finance and Childcare (Provision of Information About Young Children) (Amendment) (England) Regulations 2024 for the financial year 2024/25 once those Regulations come into force on 13 February.
- 9.3 The Education and Skills Funding Agency Guidance on DSG: Conditions of grant 2023- 2024 place a number of requirements on a council with an overall deficit on its DSG account, including the requirement to present a Plan to the DfE for managing their future DSG spend and to keep the schools forum regularly updated about the authority's DSG account and plans for handling it including high needs pressures and potential savings.
- 9.4 Regulation 30 L of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended sets out provisions which apply to any Local authority which has a deficit in its Schools Budget prepared for the financial years falling within the period beginning with 1st April 2020 and ending with 31st March 2026. In these circumstances, the authority –
- (a) must not charge to a revenue account an amount in respect of that deficit; and
 - (b) must charge the amount of the deficit, calculated in accordance with paragraph (4) or (5) of Regulation 30L, to an account established, charged, and used solely for the purpose of recognising deficits in respect of its school's budget.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Legal Services and Monitoring Officer. (29/01/2024)

10. HUMAN RESOURCES IMPACT

- 10.1 There are no direct Human Resources considerations arising from this report. If there are subsequent proposals that affect the workforce as a result of the budget limit set, the appropriate school's HR policies and procedures will need to be followed, and HR advice must be sought from the school's assigned provider. Council HR should be kept informed of proposals.

Approved by: Debbie Calliste, Head of HR for Children, Families and Educations, on behalf of the Director of Human Resources. (24/01/2024)

11. EQUALITIES IMPACTS

11.1 The Council has a statutory duty, when exercising its functions, to comply with the provisions set out in the Sec 149 Equality Act 2010. The Council must, in the performance of its functions, therefore, have due regard to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

11.2 The funding allocations and formulae are set nationally and are therefore already subject to an equality assessment. The Council is also committed to the government's vision - an education system that works for everyone. No matter where they live, whatever their background, ability or need, children should have access to an excellent education that unlocks talent and creates opportunity. We want all children to reach their full potential and to succeed in adult life.

11.3 In setting the Education Budget 2021/22, the Council has taken into account the need to ensure targeted funding is available for work on raising the attainment of disadvantaged pupils who are likely to share a "protected characteristic" (as defined in the Equality Act 2010) and close the gap between them and their peers.

11.4 The Council will ensure that the system for distributing funding is fair in order to support the life chances of our most vulnerable children and young people; a fairer funding system will help provide all schools and all areas with the resources needed to provide an excellent education for all pupils irrespective of their background, ability, need, or where in the country they live.

11.5 This will help the Council meet its equality objective "to improve attainment levels for white working class and Black Caribbean heritages, those in receipt of Free School Meals and Looked after Children, particularly at Key Stage 2 including those living in six most deprived wards."

Approved by: Naseer Ahmad for the Equalities Manager. (24/01/2024)

12. ENVIRONMENTAL IMPACT

12.1 There are no direct implications contained in this report.

13. CRIME AND DISORDER REDUCTION IMPACT

13.1 There are no direct implications contained in this report.

14. DATA PROTECTION IMPLICATIONS

14.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

CONTACT OFFICER: Charles Quaye (Interim) Head of Finance, Children, Young People and Education

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