

General Purposes & Audit Committee Agenda



To: Councillor Stephen Mann (Chair)
Councillor Joy Prince (Vice-Chair)
Councillors Clive Fraser, Jerry Fitzpatrick, Patsy Cummings, Mary Croos,
Jan Buttinger, Oni Oviri, Ian Parker and Steve Hollands

Co-optees: Nosheen Hassan (Subject to Approval) and Muffaddal Kapasi

Reserve Members: Maddie Henson, Toni Letts, Pat Clouder,
Jamie Audsley, David Wood, Sherwan Chowdhury, Jason Cummings,
Badsha Quadir, Stuart Millson and Simon Brew

A meeting of the **General Purposes & Audit Committee** which you are hereby summoned to attend, will be held on **Thursday, 6 December 2018 at 6.30pm** in **F10, Town Hall, Katharine Street, Croydon, Surrey, CR0 1NX**

JACQUELINE HARRIS BAKER
Director of Law and Governance
London Borough of Croydon
Bernard Weatherill House
8 Mint Walk, Croydon CR0 1EA

Michelle Ossei-Gerning
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www.croydon.gov.uk/meetings
Wednesday, 28 November 2018

Members of the public are welcome to attend this meeting.
If you require any assistance, please contact the person detailed above, on the right-hand side.

N.B. This meeting will be paperless. The agenda can be accessed online at www.croydon.gov.uk/meetings

AGENDA – PART A

1. Apologies for Absence

To receive any apologies for absence from any members of the Committee.

2. Minutes of the Previous Meeting

To approve the minutes of the meeting held on Wednesday 10 October 2018 as an accurate record.

[To Follow]

3. Disclosure of Interests

In accordance with the Council's Code of Conduct and the statutory provisions of the Localism Act, Members and co-opted Members of the Council are reminded that it is a requirement to register disclosable pecuniary interests (DPIs) and gifts and hospitality to the value of which exceeds £50 or multiple gifts and/or instances of hospitality with a cumulative value of £50 or more when received from a single donor within a rolling twelve month period. In addition, Members and co-opted Members are reminded that unless their disclosable pecuniary interest is registered on the register of interests or is the subject of a pending notification to the Monitoring Officer, they are required to disclose those disclosable pecuniary interests at the meeting. This should be done by completing the Disclosure of Interest form and handing it to the Democratic Services representative at the start of the meeting. The Chair will then invite Members to make their disclosure orally at the commencement of Agenda item 3. Completed disclosure forms will be provided to the Monitoring Officer for inclusion on the Register of Members' Interests.

4. Urgent Business (if any)

To receive notice of any business not on the agenda which in the opinion of the Chair, by reason of special circumstances, be considered as a matter of urgency.

5. Presentation on Adult Social Care

[Presentation To Follow]

6. Treasury Mid-Year Review (Pages 5 - 26)

This report reviews the Council's treasury management activities for the first six months of the financial year 2018/2019.

7. Internal Audit Update Report (Pages 27 - 44)

This report details the work completed by Internal Audit so far during

2018/19 and the progress made in implementing recommendations from audits completed in previous years.

8. Anti-Fraud Update Report (Pages 45 - 58)

This report details the performance of the Council's Corporate Anti-Fraud Team (CAFT) and includes details of the team's performance together with an update on developments during the period 1 April 2018 – 31 October 2018.

9. Corporate Risk Register (Pages 59 - 72)

The report updates the General Purposes & Audit Committee Members on the corporate risk register (the register) as at December 2018.

10. Council Meeting Dates (Pages 73 - 84)

The report invites Members to consider for approval and noting respectively the proposed schedule of dates for Council and Cabinet Meetings for the Council year 2019/20.

11. Members ICT Provision (Pages 85 - 98)

This report details proposals to amend the Scheme of Members' Allowances to make provision for allowance payments in relation to ICT costs.

12. Exclusion of Public and Press

The following motion is to be moved and seconded where it is proposed to exclude the press and public from the remainder of a meeting:

“That, under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended.”

PART B

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Agenda Item 6

REPORT TO:	General Purposes and Audit Committee 6 December 2018
SUBJECT:	Treasury Management Strategy Statement, Annual Minimum Revenue Provision Policy Statement & Annual Investment Strategy 2018/2019 Mid-Year Review
LEAD OFFICER:	Executive Director of Resources (Section 151 Officer)
CABINET MEMBER:	Councillor Simon Hall Cabinet Member for Finance & Treasury
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT: Sound Financial Management. This report details the Council's Treasury Management activities during the first half of 2018/2019 and the Council's compliance with the 2017 Prudential Code for Capital Finance.	
FINANCIAL SUMMARY: This report details the Treasury Management activities in the first half of 2018/2019 and demonstrates the Council's compliance with the 2017 Prudential Code for Capital Finance.	
FORWARD PLAN KEY DECISION REFERENCE NO.:	

1. RECOMMENDATIONS

1.1. The Committee are asked to note the contents of this report and to:

- 1.1.1 Endorse the continued implementation of the Council's Treasury Strategy Statement, Annual Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2018/2019 by the Executive Director of Resources (Section 151 Officer).

2. EXECUTIVE SUMMARY

2.1 This report accords with the CIPFA Code of Practice on Treasury Management (revised 2017). The Code recommends that members are informed of Treasury activities at least twice a year. The report:

- reviews the Council's treasury management activities for the first six months of the financial year 2018/2019;
- details those areas of activity that formed the basis of the Treasury Management Strategy Statement, Annual Minimum Revenue Provision Policy Statement & Annual Investment Strategy 2018/2019 received by Full Council on **26 February 2018 (Minute 14/18c)**; and

- demonstrates the Council's compliance with the 2017 Prudential Code for Capital Finance ("The 2017 Code") in the first half of the year and sets out revised Prudential Indicators for 2018/2019.

3.1 BACKGROUND

- 3.1.1 The Council has adopted a Treasury Management Policy Statement, which sets out the basis on which treasury activities are to be conducted. This document is incorporated in the Council's Financial Regulations.
- 3.1.2 The Treasury Management Policy Statement sets out the arrangement for reporting to Members prior to the commencement of each financial year (a statutory requirement) on the treasury strategy for the year ahead, to receive a mid-year review of treasury activities and to receive a review of the previous year's activities.
- 3.1.3 The Council's treasury management objectives are to manage the cash flows, borrowing and investment requirements of the authority, its banking, money market and capital transactions; the effective control of the risks with those activities; and the pursuit of optimum performance consistent with those risks.
- 3.1.4 The Council's treasury management activities are regulated by statute, the 2017 Code and official guidance.
- 3.1.5 This report presents a mid-year review of 2018/2019's activities covering the following:
- An economic update for the first part of the financial year (Section 3.2);
 - A review of the Council's investment portfolio (Section 3.3);
 - A review of the Council's borrowing strategy (Section 3.4);
 - Compliance with Prudential Indicators (Section 3.5);
 - Repayment of Debt and Debt Rescheduling (Section 3.6);
 - Minimum Revenue Provision (Section 3.7); and
 - Performance Targets (Section 3.8).
- 3.1.6 A glossary of the terms and abbreviations used in this report is attached at **Appendix D**.

3.2 The Economy and Interest Rates

- 3.2.1 An understanding of the dynamics driving the economy is important to assess the impact of investment and borrowing decisions. The following section is informed by Link Asset Services, the Council's Treasury Management advisors. This discussion allows elected Members to understand better the decisions taken by the treasury team and assess the efficacy of those decisions.
- 3.2.2 The first half of 2018/2019 has seen UK economic growth post a modest performance, but sufficiently robust for the Monetary Policy Committee, (MPC), to unanimously (9-0) vote to increase Bank Rate on 2nd August from 0.5% to 0.75%. Although growth looks as if it will only be modest at around 1.3% in 2018, the Bank of England's November Quarterly Inflation Report forecast that growth will pick up to 1.7% in 2019, albeit there were several caveats, mainly related to whether or not the UK achieves an orderly withdrawal from the European Union in March 2019.

- 3.2.3 Some MPC members have expressed concerns about a build-up of inflationary pressures, particularly with the pound falling in value again against both the US dollar and the Euro. The Consumer Price Index (CPI) measure of inflation rose unexpectedly from 2.4% in June to 2.7% in August due to increases in volatile components, but is expected to fall back to the 2% inflation target over the next two years given a scenario of minimal increases in Bank Rate. The MPC has indicated Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Bank Rate for February 2019 and then further increases in February 2020 and May 2021 to end 2021/2022 at only 1.50%.
- 3.2.4 As for the labour market, unemployment has continued at a 43-year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high in July, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 2.9%, (3-month average regular pay, excluding bonuses) and to a one month figure in July of 3.1%. This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 0.4%, near to the joint high of 0.5% since 2009. (The previous high point was in July 2015.) Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC were right to start on a cautious increase in Bank Rate in August 2018 as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy. However, the MPC will need to tread cautiously before increasing Bank Rate again, especially given all the uncertainties around Brexit.
- 3.2.5 In the political arena, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit. However, the Council's central position is that Prime Minister May's government will endure, despite various setbacks, along the route to Brexit in March 2019. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.
- 3.2.6 Interest rate forecasts as provided by the Council's independent treasury advisers, Link Asset Services, are detailed below.

Table 1: Economic Forecasts for End of Quarter (Q) – Link Asset Services 6 November 2018

	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20
Bank Rate	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
5yr PWLB rate	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%
10yr PWLB rate	2.50%	2.50%	2.60%	2.60%	2.70%	2.70%	2.90%	2.90%
25yr PWLB rate	2.90%	2.90%	3.00%	3.10%	3.10%	3.10%	3.30%	3.30%
50yr PWLB rate	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%

- 3.2.7 The flow of generally positive economic statistics after the end of the quarter ended 30 June 2018 meant that it came as no surprise that the MPC came to a decision on 2

August 2018 to make the first increase in Bank Rate above 0.5% since the financial crash, to 0.75%. However, the MPC emphasised again, that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary or contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years' time but they declined to give a medium term forecast. The Council's advisers do not think that the MPC will increase Bank Rate in February 2019, ahead of the deadline in March for Brexit and they also feel that the MPC is more likely to wait until August 2019, than May 2019, before the next increase, to be followed by further increases of 0.25% in May and November 2020 to reach 1.5%. However, the cautious pace of even these limited increases is dependent on a reasonably orderly Brexit.

3.2.8 The overall balance of risks to economic growth in the UK is probably neutral. The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively. Nevertheless there are downside risks to the current forecasts for UK gilt yields and PWLB rates currently, including:

- Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the Eurozone sovereign debt crisis, possibly centred on Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March of a government which has made a lot of anti-austerity noise. This is likely to lead to friction with the EU when setting the target for the fiscal deficit in the national budget. Unsurprisingly, investors have taken a dim view of this and so Italian bond yields have been rising.
- Austria, the Czech Republic and Hungary now form a strongly anti-immigration bloc within the EU while Italy, this year, has also elected a strongly anti-immigration government. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position as a result of the rise of the anti-immigration AfD party. To compound this, the result of the Swedish general election in September 2018 has left an anti-immigration party potentially holding the balance of power in forming a coalition government. The challenges from these political developments could put considerable pressure on the cohesion of the EU and could spill over into impacting the euro, EU financial policy and financial markets.
- The imposition of trade tariffs by President Trump could negatively impact world growth. President Trump's specific actions against Turkey pose a particular risk to its economy which could, in turn, negatively impact Spanish and French banks which have significant exposures to loans to Turkey.
- Weak capitalisation of some European banks.
- Rising interest rates in the US could negatively impact emerging countries which have borrowed heavily in dollar denominated debt, so causing an investor flight to safe havens e.g. UK gilts.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

3.2.9 There are also upside risks to current forecasts for UK gilt yields and PWLB rates: These include:

- President Trump's fiscal plans to stimulate economic expansion causing a significant increase in inflation in the US and causing further sell offs of government bonds in major western countries.
- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of QE, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.
- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

3.3 Investment Portfolio

3.3.1 The Council's investment policy is governed by Communities and Local Government Office (CLG) guidance which has been implemented in the Annual Investment Strategy approved by Full Council **on 26 February 2018 (Minute 14/18c)**. As set out in the strategy, the criteria for the investment of the Council's surplus funds are based on formal credit ratings issued by the FITCH International Rating Agency and supplemented by additional market data such as rating outlooks, the pricing of credit default swaps and bank share prices. The prime aim is to obtain capital security and then to secure the best rate of return. In addition to the FITCH rated institutions, all UK local authorities, and some public bodies comprise the Council's Approved Lending List.

3.3.2 The criteria used by the Council in order to assess the Counterparties in order to determine who it can lend to is given in the table below:

Table 2: Lending List Criteria

List	Credit Ratings Criteria
A	FITCH rating in each of the following categories:- F1+ on Short Term AA or above Long Term aa- or above Viability Rating 5 for Support Rating AA+ or above Sovereign Rating
B	FITCH Rating in each of the following categories:- F1+ on Short Term AA- or above on Long Term a+ or above Viability Rating 5 for Support Rating AA+ or above Sovereign Rating

Approved Organisations

All Non-UK Banks that meet the FITCH ratings as set out above
All UK Building Societies that meet the FITCH ratings as set out above
UK Banks that meet the FITCH ratings as set out above

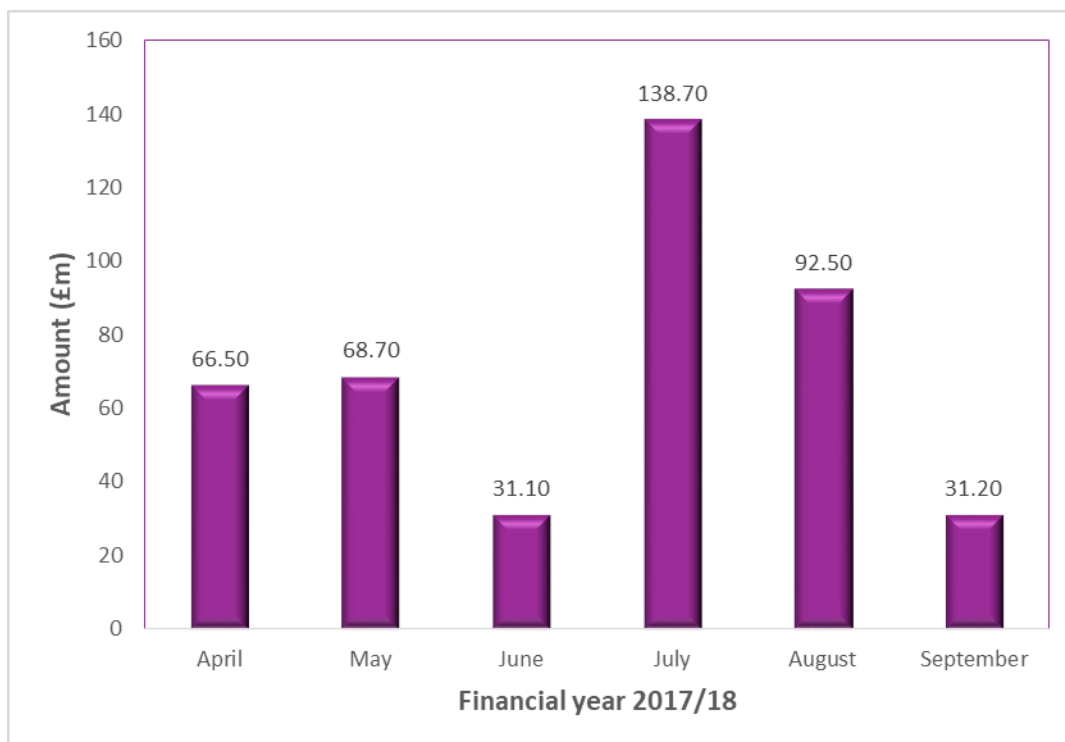
Approved Organisations not meeting the above credit ratings

Part Nationalised UK Banks
All UK Local Authorities
AAA rated Money Market Funds
Debt Management Office (DMO)

- 3.3.3 The Council's authorised list of counterparties as at 30 September 2018 is detailed in **Appendix A**. The list and the counterparty limits applicable have been drawn up to provide maximum security for the Council's funds. The principle of ensuring capital security and then of securing the best rate of return underpins all treasury investment decisions. When setting the present strategy allowance was made to enable investment in a range of other instruments that offered the potential for slightly better returns at commensurate levels of risks. Officers continually monitor the market for appropriate products. A list of the Specified and Non-Specified investments that Officers are permitted to undertake in-house, which was approved by Full Council on **26 February 2018 (Minute 14/18c)**, is detailed in **Appendix B**.
- 3.3.4 The financial year 2018/2019 continues the challenging investment environment and it remains very difficult to earn the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.75% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment and the fact that increases in Bank Rate are likely to be gradual and unlikely to return to the levels seen in previous decades, investment returns are likely to remain low.
- 3.3.5 Investment activity in the first half of 2018/2019 conformed to the approved strategy and the Council experienced no liquidity issues in the year to date with an average monthly balance of £86.9m being maintained in temporary investments. Part of this sum is made up of core balances such as provisions and reserves set aside and cash balances that can if necessary be invested for longer periods to take advantage of favourable interest rates and to limit exposure to the risk of future rate movements.
- 3.3.6 Available funds were invested for differing periods, to match anticipated movements in the Council's daily cash flows commensurate with achieving best value and based on forecasts of interest rate trends. The primary aim is to ensure the capital security of the Council's investments and then to secure the best rate of return.
- 3.3.7 Investment of the Council's cash balances is governed by the guidance on Local Government Investments which has been issued by the Ministry of Housing, Communities and Local Government (MHCLG). This guidance requires certain investment policy parameters to be set within the annual Treasury Management Strategy Statement, Annual Minimum Revenue Provision Policy Statement and Annual Investment Strategy approved by Council. Investment activity during the year conformed to this approved strategy and sufficient liquidity was maintained for the Council's cash flow requirements.

3.3.8 In aggregate for the first half of 2018/2019, deposits totalling £428.7m were invested and the Council maintained an average monthly balance of £86.9m yielding an investment rate of return of 0.66% compared to the LIBID 7 day rate of 0.44% for the period. Investments outstanding at 30 September 2018 were £120.5m. These were invested as follows: £60 with Non-UK banks, £50.0m with other local authorities and £10.5m with AAA rated Money Market Funds.

Chart 1: Investments made in 2018/2019



3.4 Borrowing

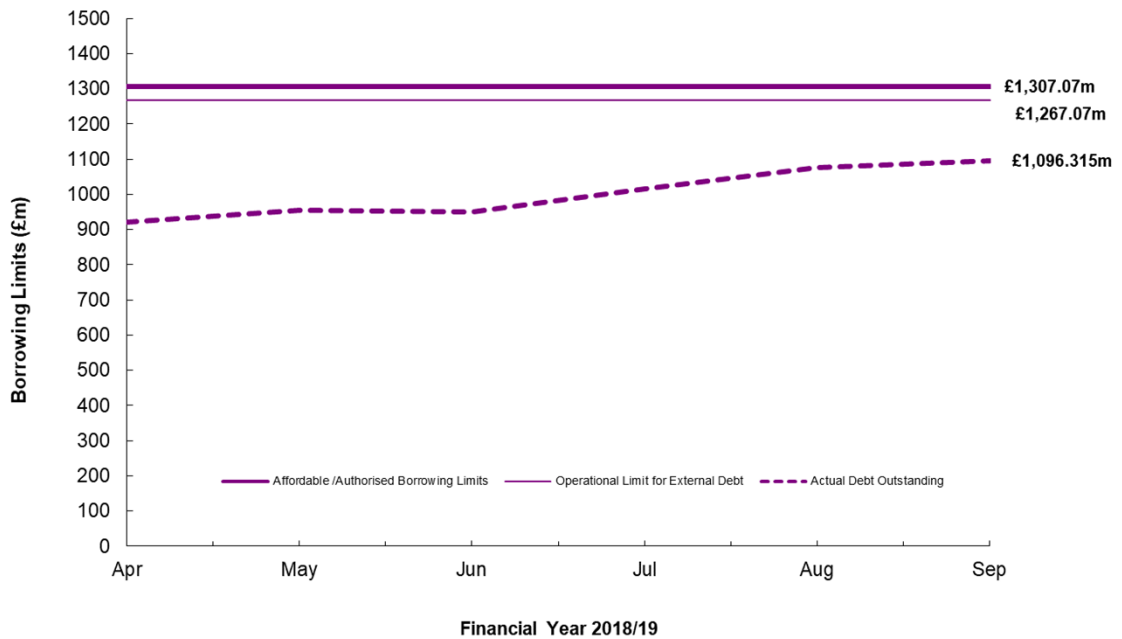
3.4.1 The Council set borrowing limits that were approved by **Full Council on 26 February 2018 (Minute A14/18C refers)** for the year 2018/2019 as part of the legislative constraints specified in Section 3 of the Local Government Act 2003 which require the Council to determine and keep under review how much it can afford to borrow.

The limits were:

Operational Limit for External Debt	£1,267.067m
Affordable Borrowing Limit	£1,307.067m
Authorised Borrowing Limit	£1,307.067m

The chart below shows the actual debt in the first half of 2018/2019 in relation to the borrowing limits applicable at the time.

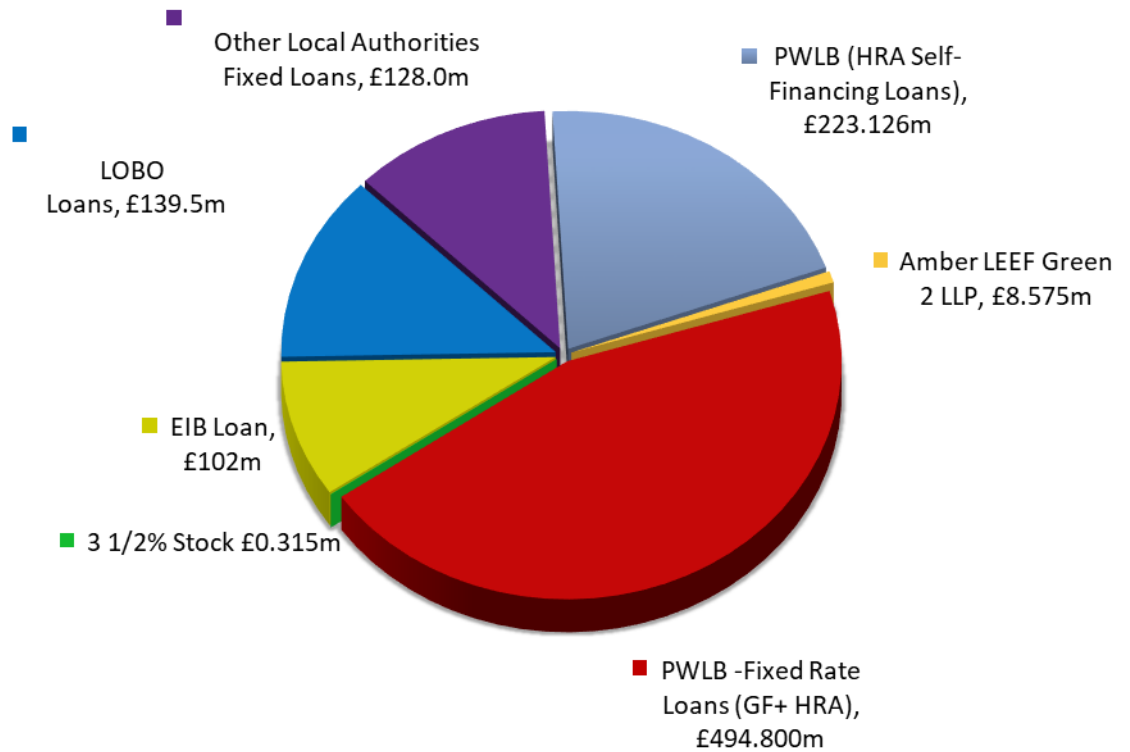
Chart 2: Actual Debt in 2018/2019 in comparison to the Operational, Affordable and Authorised Borrowing Limits for the year



3.4.2 The Authorised Borrowing Limit which sets the maximum amount that the Council can borrow for capital and revenue purposes has not been exceeded. The Council's overall borrowing as at 30 September 2018 stood at £1,096.3m. There is therefore considerable headroom between this level of debt and the Authorised Borrowing Limit. This borrowing will be taken up as required, (based on an analysis of capital expenditure over the several components of the capital programme) and when it is judged appropriate.

3.4.3 The Council's long term debt as at 30 September 2018 is detailed graphically as follows:

Chart 3: Long Term and Short Term Debt as at 30 September 2018



3.4.4 Between the end of September and the drafting of this report the Council refinanced £100m of LOBO loans debt with £100m of PWLB borrowing as described in section 3.6.1.

3.4.5 When taking up the remainder of this year's borrowing requirement the Council's Treasury Section will examine all the options available. The Council will use a mixture of long term borrowing from the PWLB, short term borrowing from other Local Authorities and internal balances to fund the remaining borrowing requirement for the year. Borrowing undertaken will be taken to fit into the Council's existing debt maturity profile to ensure an even distribution of maturities in future years. **Appendix C** displays the movements in the PWLB interest rates for the 5-year, 10-year, 25-year and 50-year loan periods during the first half of 2018/2019.

3.4.6 The Council's effective interest payable on long term debt currently stands at 3.54%.

3.5 Compliance with Prudential Indicators

3.5.1 The Prudential Code for Capital Finance in Local Authorities was updated in 2017. It serves as a professional code of practice to support local authorities in complying with Part 1 of the Local Government Act 2003. The Code requires the continual monitoring of the Prudential Indicators set by the Council.

3.5.2 The purpose of the Prudential regime is to contain the activity of the treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decisions impacting negatively on the Council's overall financial position.

3.5.3 The authority is compliant with the Prudential Indicators set by this Authority for 2018/2019.

3.6 Repayment of Debt and Debt Rescheduling

- 3.6.1 With Public Works Loan Board (PWLB) rates low in the first half of 2018/2019 and with high premiums being attached to the premature repayment of existing PWLB debt, opportunities for debt restructuring were minimal and therefore none was undertaken. However in October 2018 an opportunity arose to repay £100m of the Council's Lender Option Borrower Option (LOBO) loans held with Natwest Bank and refinance the debt by borrowing more cheaply from the PWLB. The Council took this opportunity which will lead to savings in excess of £21m (£8m when discounted using the Green Book rate of 3.5%) over the life of the remaining loans.
- 3.6.2 Further debt repayment / restructuring will only be done following external advice and only if it was proved beneficial for the Council. The Council's debt profile is structured so that loans mature over a spread of future dates. This takes advantage of the best rates offered at the time and ensures that refinancing risks are controlled. There is the risk however that when the Authority needs to take out a replacement loan, the market rates could have moved against the Council's position.

3.7 Minimum Revenue Provision

- 3.7.1 As part of the annual review of the 2017/2018 Minimum Revenue Provision Statement, the Council's General Purposes and Audit Committee approved a revised Annual Minimum Revenue Provision Statement on 10 October 2018. The revised Minimum Revenue Provision Statement is attached in **Appendix E**.
- 3.7.2 The Government has issued guidance on Commercial Investment Strategies, providing a link between the Capital Strategy and the Minimum Revenue Provision Statement. Further, CIPFA issued a statement (October 2018), on *Borrowing in Advance of Need and Investments in Commercial Property*. Although the date of publication of these updates fall outside the timescale covered by this report it would be appropriate to note the implications here. A fuller treatment will be included in the report included in the budget papers in February 2019. Both the Prudential Code and the Statutory Guidance on Local Government Investments (3rd Edition) (Statutory Investment Guidance) issued by the Ministry for Housing, Communities and Local Government are very clear that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. Nevertheless, Local authority investment powers are for any purpose relevant to its functions and for the purposes of the prudent management of its financial affairs.
- 3.7.3 To this end the authority has invested in two commercial properties: the Croydon Park Hotel and the Colonnades Retail Leisure Park. Both of these have been purchased as commercial investments. The existing Asset Management Plan (incorporated within the Corporate Plan and Medium Term Financial Strategy) makes reference to investment assets and the need to review and develop a more formal policy and in the more recent Property Strategy one of the key financial objectives is to increase income through better use of the property portfolio. Paragraph 9 of the revised Minimum Revenue Provision Statement, attached as Appendix E, makes specific reference to this investment property portfolio. There is no provision set aside for the debts incurred to purchase these properties as the Council has the ability to sell these properties to repay any outstanding debt liabilities.

3.8 Performance Targets

- 3.8.1 The gross investment income earned by the Council for the financial year 2018/2019 is forecast to be £0.6m.
- 3.8.2 The Council's actual investment return for the first half of 2018/2019 was 0.66% compared to the benchmark average 7-day LIBID rate of 0.44%. Liquidity was maintained by investing in AAA rated Money Market funds at rates around 0.44% (averaged over the period), with some investments pitched over the 3-, 6- and 12-month period at rates over 0.60% to produce returns in excess to the benchmark rate.

4 CONSULTATION

- 4.1 Full consultation in respect of the contents of this report has taken place with the Council's Treasury Management Advisers, Link Asset Services in the preparation of this report.

5 FINANCIAL CONSIDERATIONS

- 5.1 Revenue and Capital consequences of this report are dealt within this report.

There are no additional financial considerations other than those identified in this report.

5.2 The effect of the decision

Approval of this report will endorse the continued implementation of the Council's Treasury Management Strategy by the Executive Director of Resources (Section 151 Officer).

5.3 Risks

There are no further risks issues other than those already detailed in this report.

5.4 Options

These are fully dealt with in this report

5.5 Savings/ future efficiencies

This report sets out the treasury activities in the first half of 2018/2019 and demonstrates the Council's compliance with the Prudential Code and the limits set in both the Code and the Treasury Management Strategy Statement, Annual Minimum Revenue Provision Policy Statement and the Annual Investment Strategy 2018/2019 report presented to Members on **26 February 2018 (Minute A14/18C)**.

Approved by: Lisa Taylor, Assistant Director of Finance and Deputy Section 151 Officer.

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

6.1

Approved by:

7. HUMAN RESOURCES IMPACT

7.1 There are no immediate HR considerations that arise from the recommendation of this report for LBC staff.

Approved by: on behalf of Heather Daley, Director of Human Resources.

8. CUSTOMER IMPACT

8.1 There are no Customer impacts arising from this report.

9. EQUALITIES IMPACT ASSESSMENT (EIA)

9.1 Consistent with the requirements of equal opportunities legislation including the Public Sector Equality Duty, the Council carries out an equality impact assessment on new policies, or existing policies which are the subject of major change.

9.2 The Council's Capital and Revenue Budget 2017/2018 is not subject to an equality impact assessment. However, in those areas where the setting of the capital and revenue budget result in new policies or policy change, then it is the responsibility of the relevant service department to carry out an equality impact assessment which evaluates how the new or changed policy will impact on disadvantaged sections of the community, including disabled people. The impact assessment includes consultation with disabled people and user-led disabled people organisations.

10. ENVIRONMENT AND DESIGN IMPACT

10.1 There are no Environment and Design impacts arising from this report.

11. CRIME AND DISORDER REDUCTION IMPACT

11.1 There are no Crime and Disorder reduction impacts arising from this report.

12. HUMAN RIGHTS IMPACT

12.1 There are no Human Rights impacts arising from this report.

13. FREEDOM OF INFORMATION/DATA PROTECTION CONSIDERATIONS

13.1 There are no specific Data Protection or Freedom of Information considerations arising from this report.

CONTACT OFFICER: Nigel Cook, Head of Pensions and Treasury, extn 62552

BACKGROUND DOCUMENTS:

- (1) CIPFA's Prudential Code for Capital Finance in Local Authorities Fully Revised Second Edition 2009 and updated 2017 edition.
- (2) CIPFA's Code of Practice for Treasury Management in the Public Services and Cross Sectoral Guidance Notes – Fully Revised Second Edition 2009 and updated 2017 edition.
- (3) CLG's Guidance on Local Government Investments March 2004.

LONDON BOROUGH OF CROYDON
Authorised Lending List as at 30/09/2018 (Criteria as per FITCH)

LIST A

Name	Credit Limit £	Long Term Rating	Short Term Rating	Viability Rating	Support Rating	Sovereign Rating
Royal Bank Of Canada (Canada)	20,000,000	AA	F1+	aa	2	AAA
Svenska Handelsbanken AB (Sweden)	20,000,000	AA	F1+	aa	5	AAA
Morgan Stanley Money Market Fund	15,000,000	AAA				
Aberdeen Money Market Fund	15,000,000	AAA				
Goldman Sachs Money Market Fund	15,000,000	AAA				
JP Morgan Money Market Fund	15,000,000	AAA				
Deutsche Money Market Fund	15,000,000	AAA				
Insight Money Market Fund	15,000,000	AAA				
Royal Bank of Scotland Group Plc (Part Nationalised) (UK)	25,000,000	BBB+	F2	bbb+	5	AA
Debt Management Account (UK Government Body)	No Limits					

LIST B

Name	Credit Limit £	Long Term Rating	Short Term Rating	Viability Rating	Support Rating	Sovereign Rating
Australia & New Zealand Banking Group (Australia)	10,000,000	AA-	F1+	aa-	1	AAA
Bank Of Montreal (Canada)	10,000,000	AA-	F1+	aa-	2	AAA
Bank Of Nova Scotia (Canada)	10,000,000	AA-	F1+	aa-	2	AAA
Canadian Imperial Bank Of Commerce (Canada)	10,000,000	AA-	F1+	aa-	2	AAA
Commonwealth Bank Of Australia (Australia)	10,000,000	AA-	F1+	aa-	1	AAA
DBS Ltd (Singapore)	10,000,000	AA-	F1+	aa-	1	AAA
National Australia Bank (Australia)	10,000,000	AA-	F1+	aa-	1	AAA
Overseas Chinese Banking Corporation Ltd (Singapore)	10,000,000	AA-	F1+	aa-	1	AAA
Toronto-Dominion Bank (Canada)	10,000,000	AA-	F1+	aa-	2	AAA
United Overseas Bank Ltd (Singapore)	10,000,000	AA-	F1+	aa-	1	AAA
Westpac Banking Corporation (Australia)	10,000,000	AA-	F1+	aa-	1	AAA
All UK Local Authorities	10,000,000					

LOCAL GOVERNMENT INVESTMENTS (ENGLAND)
SPECIFIED AND NON-SPECIFIED INVESTMENTS

- a. **Specified Investments** - Where there is a change in the current investment policy this is specifically noted. All investments shall consist of investments under one year as follows:
- Debt Management Agency Deposits Facility (DMADF) which is currently available for investments up to six months.
 - Term deposits with the UK Government or with UK local authorities (i.e. local authorities as defined under Section 23 of the 2003 Act) with maturities up to one year.
 - Term deposits with credit - rated deposit takers (banks and building societies) including callable deposits, with maturities up to one year.
 - Certificate of Deposits issued by credit - rated deposit takers (banks and building societies) up to one year.
 - AAA rated Money Market Funds (i.e. a collective investment scheme as defined in SI. 2004 No 534).
 - Bonds issued by multinational development banks (as defined in SI 2004 No 534) with maturities under 12 months.
 - Enhanced AAA rated Money Market Funds. These funds differ from traditional AAA Money Market Funds in that they take more interest rate risk by managing portfolios with a longer weighted average maturity period. They may also take greater credit risk by holding assets with lower credit ratings and / or have a longer weighted average life. Depending on whether the fund is UK or US administered, it would be rated by only one of the rating agencies. Hence, although the minimum requirement is an AAA rating, the rating need only be given by one of the agencies. Typically these funds are designed to produce an enhanced return and this requires the fund manager to take more risk (whether credit, interest rate or liquidity) than the traditional AAA Money Market Funds.
 - UK Government Gilts. These are bonds issued by the UK Government representing a very low credit risk with options to sell in the secondary market.
 - UK Government Treasury Bills which are debt instruments issued by the Government's Debt Management Office through weekly auctions. The bills are issued with maturities of one, three and six months.
- b. **Non-Specified investments** - Local authorities now have specific powers to invest for periods in excess of one year. Previously such investments were not permissible, except in respect of the Council's Pension Fund (where specific legislation exists). It is recommended that these shall consist of:
- Term deposits with credit - rated deposit takers (banks and building societies) with maturities greater than one year. As a general rule they cannot be traded or repaid prior to maturity. The risk with these is that interest rates could rise after making the

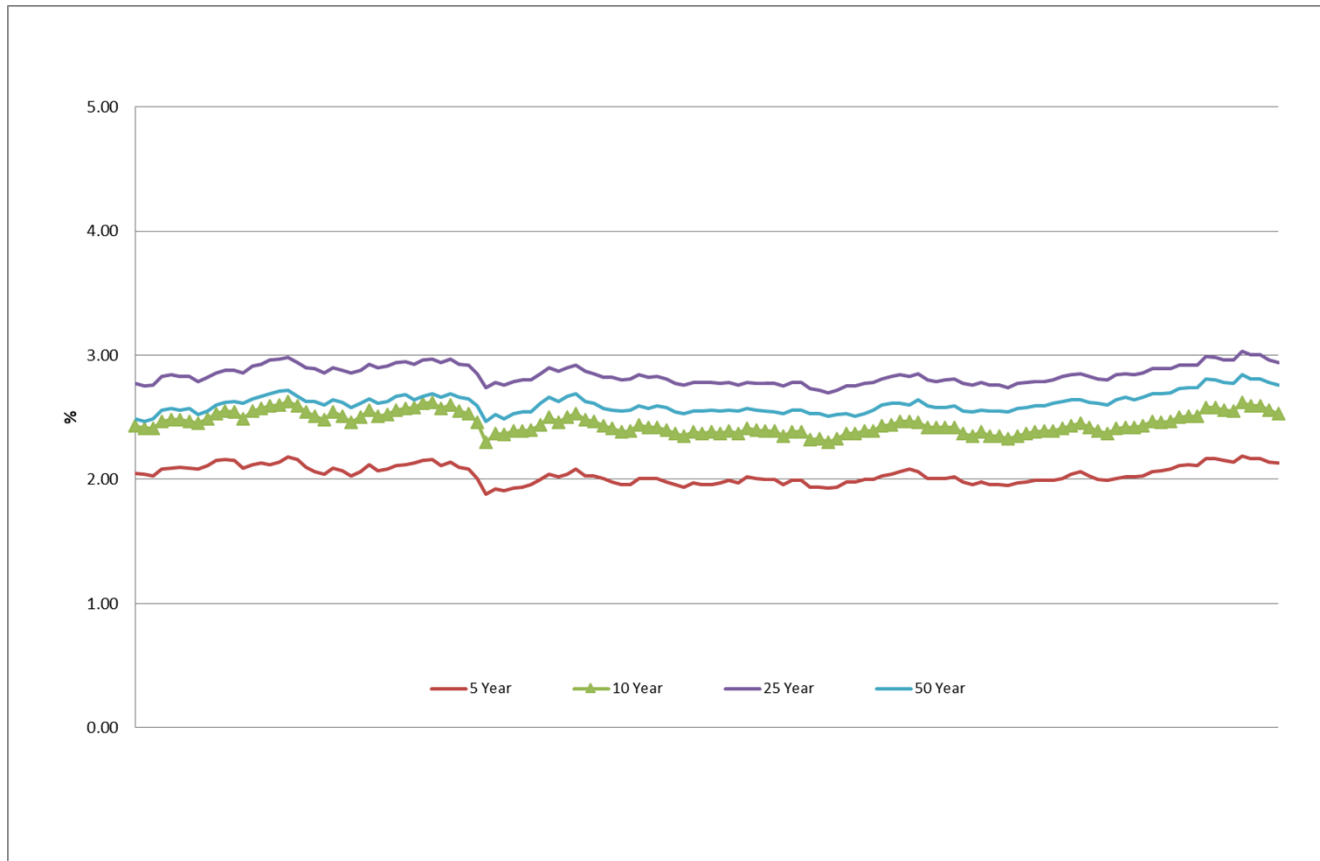
investment and there is also the potential that there could be a deterioration of the credit risk over a longer period. It is recommended, therefore, that the use of this investment is limited to a maximum of five years following advice from the Council's treasury management advisers.

- Term Deposits with UK local authorities. This investment represents intra-authority loans i.e. from one local authority to another for the purpose of cash-flow management. The risk with these is that interest rates could rise after making the investment and it is therefore recommended that the use of this investment is limited to a maximum of five years following advice from the Council's treasury management advisers. This risk is common to all term deposits whether with local authorities or other counterparties.
- Certificate of Deposits (C.D.) issued by credit - rated deposit takers (banks and building societies) with maturities greater than one year. With these investments there is a market or interest risk. Yield is subject to movement during the life of the CD, which could negatively impact on the price of the CD if traded early. It is recommended, therefore, that the use of this investment is limited to a maximum of five years and sold on maturity following advice from the Council's treasury management advisers.
- Callable deposits with credit rated deposit takers (banks and building societies) with maturities greater than one year. These have the potential of higher return than using a term deposit with a similar maturity. The risk is that only the borrower has the right to pay back the deposit, the lender does not have a similar call, as although the term is fixed only the borrower has the option to repay early. There is, therefore, no guarantee that the loan will continue to its maturity. The interest rate risk is that the borrower is unlikely to pay back the deposit earlier than the maturity date if interest rates rise after the deposit is made.
- Forward deposits with credit rated banks and building societies for periods greater than one year (i.e. negotiated deal period plus period of deposit). The advantage of the investment is that there is a known rate of return over the period the monies are invested which aids forward planning. The credit risk is that if the credit rating falls or interest rate rise in the interim period the deposit period cannot be changed. It is recommended, therefore, that the use of this investment is limited to a maximum of five years following advice from the Council's treasury management advisers.
- Bonds issued by multilateral development banks (as defined by SI. 2004 No 534). These have an excellent credit quality and are relatively liquid. If they are held to maturity there is a known yield, which would be higher than that on comparable gilts. If traded, there could be a potential for capital gain or loss through appreciation or depreciation in value. The market or interest risk is that the yield is subject to movement during the life of the bond, which could impact on the price of the bond, i.e. if sold prior to redemption date. Given the potential for loss any investment would need to be based on the principle that they would be bought and held until maturity. It is recommended, therefore, that the use of this investment is limited to a maximum of five years following advice from the Council's treasury management advisers.
- Enhanced Money Market Funds. These funds differ from traditional AAA Money Market Funds in that they take more interest rate risk by managing portfolios with a longer weighted average maturity period. They may also take greater credit risk by holding assets with lower credit ratings and / or have a longer weighted average life. Depending on whether the fund is UK or US administered, it would be rated by only

one of the rating agencies. Hence, although the minimum requirement is an AAA rating, the rating need only be given by one of the agencies. Typically these funds are designed to produce an enhanced return and this requires the fund manager to take more risk (whether credit, interest rate or liquidity) than the traditional AAA Money Market Funds.

- UK Government Gilts. These are bonds issued by the UK Government representing a very low credit risk with options to sell in the secondary market. If held to maturity there is a known yield but if traded there could be a potential for capital gain or loss through appreciation or depreciation in value. Given the potential for loss, any investment would need to be based on the principle that UK government gilts would be bought and held until maturity. It is recommended, therefore, that the use of this investment is limited to a maximum of five years following advice from the Council's treasury management advisers. If held to maturity, these bonds represent the nearest to a risk-free investment.
- Property Funds. Property funds can provide stable returns in terms of fixed period rents, whether commercial or industrial rentals. Property funds can be regulated or unregulated. An investment in share or loan capital issued by a regulated property fund is not treated as capital expenditure but an investment in an unregulated fund would count as capital expenditure. Given the nature of the property sector, a longer-term time horizon will need to be considered for this type of investment.
- Floating Rate Notes (FRNs). These are typically longer term bonds issued by banks and other financial institutions which pay interest at fixed intervals. The floating rate nature of these instruments reduces the exposure to interest rate risk as the interest rate is re-fixed at the beginning of every interest rate period. The option to redeem before maturity is available through the secondary market. It is recommended that investments in FRNs be restricted to those issued by institutions on the Council's authorised lending list, after consulting and taking advice from the treasury management consultants.
- Corporate Bonds are issued by corporate institutions for example General Electric, Vodafone, Volkswagen etc. They offer local authorities an alternative to the usual financial institutions. For Corporate Bonds, the minimum credit rating criteria of AA- should apply to fit within the Council's investment parameters.
- Covered Bonds. These are a type of secured bond that is usually backed by mortgages or public sector loans. An important feature of covered bonds is that investors have dual recourse, both to the issuer and to the underlying pool of assets.

PWLB Movement since 1 April 2018



GLOSSARY OF TERMS USED IN THE TREASURY MID-YEAR REVIEW 2018/2019 REPORT

Affordable Borrowing Limit and Authorised limit for external debit	The maximum amount the Council can borrow for capital and revenue purposes, allowing for unexpected events. It reflects a level of borrowing which, while not desirable, is affordable in the short term. This limit reflects the temporary nature of the borrowing.
Borrowing for Capital Purposes - Supported - Unsupported	The amount of borrowing to finance capital projects for which the Government will give revenue support and specific grants. Additional borrowing the Council may wish to undertake, but for which there will be no financial contribution through the grant system.
CIPFA Treasury Management Code of Practice	The professional code governing treasury management, which the Council has formally adopted.
Capital Financing Requirement (CFR)	The authority's underlying need to borrow to finance capital expenditure.
Consumer Price Index (CPI)	This is a measure of the general level of price changes for consumer goods and services but excludes most owner occupier housing costs such as mortgage interest payments, council tax, dwellings insurance, rents depreciation and the like.
FITCH	An internationally recognised rating agency which is used and approved by the Council's Treasury Advisers, Capita Asset Services.
Gross Domestic Product (GDP)	Gross Domestic Product (GDP) is a measure of a country's economic activity, including all the services and goods produced in a year within that country.

<p>The Green Book discount rate</p>	<p>The Green Book is guidance issued by HM Treasury on how to appraise policies, programmes and projects. It also provides guidance on the design and use of monitoring and evaluation before, during and after implementation. When appraising projects the Green Book uses a discount rate of 3.5%. This rate is commonly accepted as the rate to use when accessing the potential savings to be generated when considering the refinancing of debt.</p>
<p>G7</p>	<p>The Group of Seven (G7) is an informal bloc of seven industrialised democracies – the USA, Canada, France, Germany, Italy, Japan and the UK that meets annually to discuss issues such as global economic governance, international security and energy policy.</p>
<p>Lenders Option / Borrowers Option Loans (LOBO's)</p>	<p>A form of long-term borrowing where loans run at a fixed rate of interest for a fixed period of time, after which the Lender has the option to ask for repayment or change the interest rate on pre-determined dates. If the Lender decides to exercise the option to change the interest rate the borrower can then decide whether to accept the new terms or repay the loan with no penalty.</p>
<p>London Interbank Bid Rate (LIBID)</p>	<p>The interest rate at which major banks in London are willing to borrow (bid for) funds from each other.</p>
<p>Minimum Revenue Provision (MRP)</p>	<p>The amount which must be set aside from revenue each year to cover future repayment of loans. There is no MRP requirement for HRA borrowing.</p>
<p>Net Revenue Stream (NRS)</p>	<p>The NRS for the General Fund is the “Amount to be met from Government Grant and Council Tax contributions”, as shown in the consolidated revenue account. This represents the budget requirement for the Council.</p> <p>The NRS for the Housing Revenue Account is the amount to be met from net rent income as shown in the HRA accounts.</p>
<p>Operational boundary for external debt</p>	<p>The maximum amount of external debt according to probable events and consistent with the level of external debt projected in the estimates.</p>
<p>Public Works Loan Board (PWLB)</p>	<p>Part of the Government’s Debt Management Office, making long-term funds available to local authorities on prescribed terms and conditions.</p>

MINIMUM REVENUE PROVISION POLICY STATEMENT

**Effective from 2017/2018 and periods onwards.
Adopted February 2018, revised October 2018.**

1. The Council has implemented the new Minimum Revenue Provision (MRP) Guidance from 2008/09, and have assessed their MRP for 2018/2019 in accordance with the main recommendations contained within the Guidance issued by the Secretary of State under Section 21(1A) of the Local Government Act 2003.
2. The Council's MRP Policy Statement for 2018/2019 is to be as follows:
 - 2.1. For the proportion relating to historic debt (incurred up to 31 March 2008) and to Government-supported capital expenditure incurred since, the MRP policy will be to adopt Option 1 - the Regulatory Method by providing a fixed amount each financial year, calculated at 2% of the balance at 31 March 2015, reducing on a straight line basis so that the whole debt is repaid after 50 years.
 - 2.2. For unsupported borrowing undertaken since 1 April 2008, reflected within the Capital Financing Requirement (CFR) debt liability at 31st March 2019, the MRP policy will be to adopt Option 3 – Asset Life Method – Annuity method from the Guidance. Estimated life periods will continue to be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the Guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the Guidance would not be appropriate.
3. As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.
4. Where schemes are not fully completed at the end of the financial year, MRP charges will be deferred until the schemes are complete and the assets are operational.
5. MRP on Public Finance Initiative (PFI) schemes debt is to be charged on an annuity basis over the remaining life of each scheme.
6. The Council retains the right to undertake additional voluntary payments if required (Voluntary Revenue Provision – VRP).
7. There will be circumstances when the Council will not be making a provision for the repayment of debt.
8. The Authority will provide loans on a commercial basis which will be used to fund capital expenditure and thus should therefore be treated as capital expenditure and a loan to a third party. The Capital Financing Requirement (CFR) will increase by the amount of the loans advanced and under the terms of the contractual loan agreements are due to be returned in full with interest paid. When these funds are returned to the Authority, the returned funds will be classed as a capital receipt and offset against the CFR, which will reduce accordingly. As this is in effect a temporary arrangement and the funds will be

returned to the Council in full, there is no need to set aside prudent provision to repay the debt liability in the interim period, so there is no MRP application. The outstanding loan will be reviewed on an annual basis and if the likelihood of default increases, a prudent MRP policy will commence.

9. The Authority is purchasing commercial property to be held as part of its Investment Property Portfolio. The properties are held for investment purposes and are managed on a fully commercial basis. The purchase of these properties will be treated as capital expenditure and will increase the CFR. The Council is holding these properties solely for investment purposes and they are leased to tenants on a fully repairing basis. As the Council has the ability to sell these properties to repay any outstanding debt liabilities related to their purchase, there is no need to set aside prudent provision to repay the debt liability in the interim period, so there is no MRP application. The market value of the assets will be reviewed on a regular basis and if the asset value significantly decreases, a prudent MRP policy will commence.

10. The Council's cash investment in the Real Lettings Property Fund LP under a 7-year life arrangement is due to be returned in full at maturity with interest paid on outstanding balances annually. The cash investment will be treated as capital expenditure with the Council's Capital Financing Requirement (CFR) increasing by this amount. At maturity, the funds returned to the Council will be treated as a capital receipt and the CFR will reduce accordingly. As this is a temporary arrangement over 6 years, and as the funds are to be returned in full, there is no need to set aside prudent provision to repay the debt liability in the interim period, and therefore no MRP application is required.

11. Loans borrowed from Amber Green LEEF 2LLP or an alternative source to fund energy efficiency and carbon reduction schemes at certain educational institutions within the Borough will be recovered in full from these institutions. As such, there is no need to set aside prudent provision to repay the debt liability in the interim period, and therefore no MRP application is required.

Agenda Item 7

REPORT TO:	GENERAL PURPOSES & AUDIT COMMITTEE 6 December 2018
SUBJECT:	Internal Audit Update Report April to October 2018
LEAD OFFICER:	Simon Maddocks, Head of Internal Audit
CABINET MEMBER:	Councillor Simon Hall Cabinet Member for Finance and Resources
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT: Internal Audit's work helps the Council to improve its value for money by strengthening financial management and supporting risk management. Strengthening value for money is critical in improving the Council's ability to deliver services which, in turn helps the Council achieve all its visions and aims. The external auditor relies on the work from the internal audit programme when forming opinions and assessments of the Council's performance.	
FINANCIAL IMPACT The Internal Audit contract for 2018/19 is a fixed price contract of £377,280 and appropriate provision has been made within the budget for 2018/19.	

1. RECOMMENDATIONS

- 1.1 The Committee is asked to note the Internal Audit Report for April to October 2018 (Appendix 1).

2. EXECUTIVE SUMMARY

- 2.1 This report details the work completed by Internal Audit so far during 2018/19 and the progress made in implementing recommendations from audits completed in previous years.

3. DETAIL

- 3.1 The Internal Audit report (Appendix 1) includes the following:
- a list of all audits completed so far in 2018/19, and
 - lists of follow up audits completed and the percentage of priority one, and other audit recommendations implemented.
- 3.2 Internal Audit is responsible for conducting an independent appraisal of all the Council's activities, financial and otherwise. It provides a service to the whole Council, including Members and all levels of management. It is not an extension of, nor a substitute for, good management. The Internal Audit Service is responsible for giving assurance on all control arrangements to the Full Council through the General Purposes & Audit Committee and the Chief Financial Officer (also known as the Section 151 Officer), who is currently the Executive Director of Resources. It also assists management by evaluating and reporting to them the effectiveness of the controls for which they are responsible.
- 3.3 Based on the finalised internal audit reports published so far this year, an overall **Satisfactory Assurance** level can be given as 63% of reports finalised to date received Substantial or Full assurance.

4. FOLLOW-UP REVIEWS

- 4.1 When Internal Audit identifies risks, recommendations are made and agreed with service managers to mitigate these. The Council then needs to ensure that action is taken to implement audit recommendations. The Council's targets for audit recommendations implemented are 80% for all priority 2 and 3 recommendations and 90% for priority 1 recommendations. The performance in relation to the targets set for 2014/18 audits are shown Table 1.

Table 1: Implementation of Audit Recommendations

	Target	2014/15	2015/16	2016/17	2017/18
Implementation of priority one recommendations at follow-up	90%	100%	91%	92%	82%
Implementation of all recommendations at follow-up	80%	94%	86%	84%	78%

5. PROGRESS AGAINST THE AUDIT PLAN

- 5.1 By 31 October **58%** (51% last year) of the 2018/19 planned audit days had been delivered and **30%** (31% last year) of the draft audit reports due for the year had been issued. The contractor has given assurances that the necessary resources are available to deliver the internal audit plan in-year as usual.

6. PUBLICATION OF INTERNAL AUDIT REPORTS

- 6.1 Following a decision at the June 2015 meeting of this committee, all finalised internal audit reports from the year 2015/16 onwards are published on the Council's public internet site. The published reports can be found at:
<https://www.croydon.gov.uk/democracy/budgets/internal-audit-reports/introduction>

7. CONSULTATION

- 7.1 The outcome of all audit work is discussed and agreed with the lead service managers. The final reports and audit recommendations are sent for consideration by Departmental Leadership Teams (DLT). Details are circulated and discussed with Directors on a regular basis.

8. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 8.1 The fixed price for the Internal Audit Contract is £377,280 for 2018/19 and there is adequate provision within the budget. There are no additional financial considerations relating to this report
- 8.2 Internal Audit's planning methodology is based on risk assessments that include using the Council risk registers processes.

(Approved by: Ian Geary, Head of Finance, Resources & Accountancy)

9. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 9.1 The Solicitor to the Council comments that information provided in this report is necessary to demonstrate the Council's compliance with requirements imposed by Regulation 5 of the Local Government Accounts and Audit (England) Regulations 2015. The Council is required to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

(Approved by: Sandra Herbert Head of Litigation and Corporate, for and on behalf of Jacqueline Harris-Baker, Director of Law and Monitoring Officer)

10. HUMAN RESOURCES IMPACT

- 10.1 There are no immediate human resources issues arising from this report for LBC employees or staff.

(Approved by: Gillian Bevan, Head of HR - Resources)

**11. EQUALITIES, ENVIRONMENTAL AND CRIME AND DISORDER
REDUCTION IMPACTS**

11.1 When Internal Audit is developing the Annual Audit Plan or individual audit programmes the impacts of the issues above are considered depending on the nature of the area of service being reviewed. Issues relating to these impacts would be reflected in the audit reports and recommendations.

CONTACT OFFICER: Simon Maddocks, Head of Internal Audit

BACKGROUND DOCUMENT: Internal Audit report for the period April to October 2018 (appendix 1)

London Borough of Croydon

Internal Audit Report for the period

1 April 2018 to 31 October 2018

Confidentiality and Disclosure Clause

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of London Borough of Croydon and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

Internal Audit activity

1. During the first seven months of the 2018/19 financial year the following work has been delivered:

- 58% of the 2018/19 planned audit days have been delivered
- 71 planned audits (excluding ad hoc and fraud work) commenced, either by setting up the files, attending scope meetings or by performing the audits. This was made up of:-
 - 51 system audits commenced and/or were completed;
 - 14 probity audits commenced and/or were completed; and,
 - 6 computer audits commenced and/or were completed.

In addition:

- 8 new ad hoc or fraud investigations commenced and/or were completed.

Internal Audit Performance

2. To help ensure that the internal audit plan supported the Risk Management Framework and therefore the Council Assurance Framework, the 2018/19 internal audit plan was substantially informed by the risk registers. The 2018/19 internal audit plan was presented to the General Purposes and Audit Committee on 15 March 2018.
3. Work on the 2018/19 audit plan commenced in April 2018 and delivery is now well underway.
4. Table 1 details the performance for the 2018/19 audit plan against the Council's targets. At 31 October 2018 Internal Audit had delivered 58% of the planned audit days and 30% of the planned draft reports. Although the planned drafts are behind target, there are a number of audits where the reports are close to being issued and work has either commenced, is in progress or draft stage for over 80% of the audit plan.

Table 1: Performance against targets

Performance Objective	Annual Target	Year to Date Target	Year to Date Actual	Performance
% of planned 2018-19 audit days delivered	100%	58%	58%	▲
Number of 2018-19 planned audit days delivered	1050	609	613	▲
% of 2018-19 planned draft reports issued	100%	40%	30%	▼
Number of 2018-19 planned draft reports issued	88	35	26	▼
% of draft reports issued within 2 weeks of exit meeting	85%	85%	89%	▲
2017/18 % of priority one recommendations implemented at the time of the follow up audit	90%	90%	82%	▼
2017/18 % of all recommendations implemented at the time of the follow up audit	80%	80%	78%	▼
2016/17 % of priority one recommendations implemented at the time of the follow up audit	90%	90%	92%	▲
2016/17 % of all recommendations implemented at the time of the follow up audit	80%	80%	84%	▲

Performance Objective	Annual Target	Year to Date Target	Year to Date Actual	Performance
2015/16 % of priority one recommendations implemented at the time of the follow up audit	90%	90%	91%	▲
2015/16 % of priority all recommendations implemented at the time of the follow up audit	80%	80%	86%	▲
% of qualified staff engaged on audit	40%	40%	44%	▲

Audit Assurance

5. Internal Audit provides four levels of assurance as follows:

Full	The systems of internal control are sound and achieve all systems objectives and that all controls are being consistently applied.
Substantial	The systems of internal control are basically sound, there are weaknesses that put some of the systems objectives at risk and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk. (*Note - Substantial assurance is provided on School audits.)
Limited	Weaknesses in the systems of internal control are such as to put the systems objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
No	The system of internal control is generally weak leaving the system open to significant error or abuse and /or significant non-compliance with basic controls leaves the system open to error or abuse.

6. Tables 2 lists the audits for which final reports were issued from 1 April to 31 October 2018. Details of the key issues arising from these reports are shown in Appendix 1.

Table 2: 2018/19 Final audit reports issued from 1 April 2018 to 31 October 2018:

Audit Title	Risk Level	Assurance Level	Planned Year
Non-school audits			
Croylease	High	Limited	2018/19
GDPR in Schools	High	Limited	2018/19
Libraries Income Collection	High	Limited	2018/19
Coroner's Service	High	Substantial	2018/19
Discretionary Housing Payments	High	Substantial	2018/19
Liesure Contract Management	High	Substantial	2018/19
Parking CCTV	High	Substantial	2018/19
Cashiers (Cash Handling)	High	Full	2018/19

Follow-up audits – effective implementation of recommendations

7. During 2018/19 in response to the Council's follow-up requirements, Internal Audit has continued following-up the status of the implementation of the 2015/16, 2016/17, 2017/18 audits. No 2018/19 follow up audits are yet due.
8. Follow-up audits are undertaken to ensure that all the recommendations raised have been successfully implemented according to the action plans agreed with the service managers. The Council's target for audit recommendations implemented at the time of the follow-up audit is 80% for all priority 2 & 3 recommendations and 90% for priority 1 recommendations.

Performance Objective	Target	Performance (to date)				
		2013/14	2014/15	2015/16	2016/17	2017/18
Percentage of priority one recommendation implemented at the time of the follow up audit	90%	100%	100%	91%	92%	82%
Percentage of all recommendations implemented at the time of the follow up audit	80%	96%	94%	86%	84%	78%

The results of those for 2015/16, and 2016/17 and 2017/18 audits that have been followed up are included in Appendixes 2, 3, and 4 respectively.

9. Appendix 2 shows the follow-up audits of 2015/16 audits undertaken to date and the number of recommendations raised and implemented. 86% of the total recommendations were found to have been implemented and 91% of the priority 1 recommendations which have been followed up have been implemented. The outstanding priority 1 recommendations are detailed below:

Audit Title	Executive Director Responsible	Risk Level	Assurance Level	Summary of issues arising in priority 1 recommendations
EMS Application	Richard Simpson	High	Limited	A recommendation was raised due to the absence of an effective disaster recovery plan for the EMS application. The response to the follow up is that this is being worked on with Capita and a solution planned for January 2019.
ICT ~Service Delivery ITIL Framework	Richard Simpson	High	Limited	A recommendation was raised as it was identified that the development of an appropriate Business Impact Review (BIR) to assist in the design of both the IT Service Disaster Recovery Plan (DRP) and the associated Business Continuity Plan (BCP) are currently at an embryonic stage and no DRP or BCP solutions have been recently tested as effective. The response to the follow up is that this is being worked on with Capita and a solution planned for January 2019.

10. Appendix 3 shows the 2016/17 follow-up audits undertaken to date and the number of recommendations raised and implemented. 84% of the total recommendations were found to have been implemented and 92% of the priority 1 recommendations which have been followed up have been implemented. The outstanding priority 1 recommendations are detailed below:

Audit Title	Executive Director Responsible	Risk Level	Assurance Level	Summary of issues arising in priority 1 recommendations
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Audit Title	Executive Director Responsible	Risk Level	Assurance Level	Summary of issues arising in priority 1 recommendations
Adult Care Packages	Guy Van Dichele	High	Limited	<p>A priority 1 recommendation was raised as in fifteen out of twenty instances sampled evidence could not be obtained to confirm client consent to the contents of the care package.</p> <p>A priority 1 recommendation was raised as in ten out of fifteen instances sampled evidence could not be provided of approval of a care package by an individual or body with the correct delegated authority.</p> <p>A priority 1 recommendation was raised as in eight out of twenty instances sampled there was no evidence of a six to eight week review. In six instances we could not be provided with evidence that an annual review was undertaken.</p> <p>The response to the follow up of the above explained that various actions had been taken to resolve the above, however Internal Audit has sought further clarification and, in some instances, evidence of these actions.</p>

11. Appendix 4 shows the 2017/18 follow-up audits undertaken to date and the number of recommendations raised and implemented. 78% of the total recommendations were found to have been implemented and 82% of the priority 1 recommendations which have been followed up have been implemented. The outstanding priority 1 recommendations are detailed below:

Audit Title	Executive Director Responsible	Risk Level	Assurance Level	Summary of issues arising in priority 1 recommendations
Abandoned Vehicles	Shifa Mustafa	High	No	<p>A priority 1 issue was raised as the records of reported abandoned vehicles on the Access 2003 database was incomplete, with images, links to '7 day' notices and the dates removed and outcomes not always being recorded.</p> <p>A priority 1 issue was raised as although the estimated contract value for abandoned vehicle removal is over £160k, there has been no tendering for this service and there is no contract in place between Tran-Support and the Council.</p> <p>Responses to both the above have been obtained, detailing that, 'The development of an AVS module within CRM has been delayed by approval to develop a new system to replace CRM' and that, 'A soft Market Testing brief has been provided and is now being refined with assistance from Procurement.'</p>
Pay and Display Meter Maintenance and Income Collection	Shifa Mustafa	High	Limited	<p>A priority 1 issue was raised the contract between NSL and the Council expired in 2015.</p> <p>The response provided details that this is still in progress, with tender documentation being with Procurement and the tender to be issued shortly.</p>
Appointeeships	Mark Meehan	High	Limited	<p>A priority 1 issue was raised as although payee bank accounts were being checked to invoices or other payment documents, there is a risk that the bank details on these documents may be incorrect.</p> <p>The latest response detailed that the new manager has plans to stop existing payments completely, which is being progressed. This means that any new or changes to existing beneficiaries will go through a more robust check.</p>
Health Visiting	Guy Van Dichele	High	Limited	<p>A priority 1 issue was raised as while the Council receives monthly detailed reports on key performance indicators and has conducted a recent extensive six month Health Visiting Services Review, appropriate contract monitoring processes were not in place to obtain assurance of the general conditions in the S75 Agreement and the actual processes undertaken by CHS, including those for safeguarding.</p>

Audit Title	Executive Director Responsible	Risk Level	Assurance Level	Summary of issues arising in priority 1 recommendations
				The response to the follow up has provided assurance that the above are being progressed through ongoing dialogue with the contractor, but are not yet resolved.
Brokerage	Richard Simpson	High	Limited	<p>A priority 1 issue was raised as it was confirmed that providers outside of the signed Integrated Framework Agreement (IFA) were being used regularly for care provision of clients.</p> <p>A priority 1 issue was raised as there was no evidence provided of inspections having occurred at three of the five providers sampled.</p> <p>The response to the follow up was that, A decision has been taken to refresh the IFA in 18/19, which will address the issue of legacy provision, which is becoming less over time. Furthermore, regarding the inspections, that a restructure and recruitment was taking place.</p>
St Joseph's Federation	Eleni Ioannides	Medium	Limited	<p>A priority 1 recommendation was raised as Appropriately authorised orders were not available for eight of the fifteen transactions sampled.</p> <p>A priority 1 recommendation was raised as appropriate goods or services received checks were not evidenced for thirteen of the fifteen transactions sampled.</p> <p>The response provided detailed that the authorisation and goods received checking processes were being improved and we are awaiting confirmation.</p>

Appendix 1: Key issues from finalised audits

2018/19 audits			
Audit Title	Risk Level	Assurance Level & Number of Issues	Summary of key issues raised.
Non School Audits			
Croylease	High	Limited (Two priority 1, five priority 2 and one priority 3 issue)	Two priority 1 recommendations were raised as sample testing found that current lease agreements were not in place for 5 of the 10 properties sampled and in some cases evidence of the required gas safety or electrical inspections or fire safety certificates was not available.
GDPR in Schools	High	Limited (Eight priority 2 issues)	No priority 1 issues
Libraries Income Collection	High	Limited (Two priority 1, two priority 2 and one priority 3 issue)	Two priority 1 issues were raised, one relating to the approval and control over the waiver of fines and the other relating to the lack of reconciliations between income collected and income banked and coded to Oracle ledger codes.
Coroner's Service	High	Substantial (Three priority 2 issues)	No priority 1 issues raised
Discretionary Housing Payments	High	Substantial (One priority 2 and two priority 3 issues)	No priority 1 issues raised
Liesure Centre Contract Management	High	Substantial (Two priority 2 issues.)	No priority 1 issues raised
Parking CCTV	High	Substantial (One priority 2 issue)	No priority 1 issues raised
Cashiers (Cash Handling)	High	Full (One priority 3 issue)	No priority 1 issues raised

Appendix 2 - Follow-up of 2015/16 audits (Incomplete follow ups only)

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
Non School Audits							
2015/16	Performance Monitoring Adult Social Care	Guy Van Dichele	High	Limited (2 nd follow up in progress)	9	3	33%
2015/16	EMS Application	Richard Simpson	High	Limited (6 th follow up in progress)	4	1	25%
2015/16	ICT Service Delivery ITIL Framework	Richard Simpson	High	Limited (4 th follow up in progress)	2	1	50%
2015/16	Looked After Children (placed in another LA area)	Eleni Ioannides	High	Substantial (3 rd follow up in progress)	6	4	66%
2015/16	Connected Croydon – Programme and Project Management	Shifa Mustafa	High	Substantial (2 nd follow up in progress)	4	2	50%
2015/16	Waste Recycling	Shifa Mustafa	High	Substantial (5 th follow up in progress)	3	1	33%
2015/16	Internal Network	Richard Simpson	High	Substantial (3 rd follow up in progress)	2	1	50%
2015/16	EU Procurement Directives	Richard Simpson	High	Substantial (3 rd follow up in progress)	2	0	0
Non-School Audits Sub Total: Recommendations and implementation from audits that have had responses					235	196	83%
Non-School Audits Sub Total: Priority 1 Recommendations from audits that have had responses					22	20	91%
School Audits Sub Total: Recommendations and implementation from audits that have had responses					48	48	100%
School Audits Sub Total: Priority 1 Recommendations from audits that have had responses					0	0	N/a
Recommendations and implementation from audits that have had responses					283	244	86%
Priority 1 Recommendations from audits that have had responses					22	20	91%

Appendix 3 - Follow-up of 2016/17 audits (Incomplete follow ups only)

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
Non School Audits							
2016/17	Adult Care Packages	Guy Van Dichele	High	Limited (2 nd follow up in progress)	7	4	57%
2016-17	Contract Formalities and Storage of Contracts	Richard Simpson	High	Limited (1 st follow up in progress)	4	-	-
2016-17	Contract and Tender Regulation Compliance	Richard Simpson	High	Limited (2 nd follow up in progress)	8	6	75%
2016/17	HMRC Compliance	Richard Simpson	High	Substantial (4 th follow up in progress)	5	3	60%
2016/17	Anti-Social Behaviour	Shifa Mustafa	High	Substantial (3 rd follow up in progress)	9	4	44%
2016/17	Licensing Income	Shifa Mustafa	High	Substantial (3 rd follow up in progress)	2	1	50%
2016/17	Clinical Governance	Guy Van Dichele	High	Substantial (3 rd follow up in progress)	3	1	33%
2016/17	London Road (Section A) Public Realm Improvements	Shifa Mustafa	High	Substantial (1 st follow up in progress)	3	-	-
Non-School Audits Sub Total: Recommendations and implementation from audits that have had responses					236	201	85%
Non-School Audits Sub Total: Priority 1 Recommendations from audits that have had responses					21	18	86%
School Audits Sub Total: Recommendations and implementation from audits that have had responses					206	172	83%
School Audits Sub Total: Priority 1 Recommendations from audits that have had responses					16	16	100%
Recommendations and implementation from audits that have had responses					442	373	84%
Priority 1 Recommendations from audits that have had responses					37	34	92%

Appendix 4 - Follow-up of 2017-18 audits

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
Non School Audits							
2017/18	Mayors Charity	Richard Simpson	High	No (3 rd follow up in progress)	13	10	77%
2017/18	Abandoned Vehicles	Shifa Mustafa	High	No (3 rd follow up in progress)	10	7	70%
2017/18	Budget Management - People	Eleni Ioannides	High	Limited (1 st follow up in progress)	2	-	-
2017/18	Appointeeships	Vacant	High	Limited (3 rd follow up in progress)	7	5	71%
2017/18	Health Visiting	Guy Van Dichele	High	Limited (1 st follow up in progress)	2	-	-
2017/18	Direct Payments	Guy Van Dichele	High	Limited (No further follow up)	4	4	100%
2017/18	Special Sheltered Housing	Richard Simpson	High	Limited (3 rd follow up in progress)	10	4	40%
2017/18	Unaccompanied Asylum Seeking Children	Eleni Ioannides	High	Limited (2 nd follow up in progress)	2	1	50%
2017/18	Croydon Enterprise Loan Fund	Shifa Mustafa	High	Limited (No further follow up planned)	5	5	100%
2017/18	Brokerage	Richard Simpson	High	Limited (2 nd follow up in progress)	10	2	20%
2017/18	Deprivation of Liberty Safeguards	Guy Van Dichele	High	Limited (No further follow up)	4	4	100%
2017/18	Registrars	Vacant	High	Limited (No further follow up)	6	5	83%
2017/18	Food Safety	Shifa Mustafa	High	Limited (No further follow up)	11	9	82%
2017/18	Pay and Display Meter Maintenance and Income Collection	Shifa Mustafa	High	Limited (3 rd follow up in progress)	4	3	75%
2017/18	Tree Root Inspections	Shifa Mustafa	High	Limited (No further follow up)	6	5	83%
2017/18	ICT Capita Contract	Richard Simpson	High	Limited (No further follow up)	1	1	100%

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
2017-18	SekChek Active Directory System Security	Richard Simpson	High	Limited (1 st follow up in progress)	10	-	-
2017/18	Parking Enforcement and Income	Shifa Mustafa	High	Substantial (1 st follow up in progress)	5	-	-
2017/18	CALAT Income Collection	Shifa Mustafa	High	Substantial (3rd follow up in progress)	6	4	67%
2017-18	Open Book Accounting (Axis Europe plc)	Shifa Mustafa	High	Substantial (1 st follow up in progress)	3	-	-
2017-18	Temporary Accommodation Occupancy Checks	Vacant	High	Substantial (No further follow up)	3	3	100%
2017/18	Youth Offending service	Eleni Ioannides	High	Substantial (No further follow up)	3	3	100%
2017-18	Development Management	Shifa Mustafa	High	Substantial (1 st follow up in progress)	5	-	-
2017/18	Place Review Panel	Shifa Mustafa	High	Substantial (No further follow up)	3	3	100%
2017/18	Croydon Equipment Solutions	Richard Simpson	High	Substantial (No further follow up)	7	7	100%
2017/18	Street Trading Income Collection	Shifa Mustafa	High	Substantial (1st follow up in progress)	9	-	-
2017-18	Transport Fleet Management	Richard Simpson	High	Substantial (1 st follow up in progress)	3	-	-
2017-18	Gifts and Hospitality	Richard Simpson	High	Substantial (1 st follow up in progress)	4	-	-
2017/18	Admitted Bodies	Richard Simpson	High	Substantial (1 st follow up in progress)	4	-	-
2017/18	Unix (Linux) Operating System Security	Richard Simpson	High	Substantial (2 nd follow up in progress)	3	0	0
2017/18	Smitham 2016 School Heating Works	Shifa Mustafa	High	Substantial (1 st follow up in progress)	3	-	-
2017/18	Windows OS Security	Richard Simpson	High	Full (no further follow up planned)	2	2	100%
Non-School Audits Sub Total: Recommendations and implementation from audits that have had responses					118	85	72%
Non-School Audits Sub Total: Priority 1 Recommendations from audits that have had responses					28	22	79%

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
School Audits							
2017/18	Beulah Juniors	Eleni Ioannides	Medium	Limited (No further follow up)	13	11	84%
2017/18	Elmwood Infants School	Eleni Ioannides	Medium	Limited (No further follow up)	14	14	100%
2017/18	The Minster Nursery and Infant School	Eleni Ioannides	Medium	Limited (No further follow up)	17	15	89%
2017/18	Norbury Manor	Eleni Ioannides	Medium	Limited (2 nd follow up in progress)	12	8	67%
2017/18	St Joseph's Federation	Eleni Ioannides	Medium	Limited (2 nd follow up in progress)	25	9	36%
2017/18	Winterbourne Nursery and Infants	Eleni Ioannides	Medium	Limited (No further follow up)	18	16	89%
2017/18	St Mary's High School	Eleni Ioannides	Medium	Limited (No further follow up)	16	14	87%
2017/18	Crosfield Nursery and Selhurst Early Years	Eleni Ioannides	Medium	Substantial (No further follow up)	2	2	100%
2017/18	Purley Nursery	Eleni Ioannides	Medium	Substantial (No further follow up)	4	4	100%
2017/18	Tunstall Nursery	Eleni Ioannides	Medium	Substantial (No further follow up)	4	4	100%
2017/18	Thornton Heath Early Years Centre	Eleni Ioannides	Medium	Substantial (No further follow up)	7	6	86%
2017/18	All Saints C of E Primary	Eleni Ioannides	Medium	Substantial (No further follow up)	8	7	87%
2017/18	Elmwood Junior	Eleni Ioannides	Medium	Substantial (No further follow up)	3	3	100%
2017/18	Heavers Farm	Eleni Ioannides	Medium	Substantial (No further follow up)	10	10	100%
2017/18	Howard Primary	Eleni Ioannides	Medium	Substantial (2 nd follow up in progress)	13	5	54%
2017/18	Margaret Roper	Eleni Ioannides	Medium	Substantial (No further follow up)	16	13	81%
2017/18	Purley Oaks Primary	Eleni Ioannides	Medium	Substantial (No further follow up)	7	7	100%

Financial Year	Audit Followed-up	Executive Director Responsible	Risk Level	Assurance Level & Status	Total Raised	Implemented	
						Total	Percentage
2017/18	Rockmount Primary	Eleni Ioannides	Medium	Substantial (No further follow up)	6	5	83%
2017/18	Selsdon Primary	Eleni Ioannides	Medium	Substantial (No further follow up)	9	9	100%
2017/18	Woodcote Primary	Eleni Ioannides	Medium	Substantial (No further follow up)	7	7	100%
2017/18	Coloma Convent Girls' School	Eleni Ioannides	Medium	Substantial (3 rd follow up in progress)	14	11	78%
2017/18	Saffron Valley	Eleni Ioannides	Medium	Substantial (No further follow up)	6	6	100%
2017/18	Priory	Eleni Ioannides	Medium	Substantial (1 st follow up in progress)	6	-	-
2017/18	Beaumont Primary	Eleni Ioannides	Medium	Full (No further follow up)	3	3	100%
2017/18	Archbishop Tenison	Eleni Ioannides	Medium	Full (No further follow up)	1	1	100%
School Audits Sub Total: Recommendations and implementation from audits that have had responses					235	190	81%
School Audits Sub Total: Priority 1 Recommendations from audits that have had responses					5	5	100%
Recommendations and implementation from audits that have had responses					353	275	78%
Priority 1 Recommendations from audits that have had responses					33	27	82%

Statement of Responsibility

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 06 December 2018
SUBJECT:	Anti-Fraud Update Report 1 April 18 – 31 October 2018
LEAD OFFICER:	Lisa Taylor, Director of Finance, Investment & Risk
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Resources
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT:	
<p>The work of the Audit & Anti-Fraud service helps the Council to improve its value for money by strengthening financial management and further embedding risk management. Improving value for money ensures that the Council delivers effective services contributing to the achievement of the Council’s vision and priorities. The detection of fraud and better anti-fraud awareness contribute to the perception of a law abiding Borough.</p>	
FINANCIAL SUMMARY:	
<p>The budget provision for the Anti-Fraud service for 2018/19 is £263,000 and the service is on target to be delivered within budget.</p>	
FORWARD PLAN KEY DECISION REFERENCE NO: N/A	

- 1. RECOMMENDATIONS**
- 1.1 The Committee is asked to:
- Note the Anti-Fraud activity of the Corporate Anti-Fraud Team for the period 1 April 2018 – 31 October 2018
 - Review and approve the revised Anti Fraud and Corruption Strategy (appendix 1)

2. EXECUTIVE SUMMARY

- 2.1 This report details the performance of the Council’s Corporate Anti-Fraud Team (CAFT) and includes details of the team’s performance together with an update on developments during the period 1 April 2018 – 31 October 2018.

3. DETAIL

Performance 1 April 2018 to 31 October 2018

- 3.1 The CAFT comprises 10 staff (8.9 FTEs), including investigators an Intelligence Officer and an Investigation Manager. The CAFT investigates allegations of fraud which affect the Council's business. In addition the team provides a service to the London Borough of Lambeth, as well as providing Financial Investigation services to the Merton/Kingston/Sutton Trading Standards partnership. Statistics related to the other councils that CAFT supports are not included in the figures below.
- 3.2 It has been reported previously to this committee that the CAFT was selected as a pilot to take part and help develop the London Counter Fraud Hub (LCFH), alongside Ealing, Camden and Islington councils. The ambition of the LCFH project is to see all of London matching datasets to identify discrepancy. Examples of these could be people registering housing need in more than one borough, claiming small business rate relief on more than one business or registering to vote in more than one borough. Data relating to council tax discounts, housing tenancy and business rates has now been submitted to the LCFH project and the output has been tested for the next stage, which is project evaluation. Feedback will be given once the pilot phase draws to a close.
- 3.3 There are local performance indicators that relate to the Council's anti-fraud work. The two indicators shown in table 1 below reflect the focus of the team. Table 2 shows a breakdown of these figures.

Table 1 – Key performance indicators

	ANNUAL TARGET 17/18	ANNUAL TARGET 18/19	YTD
Successful Outcomes	120	100	94
Identified Overpayments & Savings	£1,250,000	£1,250,000	£880,289

of her fraud Ms Jackson was able to buy a flat in Norbury as well as a house in Merton and throughout the trial the anti-fraud team argued that these properties were the proceeds of her crime and should be confiscated to repay some of the money stolen through the fraud. The team worked with the mortgage lenders to ensure the properties were repossessed and sold on to new owners and have now successfully argued through the court for the balance of any funds to be paid to Croydon council as compensation. In awarding the order, the Crown Court has agreed the amount of £166,839 as an 'available amount'. Of this amount £132,098 will be paid to LB Croydon, £8,235 will be paid to LB Merton and £26,505 will be paid the Dept. for Work and Pensions

4. FINANCIAL INVESTIGATIONS

4.1 The Council employs two Financial Investigators to undertake cash seizures and other financial investigations, in addition to the work undertaken for Croydon, the Council's Financial Investigators are also undertaking work for Waltham Forest and have recently been commissioned by Merton Trading Standards to provide additional support. Their investigations relate to various departments within the Councils including:

- Housing Benefit – legacy cases;
- Trading Standards - trademark and rogue trader cases;
- Planning – enforcement case;
- Licensing; and
- Internal cases

4.2 At the time of writing the Financial Investigators have 10 cases under investigation involving a total of 19 defendants. These investigations relate not only to Croydon cases, but also to a case for another council.

4.3 Financial Investigators are empowered to apply for restraint orders, which is a type of court order agreed by a judge. The order has the effect of freezing property, including money and assets anywhere in the world that may be liable to confiscation following the trial. The aim of the order is to strike a balance between keeping the defendant's assets available to satisfy any confiscation order which may be made in the event of conviction and meeting the defendant's reasonable requirements in the meantime. In these cases if there is a successful prosecution then a portion of these restrained assets will be returned to the Council. The Council's Financial Investigators currently have £110,000 of cash detained as well as 62 restraint orders in place as follows:

- 49 Bank Accounts
- 13 Properties

5. LOCAL GOVERNMENT TRANSPARENCY CODE

- 5.1 Members will be aware of the Local Government Transparency Code which requires Councils to publish data about various areas of their activities. Included in the 2014 code is detail on Counter Fraud work, most of this information has always been reported to committee; however there are some new areas which now need to be made public. These are detailed below for the period from April 2018 to 31 August 2018:

Number of occasions the Council has used powers under the Prevention of Social Housing Fraud Act	3
Total number of employees undertaking investigations and prosecutions relating to fraud	8
Total number of full time equivalent employees undertaking investigations and prosecutions of fraud	6.9
Total number of employees undertaking investigations and prosecutions of fraud who are professionally accredited counter fraud specialists	7
Total number of full time equivalent employees undertaking investigations of and prosecutions who are professionally accredited counter fraud specialists	6.1
Total number of fraud cases investigated*	215

*The number of investigations that have been closed during the period April '18 to 31 October 18.

6. REVISED ANTI-FRAUD AND CORRUPTION STRATEGY

- 6.1 The Anti Fraud and Corruption strategy is the cornerstone in the council's goal to create a hostile environment for fraud. Its purpose is to serve as a statement of intent as well as providing clear guidance to staff, members, contractors and service users on how the council will deal with allegations of fraud, theft or corruption.
- 6.2 Revisions have been limited to updating responsibilities, following service restructures since this strategy was last brought to this committee in March 2016.and can be found at the end of this report as appendix 1.

7. FINANCIAL AND RISK ASSESSMENTS

- 7.1 The budget provision for the Anti-Fraud service for 2018/19 is £263,000 and the service is on target to be delivered within budget.
- 7.2 There are no further risk assessment issues than those already detailed within the report.

(Approved by: Ian Geary, Head of Finance, Resources & Accountancy)

8. COMMENTS OF THE SOLICITOR TO THE COUNCIL

- 8.1 The Solicitor to the Council advises that there are no additional legal implications arising from this report

(Approved by Sandra Herbert Head of Litigation and Corporate, for and on behalf of Jacqueline Harris-Baker, Director of Law and Monitoring Officer)

9. HUMAN RESOURCES IMPACT

- 9.1 There are no immediate human resource considerations arising from this report for LBC employees or staff.

(Approved by: Gillian Bevan, Head of HR, Resources)

10. CUSTOMER FOCUS, EQUALITIES, ENVIRONMENTAL, CRIME AND DISORDER REDUCTION & HUMAN RIGHTS IMPACTS

- 10.1 There are no further considerations in these areas.

11. EQUALITIES IMPACT ASSESSMENT

- 11.1 An initial screening equalities impact assessment has been completed for the Anti-fraud and Corruption Policy. No further action was found to be necessary.

CONTACT OFFICER:

David Hogan (Head of Anti-Fraud)

Anti-Fraud & Corruption Strategy

1. Introduction

- 1.1 This document sets out the Council's policy and strategy in relation to fraud and corruption. It has the full support of the Council's General Purposes and Audit Committee, Governance Board and Corporate Leadership Team.
- 1.2 We are responsible for the administration of millions of pounds of public money in delivering services, assistance and paying benefits. In addition the Council is responsible for the management of various buildings and other assets. We are committed to ensuring that those funds and assets are legitimately used and only those entitled to services and benefits receive them. However, we recognise that all organisations within the public and private sector are at risk of fraud and in order to fulfil the Council's corporate strategy we will maximise the resources available to us by reducing fraud and misappropriation to a minimum.
- 1.3 The Council will not tolerate fraud or corruption by its councillors, employees, suppliers, contractors or service users and will take all necessary steps to investigate all allegations of fraud or corruption and pursue sanctions available in each case, including removal from office, dismissal and prosecution or a combination of these sanctions, we will also seek to recover losses incurred through fraud.
- 1.4 Central to this, we have a dedicated Corporate Anti Fraud Team who will investigate allegations of fraud and corruption across all Council service areas. The Corporate Anti Fraud Team includes a Financial Investigator whose role is to recover losses and make sure any person(s) defrauding the Council does not benefit from their ill-gotten gains. Our strategy is based upon three key themes as identified by the Local Government Association in 'Fighting Fraud Locally' they are:
 - Acknowledge;
 - Prevent;
 - Pursue
- 1.5 These themes exist within the overall context of an Anti-Fraud Culture promoted by the Council through its leaders, governance arrangements and general approach to fraud and corruption.
- 1.6 This Anti-Fraud and Corruption Strategy summarises the Council's position, building on the content of a number of corporate policy statements, including:
 - Members Code of Conduct;
 - Officers Code of Conduct;
 - Whistle-blowing Policy;

- Anti Money Laundering Policy;
- Anti Bribery Policy;
- Financial Regulations;
- Procurement Handbook and Contract Regulations; and
- The Investigation of Financial Irregularities procedure

1.7 Overarching the above policies is the fact that Council Members and Officers are expected to adopt the highest standards of propriety and to follow the 'Nolan' principles of public life which are:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

2. Defining Fraud - What is fraud?

2.1 The Fraud Act 2006 details the legal definitions of fraud, and is used for the criminal prosecution of most fraud offences. The Council also deals with fraud in non-criminal matters. For the purposes of this Strategy fraud is defined as: A dishonest action designed to facilitate gain (personally or for another) at the expense of the Council, the residents of the borough or the wider national community.

2.2 The definition covers various offences including: deception, forgery, theft, misappropriation, collusion and misrepresentation. Although use in this context is not intended to limit the full use of the Fraud Act 2006 in the investigation and prosecution, by the Council, of any offences.

What is Corruption?

2.3 Corruption is the offering or acceptance of inducements designed to influence official action or decision-making. These inducements can take many forms including cash, holidays, event tickets, meals, etc.

2.4 The Bribery Act 2010 creates offences relating to Bribery and the Council's stance with regard to bribery is outlined in the Anti-Bribery Policy

What is Theft?

2.5 The Theft Act 1968 details the legal definition of theft. For the purposes of this Strategy theft is defined as the taking without consent and with the intention of not returning any property belonging to the Council or which has been entrusted to it e.g. client funds), including cash, equipment, vehicles, data, etc.

- 2.6 Theft does not necessarily require fraud to be committed. Theft can also include the taking of property belonging to our staff or Members whilst on Council property.

What is Financial Malpractice/Irregularity?

- 2.7 This term is used to describe any actions that represent a deliberate serious breach of accounting principles, financial regulations or any of the Council's financial governance arrangements. They do not have to result in personal gain.

3. Statement of Intent and Strategy

- 3.1 We recognise that dealing with fraud is important and that it has a duty to Council Tax payers and Central Government to ensure that all public funds are administered correctly.
- 3.2 Our strategy combating fraud and corruption is made up of the following key elements:

Acknowledge

We acknowledge that as an organisation we are at risk of fraud and will seek to understand our fraud risks, we will:

- Maintain a Corporate Anti Fraud Team whose members are trained and qualified to the level of Accredited Counter Fraud Officers;
- Maintain a Financial Investigation capability qualified in accordance with the Proceeds of Crime Act 2008;

Prevent

- 3.3 Council recognises that fraud and corruption are costly, both in terms of financial losses and reputational risk. The prevention and detection of fraud is therefore a key objective of the authority. The Internal Audit Team and the Corporate Anti Fraud Team work side by side to provide the Council's audit and fraud investigation functions. They employ a multi-disciplinary approach that includes pro-active work determined by a formal risk assessment. In addition the team are free to work with other agencies in pursuance of the Council's anti-fraud aims. In addition the prevention and detection includes a commitment to:
- Seek to promote an anti-fraud culture across the community by publicising the impact of fraud on the community. We will also seek to assist our partners and stakeholders to understand and reduce the threats of fraud. Furthermore we will seek to deter fraudsters through specific publicity and general campaigns.
 - Publicise counter fraud work to the widest possible audience and all successful prosecutions will be reported to the media;
 - Undertake data matching with other Local Authorities and relevant external organisations to pro-actively identify fraudulent activity.

- Continue to subscribe to and work with the National Anti - Fraud Network (NAFN) to ensure it has access to all intelligence sources to combat fraud and corruption.
- Operate a Whistleblowing policy to ensure concerns of internal probity can be raised and this policy is operated in accordance with the Public Disclosure at Work Act to ensure protection for those who come forward.
- Prevent fraud from entering the system in the first place by ensuring that all appropriate staff receive fraud awareness training.

Pursue

The Council will take a strong approach to punishing fraud and recovering fraud losses:

- In cases where fraud is discovered we will take criminal, civil or disciplinary action or a combination of these. Decisions will be based on our HR policies and the Code for Crown Prosecutors which includes the evidential and public interest tests for prosecution;
- In all appropriate cases of fraud or corruption recovery action will be taken to ensure the money is returned to us, this may include civil recovery methods or recovery through criminal proceedings using the Proceeds of Crime Act where appropriate.
- The Corporate Anti - Fraud Team will continue to work in partnership with other organisations such as the Department for Work and Pensions, the Home Office and the Metropolitan Police.

4. Responsibilities

Corporate Responsibilities

- 4.1 The Council is committed to the maintenance of a robust framework of procedures and policies, which if adhered to, will prevent fraud. The whistle blowing process and fraud hotline bolster these processes by being a deterrent to fraudulent activity and provide the means for reporting or detecting fraud or corruption.
- 4.2 The endorsement of this strategy sends a clear message that fraud against the Council will not be tolerated and where reported it will be investigated and where identified will be dealt with in a professional and timely manner using the strongest punishment available in accordance with available guidance. In addition restitution will always be sought for the loss incurred. Through the creation and enhancement of a strong Anti-Fraud Culture the Council aims to deter potential perpetrators from targeting its finances and services. Within the corporate framework there are a number of facets that exist to protect the Council against fraud. These include:
- The Constitution, Financial Regulations, and the Scheme of Delegation;
 - An established committee fulfilling the role of an Audit Committee;
 - An established Ethics Committee and an adopted code of conduct for Members;
 - Statutory responsibility for the oversight of all financial and legal affairs;

- Declaration of interest and gifts and hospitality procedures for Members and Officers;
- Effective employee vetting procedures - recruitment checks and CRB where appropriate and a detailed staff Code of Conduct;
- Internal controls regularly reviewed and annually certificated by directors;
- Periodic checks by Internal Audit in line with a risk based Audit Plan;
- *A confidential reporting code (Whistle-blowing procedure);*
- A Complaints procedure available to the public;
- An External Audit;
- A Corporate Anti-Fraud Team and Financial Investigator;
- Participation in the National Fraud Initiative, and membership to the National Anti Fraud Network; and
- Webpages on the intranet offering governance and Anti-Fraud advice and training to employees.

Councillor Responsibilities

- 4.3 The Council's Members lead by example at all times, maintaining the highest standards of probity, honesty, integrity and accountability in their dealings. This expectation is detailed in the Council's Constitution under the Members Code of Conduct, available on the Council's internet and intranet sites.
- 4.4 Councillors are required to declare any potential conflicts of interest that could be deemed to impact on the way they perform their roles. Councillors are also required to register any gifts or hospitality offered or received over a given value.

Manager Responsibilities

- 4.5 Managers are responsible for ensuring that adequate systems of internal control exist within their areas of responsibility and that these controls, checks and supervision operate in such a way as to prevent or detect fraudulent activity. The primary responsibility for the prevention and detection of fraud, therefore, rests with managers who are required to assess the types of risks and scope for potential internal and external frauds associated with the operations in their area. Internal Audit undertake independent assessments of the key risks and associated controls within systems across the Council.
- 4.6 Managers will ensure that staff receive training in 'Fraud Awareness'. The level and extent of this will depend on the work that individual employees carry out. When employees are an integral part of the control framework, it is crucial they are regularly reminded of fraud and risk issues.
- 4.7 Managers are required to report all instances of suspected, reported or detected fraud to the Head of Anti Fraud or the Head of Internal Audit, who will offer advice on the best approach to each incident. This ensures that there is a consistent and co-ordinated professional approach to all investigations and that the associated procedures are fully compliant with legislation.

Employee Responsibilities

- 4.8 Members of staff are a very important element in the Council's efforts to combat fraud and corruption. The Officers' Code of Conduct explains the requirement for all staff to be vigilant and describes how they should raise any concerns they may have.
- 4.9 The Code requires that employees report their suspicions or knowledge of any possible fraud or corruption to their Line Manager. Where an employee feels unable to use this route they are expected to report to their Head of Service or independently to the Head of Anti Fraud.
- 4.10 Through its Whistle-blowing Policy the Council provides employees with the means to report instances of suspected fraud, corruption or breaches of the Council's policies. The policy offers employees protection from recrimination and allows them anonymity if they so choose.

Contractor Responsibilities

- 4.11 The Council expects all contractors it has dealings with to act with complete honesty and integrity in all dealings with the Council, its service users and residents. The Council requires the employees of contractors to report any suspicions or knowledge they may have in relation to fraud and/or corruption against the Council. Contractors or their employees may report all concerns to the Council's client-side staff who will in turn report the matter to the appropriate line manager or they may make a report using the Council's whistle blowing policy.

Internal Audit and Corporate Anti Fraud Team Responsibilities

- 4.12 As part of the Council's system of internal control the Internal Audit team are required to undertake a risk-based assessment of all major systems operating across the Council and undertake an agreed plan of audits to test the controls in place.
- 4.13 The Council provides an Anti-Fraud function to facilitate the identification and subsequent investigation of alleged acts of fraud or corruption. Where such an investigation identifies a weakness in internal controls, the anti fraud team will advise the internal audit team so that this risk can be considered within the audit plan
- 4.14 The Head of Anti Fraud is responsible for making appropriate arrangements to co-ordinate the Council's work on the Audit Commission's National Fraud Initiatives, ensuring the council meets this statutory obligation and to undertake internal data matching across council systems.
- 4.15 The Head of Anti Fraud will advise Directors of all instances of reported or detected fraud or corruption in their service area and where appropriate undertake any subsequent investigation.

- 4.16 The Head of Anti Fraud is responsible for reporting to and liaising with the local police on individual cases and for issuing guidance to members and management in relation to fraud and corruption related legislation and procedures.

General Public – Responsibilities

- 4.17 The Council's expectation is that residents, service users and other members of the public will not tolerate abuse of the Council's assets or services. They are therefore encouraged to report any suspicions or knowledge they may have regarding any acts of fraud and corruption being perpetrated against the Council.
- 4.18 The public are made aware of the Corporate Anti Fraud Team's hotline, which is supported by an on-line report form, an investigation mailbox and appropriate media campaigns including handouts and posters. The contact numbers/ addresses are secure and all referrals are treated professionally and in confidence.

5. Reporting a Fraud

- 5.1 The telephone numbers/email addresses to report of concerns relating to fraud corruption or other financial irregularities to are:
- The Corporate Anti Fraud Team on 020 8760 5645
 - Internal Audit on 020 8760 5771
 - Protect (formerly Public Concern at Work) Tel: 0207 404 6609 (whistleblowing, employees only)

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REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 06 December 2018
SUBJECT:	Corporate Risk Register
LEAD OFFICER:	Executive Director of Resources & S151 Officer
CABINET MEMBER	Councillor Simon Hall, Cabinet Member for Finance and Resources
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT:	
<p>This report presents the corporate risk register as at December 2018 as part of the General Purposes and Audit Committee's role of overseeing the risk management framework and receiving assurance that significant corporate (Red) risks are identified and mitigated by the organisation. This process will ensure that the risk management function will continue to contribute to the achievement of the Council's vision, key priorities and objectives.</p> <p>In line with the Council's commitment to openness and transparency, the corporate risk report will appear in Part A of the agenda unless there is specific justification for any individual entries being considered under Part B (set out under Paragraph 3 of Schedule 12A of the Local Government Act 1972 as amended).</p>	
FINANCIAL SUMMARY: No additional direct financial implications.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1.1 RECOMMENDATIONS

The Committee is asked to:

Note the contents of the corporate risk register as at 06 December 2018

2. EXECUTIVE SUMMARY

- 2.1 The report updates the General Purposes & Audit Committee Members on the corporate risk register (the register) as at December 2018.

3. DETAIL

Risk Register Report

- 3.1 The register presented details all the current corporate risks rated at a total risk score of 20 and above (Red Risks).
- 3.2 Since the register was last considered by Members, no risks have been escalated
- 3.3 There have been no risk(s) de-escalated since the report was last considered by Members
- 3.4 In line with the Council's commitment to openness and transparency, the register will appear with the corporate risk report in Part A of the agenda unless, in accordance with the Access to Information Procedure Rules in the Council's Constitution there is specific justification for any individual entries being considered under Part B (set out under Paragraph 3 of Schedule 12A of the Local Government Act 1972 as amended).
- 3.5 It should be noted that some of the grounds for exemption from public access are absolute. However, for others such as that in para.3, 'Information relating to the financial or business affairs of any particular person (including the authority holding that information)', deciding in which part of the agenda they will appear, is subject to the further test of whether, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

4. FINANCIAL CONSIDERATIONS

- 4.1 There are no additional financial considerations arising from this report.

(Approved by Lisa Taylor – Director of Finance, Investment & Risk and Deputy S151 Officer)

5. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 5.1 The Council Solicitor advises that there are no additional legal considerations arising from this report.

(Approved by: Jacqueline Harris-Baker, Director of Law & Monitoring Officer)

6. HUMAN RESOURCES IMPACT

- 6.1 There are no additional Human Resources implications arising from this report.

(Approved by: Sue Moorman, Director of HR)

7. EQUALITIES, ENVIRONMENTAL AND CRIME AND DISORDER REDUCTION IMPACTS

7.1 None

8. RISK ASSESSMENT

8.1 No further risk issues other than those detailed in the report.

8.2 The corporate Risk Management Team (RMT) incorporates a '**horizon scan**' strategy in respect of the risk management activities undertaken as part of the Council's Risk Management Framework.

8.3 The horizon scan strategy is implemented through the distillation of cross – organisational & external professional networks maintained by the RMT. This strategy incorporates a multi-faceted approach including:

- Intelligence sharing (especially in respect of significant events / incidents) with other local authorities such as the Local Government Association;
- Collaborative working particularly the London Boroughs network, London Councils and the Greater London Authority;
- Research conducted via professional and generic media mechanisms for example The Association of Local Authority Risk Mangers, CIPFA;
- Regular attendance at DMT's / DLT's on a quarterly basis;
- Participation in the relevant 'working group' activities / projects for example major systems implementation such as Oracle Cloud, or policy/legislative change implementation such as IR35 compliance; and
- The ability to 'add value' and strategic direction and guidance is an integral aspect of the risk management consultancy available to senior officers.

9. FREEDOM OF INFORMATION/DATA PROTECTION CONSIDERATIONS

9.1 Information contained in the Council's Risk register or held in relation to the Council's risk management procedures may be accessible under the Freedom of Information Act subject to the application of any relevant exemptions, such as commercial sensitivity and whether disclosure was in the 'public interest'.

CONTACT OFFICER:

Malcolm Davies,
Head of Risk & Corporate Programme Office
Ext 50005

BACKGROUND DOCUMENTS:

Appendix 1 Corporate Risk Register

Appendix 1: Corporate Risk Register Red Risks

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current Risk Rating			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
EHSC0001 Segurola, Philip	<p>Despite a stabilisation in the number of unaccompanied asylum seeking children over the last 18 months, the number remains significantly higher than the national average. Additionally, LB Croydon plays a key role in supporting the National Transfer Scheme, though is not in control of that Scheme. Additionally a separate scheme, the Pan London Protocol supports the distribution of UASC across London. Currently 28 of the 32 London Boroughs have more UASC than the accepted National Transfer Scheme Threshold. The remainder are close to the threshold meaning that there is a risk that the protocol could collapse.</p> <p>The National Transfer Scheme is a voluntary scheme and Local Authorities nationally are not obliged to take UASC from the scheme into their care.</p> <p>Should either the National Transfer Scheme or the Pan London Protocol fail, the number of UASC in Croydon's care will rise significantly with a direct impact on Croydon's services generally and Children's services in particular and further budget pressures resulting.</p> <p>The relevant parts of the Immigration Act have not been enacted by Central Government.</p> <p>" There are additional risks arising from Government proposals for Dublin 3 family reunification's where children in EU states have siblings/parents in the UK"</p> <p>(Risk reviewed, amended and accepted at DLT 13/09/2018).</p>	<p>- Significant service and staff resources pressures, with pressures on placement supply in-house and in the independent sector, and pressures on school places and LAC health services.</p> <p>- Impact on Council revenue budgets as a result of insufficient funding, especially as the Home Office have failed to increase the funding rates for 18/19.</p>	Henderson, Robert Children Families & Education	<p>Continued work with the Association of London Directors of Children's Services to collectively support the National Transfer Scheme and the work of the Pan London Protocol.</p> <p>Continued work with the Home Office to ensure that only appropriate young people are placed.</p> <p>Emphasis on wider negotiation of fair funding arrangements for Croydon</p> <p>Financial implication / impact for 2018/19 financial year on-going scoping of financial risk / impact for each quarter, with 18/19 rates now confirmed.</p> <p>Implementation of the National Transfer Scheme</p> <p>Increased use of the rota to place young people in other boroughs</p>	5	5	25	<p>Further engagement with Home office and Association of Directors of Children Social Services</p> <p>Service redesign in accordance with Immigration Act requirements. Ongoing work to ensure compliance and ensure opportunities are utilised through a formal system for dispersing unaccompanied child migrants as introduced by central government.</p>	5	4	20

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current Risk Rating			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
				The Council has held meetings with the Immigration Minister and others in Home Office. Ongoing correspondence, conversations and clarifications with Home Office taking place, but response is very slow.							
EHSC0012 Segurola, Philip	<p>The pace of change to achieve the improvement plan outcomes and the journey to a rating of 'Good' is too slow or not achieved, following the OFSTED inspection of 'Services for children in need of help and protection and children looked after and care leavers' which judged the Council's Children's Services as 'inadequate'.</p> <p>Furthermore there is an additional risk that OFSTED's quarterly monitoring visits report that children and families continue to receive an inadequate service or that management grip is weak and so children and young people are not effectively safeguarded.</p> <p>(Risk reviewed, amended and accepted at DLT 13/09/2018).</p>	<p>- Reputational damage, which has a severe impact on the Council's ability to recruit and retain high quality, skilled staff</p> <p>- Children and young people at risk of significant and serious harm, because children in need of help and protection and children looked after by the Local Authority do not have sufficiently robust care plans and services to meet their needs and keep them safe.</p> <p>- Financial cost of implementing wide ranging changes</p> <p>- Increased referrals to children's social care from across partners, leading to unacceptably high workloads, poor service and associated financial pressures.</p> <p>- Media scrutiny.</p> <p>- Political scrutiny and activity.</p>	Henderson, Robert Children Families & Education	<p>A strong programme management approach to preparations for monitoring visits is built upon an accurate and robust assessment of the quality of practice, areas that still need improvement and credible plans to tackle identified weaknesses.</p> <p>Additional £10.9M investment into base budget in 2018-19.</p> <p>CSCB currently ensuring the development of a partnership early help strategy and more robust partnership early help offer in place.</p> <p>Implementation of new early help programme</p> <p>Implementation of new early help programme - update presented to Cabinet 24/09/2018.</p>	5	5	25	New Director to be in place Jan 2019	5	3	15

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current Risk Rating			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
				<p>Implementation of the improvement plan which includes priorities on the recruitment and retention of staff in the immediate and medium term. Improved performance management and quality assurance arrangements.</p> <p>Improvement Plan refreshed in November 2018 focusses on a small number of key priority areas, including recruitment and retention of staff, improving management grip, improving the quality of plans and planning, and creating the climate for good social work to flourish.</p> <p>Increased transformation funding made available in 18/19</p> <p>Independent chair of the Children's Improvement Board challenges performance and progress.</p> <p>Intensive Peer Support plans agreed with Camden Council, a children's services department rated 'good' and DFE accredited Partner in Practice.</p>							

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current Risk Rating			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
				<p>Latest OFSTED Review published Nov 2018 demonstrates continued progress</p> <p>Locality based and preventative approach bringing results. Gateway model embedded with single point of contact approach</p> <p>Permanent Executive Director now in place</p> <p>Targeted increased capacity through dedicated interim teams to relieve the pressure of increased demand, reduce caseloads to manageable levels and ensure no child's needs are unmet.</p>							

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current Risk Rating			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
RCSCFS0001 Simpson, Richard	<p>Demand/budget gap is not bridged without the need for additional cuts to services as the Council faces continued significant reductions in its grant funding, during the period 2018 to 2020 with future funding beyond 2019/20 remaining unknown pending the current ongoing fair funding review. These reductions are imposed whilst the Council experiences a continuous rising demand for service provision and growth in population. The results of the Children's Services OFSTED inspection (June / July 2017) places greater risk on Council budgets due to the need for greater investment in this service with over £10m having been invested in Children's Services in 2018/19.</p> <p>Quarter 1 (2018/19) year end forecast overspend is £2.599m. This includes £1.1m of costs relating to UASC, which the Home Office are still not engaging with Croydon to resolve. Costs could increase further if demand rises above expected volumes. Overspends will need to be funded from reserves reducing them.</p> <p>Risk entry reviewed, amended and accepted at DLT 13/09/2018).</p>	<p>- Insufficient resources may lead to inability to meet needs and political aspirations. Potential inability to meet statutory responsibilities in times of increasing demand through changing demographics, for example mental health services, older people's services, children's services and housing.</p> <p>- Damage to reputation and service risk.</p> <p>- Reduction in resources.</p> <p>- Erosion of reserves.</p> <p>- Risk of failure to balance Budget and failure to maintain capital investment strategy in infrastructure.</p> <p>(Strategic objective alignment: Enabling)</p>	Simpson, Richard Resources Department	<p>a. Corporate Plan aligned to MTFS to ensure priorities align with resources</p> <p>b. MTFS 2018/22 presented to cabinet (September 2018), setting out future budget requirements.</p> <p>c. Quarterly financial monitoring with additional controls in respect of Adult and Children Social care, where the high risk areas are monitored monthly.</p> <p>d. Regular monitoring of all reserves including Transformation Projects for both service delivery and financial savings.</p> <p>e. Developing 2019/20 budget in conjunction with MTFS assumptions, including a review of all savings and growth options presented to Cabinet and full council.</p> <p>f. Responded to the technical consultation regarding the Fair Funding Review.</p> <p>g. Continued implementation of the Children's Improvement Plan.</p>	5	5	25	<p>a. Continue to implement all Savings & Transformation projects to ensure delivery.</p> <p>b. Continued work on savings options with CLT / ELT and Cabinet for both the current year and future years.</p> <p>c. Focus on preventative measures and early intervention particularly with identified top high cost families</p> <p>d. Children's Social Care - continued implementation of The Improvement Plan.</p> <p>e. Adult Social Care - review of service delivery and review of all contracts.</p> <p>f. Regular review and refresh of MTFS including review of all fees and charges.</p> <p>g. Continued active engagement in fair funding review.</p> <p>h. Continued Home Office lobbying for fair UASC funding.</p> <p>i. Extending the Gateway & Family Link Service.</p>	5	4	20

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current Risk Rating			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
				<p>h. SEN Transport - Continued review of service operating model to drive efficiencies. This includes the continued use of independent travel.</p> <p>i. Development of a 5 year financial model to continue to manage SEN Transport costs.</p> <p>j. Continued delivery of Gateway & Family Link Service.</p>				j. SEN Transport - development & implementation of full cost saving programme including policy changes where the Council has discretion.			
ASC0001 McPartland, Annette	<p>Social Care market supply disruption leading to market failure and inability to fulfil statutory requirements.</p> <p>Situation nationally has deteriorated so likelihood is very high. Market failure has become more common, increased by 82% nationally.</p> <p>Risk is jointly owned with Commissioning & Procurement (Jenny Beasley)</p> <p>(Risk reviewed at DMT 15/11/2018 - DMT request Exec Director confirm ownership with Director of C&P).</p>	<p>- Reduction in choice.</p> <p>- Failure to meet service user needs.</p> <p>- Delayed discharge from hospital.</p> <p>- Increase budget pressure.</p> <p>- Reduced quality of provision.</p> <p>- Increase in safeguarding concerns.</p> <p>- Increase number of providers within the provider concerns process.</p> <p>- Increases in delays or overpayments to providers.</p> <p>- Increase pressure on all internal services.</p>	Van Dichele, Guy Health, Wellbeing & Adult Services	<p>a. 2017/18 internal audit findings completed & implemented.</p> <p>b. Brokerage and Placements Quality Assurance.</p> <p>c. Inflation strategy in place to manage fees paid.</p> <p>d. Integrated Framework Agreement extension.</p> <p>e. Pan London provider concern's process managed by safeguarding team.</p> <p>f. Market management by Contract monitoring team.</p> <p>g. ADASS Pan London minimum standards programme adopted.</p> <p>h. One Croydon Alliance Commissioning strategy ongoing implementation.</p>	5	4	20	<p>a. A joint micro commissioning and market management process for all Alliance partners.</p> <p>b. Refreshed Market position statement.</p> <p>c. Restructured contract & market management function with increased number of monitors.</p> <p>d. Bring Services 'in-house' where appropriate.</p> <p>e. Create more 'Supported Living' capacity.</p>	5	3	15

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current Risk Rating			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
				i. Right Cost of Care exercise by KPMG. j. Croydon Dynamic Purchasing and e-market system commissioned September 2018.							
EHSC0007 Segurola, Philip	Dependency in Children's services on interim resources and challenges of recruiting coupled with significant capacity and resourcing pressures and impact of service reorganisations results in lack of stable, high performing workforce. Risk of not achieving 'Good'. This is linked to risk ref: EHSC0012 (Risk reviewed, amended and accepted at DLT 13/09/2018).	- Managers and staff working excessive hours. - Loss of key members of staff and inability to recruit and retain good quality candidates for vacant posts and reduce reliance on agency personnel. - Poor decision making, performance and inability to deliver service transformation.	Henderson, Robert Children Families & Education	Further progress has been made in the conversion of locums to permanent staff as at Dec 2018 Recruiting to vacancies: a detailed monthly analysis is identified by a workforce report. Recruitment campaigns are targeted to teams which identify unfilled vacancies and agency workers. Roles are advertised via Community Care which has a readership of social care professionals. In addition Croydon is attending a London recruitment event (September 2018).	4	5	20	Implement recruitment and retention policy: implementation of the recruitment & retention policy is underway which includes learning and development career pathways, retention payment for Social Workers in hard to fill teams with payment in 2 instalments. There is a strategic approach to recruitment & retention which including benchmarking against other Local authorities, analysing exit interview data as well as monitoring sickness absence and 1:1 supervisions. Work with HR to promote more strategic approach to recruitment Croydon experience significant difficulties recruiting and competing in London	4	4	16

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current Risk Rating			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
EHSC0010 Segurola, Philip	<p>Risk of exploitation of young people in the Borough particularly in relation to peer on peer and gang activities and children missing from home and care.</p> <p>(Risk reviewed, amended and accepted at DLT 13/09/2018).</p>	<p>- Children feeling and being unsafe/becoming victims or perpetrators of crime</p> <p>- Significant risk of harm to young people in the Borough through exploitation (sexual and criminal), being missing and/or trafficked or caught up in crime</p> <p>- Risk of harm to Croydon children placed away from Croydon without prevention, disruption and protection activity.</p>	Henderson, Robert Children Families & Education	<p>a. Choose Life campaign.</p> <p>b. Partnership working with the police and other agencies</p> <p>c. Strategy meetings for children who are missing or being exploited, weekly high risk missing meetings, strategic monthly missing panel and MACE (multi-agency exploitation panel).</p> <p>d. Focused work with our schools around gangs and County Lines.</p> <p>e. Investment in a data analyst to understand the underlying issues and themes emerging so targeted preventative working can be developed.</p> <p>f. Investment made in expanding the team to complete return home interviews.</p> <p>g. Much improved single performance and data report available now.</p> <p>h. Recently established an adolescent service within Children's Social Care incorporating the Working Gangs Team, Youth Offending Team and the Child Exploitation Team.</p>	5	4	20	<p>a. Greater awareness and robust actions by all partners.</p> <p>b. Restructured Child Exploitation and Missing approach in place and reporting to the Safeguarding Children Board.</p> <p>c. Robust and reliable data as well as children's feedback to be analysed on a regular basis (to include: increase in Return Home Interviews, less repeat missing children, realistic National Referral Mechanism (NRM) referral rate, realistic number of children tracked at risk of criminal and sexual exploitation and risks reducing).</p> <p>d. Work with other local authorities to reduce placements of vulnerable children in Croydon.</p> <p>e. Working with the Head of Service responsible for Community Safety to review overall strategy</p> <p>f. Implementation of the 'Glasgow Public Health' approach to managing violence.</p>	5	3	15

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current Risk Rating			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
								g. The mayor's violence reduction unit expected to deliver further targeted services in this area.			

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REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 6 DECEMBER 2018
SUBJECT:	COUNCIL MEETING DATES 2019/20
LEAD OFFICER:	JACQUELINE HARRIS BAKER DIRECTOR OF LAW AND GOVERNANCE
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:	
The dates for full Council are proposed to facilitate early production of the Council diary and to enable future planning of Council business for the 2019/20 Municipal Year.	
FINANCIAL IMPACT:	
There are no financial implications arising from this report.	

1.	RECOMMENDATIONS
	The Committee is asked to:
1.1	Approve on behalf of the Council the schedule of Full Council meeting dates for 2019/2020 as detailed in paragraph 3.2 of the report;
1.2	Note the schedule of Cabinet meeting dates for 2019/20 as detailed in paragraph 3.3 of the report; and
1.3	Note the proposed schedule of remaining meeting dates for 2019/20 as detailed in Appendix 1.

2. EXECUTIVE SUMMARY

2.1 Members are asked to consider for approval and noting respectively the proposed schedule of dates for Council and Cabinet Meetings for the Council year 2019/20. The early approval of these dates will facilitate the publication of the Council Diary.

3. DETAIL

3.1 The Council's Constitution stipulates at paragraph three of Part 4A that seven meetings of the Full Council including Annual and Council Tax meetings shall be held in each year. The Annual meeting is held in May.

3.2 Paragraph 3.1 of the Council Procedure Rules, Part 4A of the Council's Constitution, state that responsibility to determine the dates of the ordinary Full Council meetings rests with the General Purposes and Audit Committee. The proposed dates for consideration for the Council year 2019/20 are listed below:

- Wednesday 20 May 2019 (Annual Council)
- Monday 8 July 2019
- Monday 7 October 2019
- Monday 2 December 2019
- Monday 27 January 2020
- Monday 2 March 2020 (Council Tax meeting)
- Monday 30 March 2020
- Monday 18 May 2020 (indicative date for Annual Council 2019)

3.3 In accordance with paragraph 1.5(a) of Part 4D of the Constitution, Cabinet meeting dates are set by the Leader of the Council. The Committee is asked to note the following Cabinet meeting dates that have been agreed by the Leader:

- Tuesday 7 May 2019
- Monday 10 June 2019
- Monday 15 July 2019
- Monday 16 September 2019
- Monday 14 October 2019
- Monday 18 November 2019
- Monday 9 December 2019
- Monday 20 January 2020
- Monday 24 February 2020
- Monday 23 March 2020
- Monday 11 May 2020

3.4 Appendix 1 to the report details all the proposed meeting dates for 2019/20, including Committees, Sub-Committees and panels. While the Committee is not required to formally approve these dates, they are being circulated early for Members' convenience.

4. CONSULTATION

4.1 The dates proposed in this report are based on a number of considerations. These include showing consideration to statutory requirements such as the setting of the Council Tax and the annual statement of accounts and the need to avoid school holiday dates. The dates are otherwise set by reference to the Municipal year which runs from May to May and the financial year which runs from 1 April to 31 March.

4.2 There has been consultation with Members from both Groups on the dates proposed in this report.

5. LEGAL CONSIDERATIONS

5.1 Schedule 12 of the Local Government Act 1972 requires the Council to hold an annual meeting and such other meetings as it may determine.

6. EQUALITIES IMPACT

- 6.1 Consideration to the timing of school holiday dates has been made when setting the proposed dates. Caring responsibilities of Members and staff impact on their ability to attend meetings during school holidays.

CONTACT OFFICER: Annette Wiles, Senior Democratic Services and Governance Officer – Council & Regulatory
020 8752 6000 x64877
annette.wiles@croydon.gov.uk

BACKGROUND DOCUMENTS: None

APPENDICES: Appendix 1 – Council Diary 2018/19

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Date		Meeting	Notes
Monday	29 April 2019		
Tuesday	30 April 2019	SCRUTINY & OVERVIEW COMMITTEE	
Wednesday	01 May 2019	LABOUR GROUP	
Thursday	02 May 2019	TRAFFIC MANAGEMENT ADVISORY COMMITTEE	
Friday	03 May 2019		
Monday	06 May 2019		Bank Holiday
Tuesday	07 May 2019	CABINET	
		LABOUR GROUP	
Thursday	09 May 2019	PLANNING COMMITTEE	Date scheduled (MG)
Friday	10 May 2019		
Monday	13 May 2019		
Tuesday	14 May 2019		
Wednesday	15 May 2019		
Thursday	16 May 2019		
Friday	17 May 2019		
Monday	20 May 2019	ANNUAL COUNCIL	
Tuesday	21 May 2019		
Wednesday	22 May 2019		
Thursday	23 May 2019		
Friday	24 May 2019		
Monday	27 May 2019		Bank Holiday
Tuesday	28 May 2019	INFORMAL CABINET	Half Term
Wednesday	29 May 2019		Half Term
Thursday	30 May 2019		Half Term
Friday	31 May 2019		Half Term
Monday	03 June 2019		
Tuesday	04 June 2019	PENSION COMMITTEE CYCLE FORUM	10am
Wednesday	05 June 2019		
Thursday	06 June 2019	PLANNING COMMITTEE	
Friday	07 June 2019		
Monday	10 June 2019	CABINET	
Tuesday	11 June 2019	SCRUTINY & OVERVIEW COMMITTEE	
Wednesday	12 June 2019	SAFER NEIGHBOURHOOD BOARD	
Thursday	13 June 2019		
Friday	14 June 2019		
Monday	17 June 2019		
Tuesday	18 June 2019	PUBLIC TRANSPORT LIAISON PANEL SCRUTINY CHILDREN & YOUNG PEOPLE SUB-COMMITTEE	10am
Wednesday	19 June 2019	HEALTH & WELLBEING BOARD	2pm
Thursday	20 June 2019	PLANNING COMMITTEE	
Friday	21 June 2019		
Monday	24 June 2019		
Tuesday	25 June 2019	SCRUTINY HEALTH & SOCIAL CARE SUB-COMMITTEE	
Wednesday	26 June 2019	LICENSING COMMITTEE SOUTH LONDON WASTE PARTNERSHIP JOINT COMMITTEE ADULT SOCIAL SERVICES REVIEW PANEL	
Thursday	27 June 2019		
Friday	28 June 2019		
Monday	01 July 2019	INFORMAL CABINET	

Tuesday	02 July 2019	SCRUTINY STREETS, ENVIRONMENT & HOMES SUB-COMMITTEE	
		TENANTS & LEASEHOLDERS PANEL	
Wednesday	03 July 2019	CORPORATE PARENTING PANEL	
		LABOUR GROUP	
Thursday	04 July 2019	PLANNING COMMITTEE	
Friday	05 July 2019		
Monday	08 July 2019	COUNCIL	
Wednesday	10 July 2019	TRAFFIC MANAGEMENT ADVISORY COMMITTEE	
Thursday	11 July 2019	PENSION BOARD	2pm
Friday	12 July 2019		
Monday	15 July 2019	CABINET	
Tuesday	16 July 2019	SCRUTINY & OVERVIEW COMMITTEE	
Wednesday	17 July 2019		
Thursday	18 July 2019	PLANNING COMMITTEE	
Friday	19 July 2019		
Monday	22 July 2019		
Tuesday	23 July 2019	GENERAL PURPOSES AND AUDIT COMMITTEE	
Wednesday	24 July 2019		School Holiday
Thursday	25 July 2019		School Holiday
Friday	26 July 2019		School Holiday
Monday	29 July 2019		School Holiday
Tuesday	30 July 2019		School Holiday
Wednesday	31 July 2019		School Holiday
Thursday	01 August 2019	PLANNING COMMITTEE	School Holiday
Friday	02 August 2019		School Holiday
Monday	05 August 2019		School Holiday
Tuesday	06 August 2019		School Holiday
Wednesday	07 August 2019		School Holiday
Thursday	08 August 2019		School Holiday
Friday	09 August 2019		School Holiday
Monday	12 August 2019		School Holiday
Tuesday	13 August 2019		School Holiday
Wednesday	14 August 2019		School Holiday
Thursday	15 August 2019	PLANNING COMMITTEE	School Holiday
Friday	16 August 2019		School Holiday
Monday	19 August 2019		School Holiday
Tuesday	20 August 2019		School Holiday
Wednesday	21 August 2019		School Holiday
Thursday	22 August 2019		School Holiday
Friday	23 August 2019		School Holiday
Monday	26 August 2019		Bank Holiday
Tuesday	27 August 2019		School Holiday
Wednesday	28 August 2019		School Holiday
Thursday	29 August 2019	PLANNING COMMITTEE	School Holiday
Friday	30 August 2019		School Holiday
Monday	02 September 2019		School Holiday
Tuesday	03 September 2019	INFORMAL CABINET	
Wednesday	04 September 2019	SAFER NEIGHBOURHOOD BOARD	
Thursday	05 September 2019	CORPORATE PARENTING PANEL	
Friday	06 September 2019		
Monday	09 September 2019		
Tuesday	10 September 2019	SCRUTINY & OVERVIEW COMMITTEE	

Wednesday	11 September 2019	LICENSING COMMITTEE	
		SOUTH LONDON WASTE PARTNERSHIP JOINT COMMITTEE	
Thursday	12 September 2019	PLANNING COMMITTEE	
Friday	13 September 2019		
Monday	16 September 2019	CABINET	
Tuesday	17 September 2019	PENSION COMMITTEE	10am
		SCRUTINY CHILDREN & YOUNG PEOPLE SUB-COMMITTEE	
		GENERAL PURPOSES AND AUDIT COMMITTEE	
Wednesday	18 September 2019		
Thursday	19 September 2019		
Friday	20 September 2019		
Monday	23 September 2019		Labour Conference
Tuesday	24 September 2019	SCRUTINY HEALTH & SOCIAL CARE SUB-COMMITTEE	Labour Conference
		CYCLE FORUM	Labour Conference
Wednesday	25 September 2019		
Thursday	26 September 2019	PLANNING COMMITTEE	
Friday	27 September 2019		
Monday	30 September 2019	INFORMAL CABINET	Conservative Conference
Tuesday	01 October 2019	SCRUTINY STREETS, ENVIRONMENT & HOMES SUB-COMMITTEE	Conservative Conference
Wednesday	02 October 2019	LABOUR GROUP	Conservative Conference
Thursday	03 October 2019	CROYDON & LEWISHAM STREET LIGHTING JOINT COMMITTEE	
Friday	04 October 2019		
Monday	07 October 2019	COUNCIL	
Tuesday	08 October 2019	PUBLIC TRANSPORT LIAISON PANEL	10am
Wednesday	09 October 2019	ETHICS COMMITTEE	
Thursday	10 October 2019	PLANNING COMMITTEE	
Friday	11 October 2019		
Monday	14 October 2019	CABINET	
Tuesday	15 October 2019	TENANTS & LEASEHOLDERS PANEL	
Wednesday	16 October 2019	TRAFFIC MANAGEMENT ADVISORY COMMITTEE	
Thursday	17 October 2019	PENSION BOARD	2pm
Friday	18 October 2019		
Monday	21 October 2019		Half Term
Tuesday	22 October 2019		Half Term
Wednesday	23 October 2019		Half Term
Thursday	24 October 2019	PLANNING COMMITTEE	Half Term
Friday	25 October 2019		Half Term
Monday	28 October 2019		
Tuesday	29 October 2019	SCRUTINY & OVERVIEW COMMITTEE	
Wednesday	30 October 2019	HEALTH & WELLBEING BOARD	2pm
Thursday	31 October 2019		
Friday	01 November 2019		
Monday	04 November 2019	INFORMAL CABINET	
Tuesday	05 November 2019	SCRUTINY CHILDREN & YOUNG PEOPLE SUB-COMMITTEE	
Wednesday	06 November 2019	ADULT SOCIAL SERVICES REVIEW PANEL	
Thursday	07 November 2019	PLANNING COMMITTEE	
Friday	08 November 2019		
Monday	11 November 2019		

Tuesday	12 November 2019	SCRUTINY HEALTH & SOCIAL CARE SUB-COMMITTEE	
Wednesday	13 November 2019	CORPORATE PARENTING PANEL	
Thursday	14 November 2019		
Friday	15 November 2019		
Monday	18 November 2019	CABINET	
Tuesday	19 November 2019	SCRUTINY STREETS, ENVIRONMENT & HOMES SUB-COMMITTEE	
Wednesday	20 November 2019	ETHICS COMMITTEE	
Thursday	21 November 2019	PLANNING COMMITTEE	
Friday	22 November 2019		
Monday	25 November 2019	INFORMAL CABINET	
Tuesday	26 November 2019	CYCLE FORUM	
Wednesday	27 November 2019	LABOUR GROUP	
Thursday	28 November 2019	SAFER NEIGHBOURHOOD BOARD	
Friday	29 November 2019		
Monday	02 December 2019	COUNCIL	
Tuesday	03 December 2019		
Wednesday	04 December 2019	GENERAL PURPOSES AND AUDIT COMMITTEE	
		SOUTH LONDON WASTE PARTNERSHIP JOINT COMMITTEE	
Thursday	05 December 2019	PLANNING COMMITTEE	
Friday	06 December 2019		
Monday	09 December 2019	CABINET	
Tuesday	10 December 2019	PENSION COMMITTEE	10am
		SCRUTINY & OVERVIEW COMMITTEE	
Wednesday	11 December 2019	LICENSING COMMITTEE	
Thursday	12 December 2019		
Friday	13 December 2019		
Monday	16 December 2019		
Tuesday	17 December 2019		
Wednesday	18 December 2019	TRAFFIC MANAGEMENT ADVISORY COMMITTEE	
Thursday	19 December 2019	PLANNING COMMITTEE	
Friday	20 December 2019		
Monday	23 December 2019		School Holiday
Tuesday	24 December 2019		School Holiday
Wednesday	25 December 2019		Bank Holiday
Thursday	26 December 2019		Bank Holiday
Friday	27 December 2019		School Holiday
Monday	30 December 2019		School Holiday
Tuesday	31 December 2019		School Holiday
Wednesday	01 January 2020		Bank Holiday
Thursday	02 January 2020		School Holiday
Friday	03 January 2020		School Holiday
Monday	06 January 2020	INFORMAL CABINET	
Tuesday	07 January 2020	TENANTS & LEASEHOLDERS PANEL	
Wednesday	08 January 2020		
Thursday	09 January 2020	PLANNING COMMITTEE	
Friday	10 January 2020		
Monday	13 January 2020		
Tuesday	14 January 2020	SCRUTINY & OVERVIEW COMMITTEE	
Wednesday	15 January 2020	CORPORATE PARENTING PANEL	
Thursday	16 January 2020	PENSION BOARD	2pm
Friday	17 January 2020		
Monday	20 January 2020	CABINET	

Tuesday	21 January 2020	SCRUTINY CHILDREN & YOUNG PEOPLE SUB-COMMITTEE	
Wednesday	22 January 2020	HEALTH & WELLBEING BOARD	2pm
		LABOUR GROUP	
Thursday	23 January 2020	PLANNING COMMITTEE	
Friday	24 January 2020		
Monday	27 January 2020	COUNCIL	
		MAYORALTY & HONORARY FREEDOM SELECTION SUB-COMMITTEE	
Tuesday	28 January 2020	SCRUTINY HEALTH & SOCIAL CARE SUB-COMMITTEE	
Wednesday	29 January 2020	ADULT SOCIAL SERVICES REVIEW PANEL	
Thursday	30 January 2020		
Friday	31 January 2020		
Monday	03 February 2020		
Tuesday	04 February 2020	SCRUTINY STREETS, ENVIRONMENT & HOMES SUB-COMMITTEE	
Wednesday	05 February 2020	TRAFFIC MANAGEMENT ADVISORY COMMITTEE	
Thursday	06 February 2020	PLANNING COMMITTEE	
Friday	07 February 2020		
Monday	10 February 2020	INFORMAL CABINET	
Tuesday	11 February 2020	PUBLIC TRANSPORT LIAISON PANEL	
Wednesday	12 February 2020	ETHICS COMMITTEE	
Thursday	13 February 2020		
Friday	14 February 2020		
Monday	17 February 2020		Half Term
Tuesday	18 February 2020		Half Term
Wednesday	19 February 2020		Half Term
Thursday	20 February 2020		Half Term
Friday	21 February 2020		Half Term
Monday	24 February 2020	CABINET	
Tuesday	25 February 2020	SCRUTINY & OVERVIEW COMMITTEE	
Wednesday	26 February 2020	LABOUR GROUP	
Thursday	27 February 2020	PLANNING COMMITTEE	
Friday	28 February 2020		
Monday	02 March 2020	COUNCIL	
Tuesday	03 March 2020	SCRUTINY CHILDREN & YOUNG PEOPLE SUB-COMMITTEE	
Wednesday	04 March 2020	CORPORATE PARENTING PANEL	
Thursday	05 March 2020		
Friday	06 March 2020		
Monday	09 March 2020	INFORMAL CABINET	
Tuesday	10 March 2020	SCRUTINY HEALTH & SOCIAL CARE SUB-COMMITTEE	
Wednesday	11 March 2020	GENERAL PURPOSES AND AUDIT COMMITTEE	
Thursday	12 March 2020	PLANNING COMMITTEE	
Friday	13 March 2020		
Monday	16 March 2020		
Tuesday	17 March 2020	SCRUTINY STREETS, ENVIRONMENT & HOMES SUB-COMMITTEE	
Tuesday	17 March 2020	PENSION COMMITTEE	10am
Wednesday	18 March 2020	LICENSING COMMITTEE	
		SOUTH LONDON WASTE PARTNERSHIP JOINT COMMITTEE	

Thursday	19 March 2020	SAFER NEIGHBOURHOOD BOARD	
Friday	20 March 2020		
Monday	23 March 2020	CABINET	
Tuesday	24 March 2020	CYCLE FORUM	
Wednesday	25 March 2020	LABOUR GROUP	
Thursday	26 March 2020	PLANNING COMMITTEE	
Friday	27 March 2020		
Monday	30 March 2020	COUNCIL	
Wednesday	01 April 2020	HEALTH & WELLBEING BOARD	2pm
Thursday	02 April 2020	PENSION BOARD	2pm
Friday	03 April 2020		
Monday	06 April 2020		School Holiday
Tuesday	07 April 2020	SCRUTINY & OVERVIEW COMMITTEE	School Holiday
Wednesday	08 April 2020		School Holiday
Thursday	09 April 2020	PLANNING COMMITTEE	School Holiday
Friday	10 April 2020		Bank Holiday
Monday	13 April 2020		Bank Holiday
Tuesday	14 April 2020	SCRUTINY CHILDREN & YOUNG PEOPLE SUB-COMMITTEE	School Holiday
Wednesday	15 April 2020		School Holiday
Thursday	16 April 2020		School Holiday
Friday	17 April 2020		School Holiday
Monday	20 April 2020		
Tuesday	21 April 2020	SCRUTINY HEALTH & SOCIAL CARE SUB-COMMITTEE	
Tuesday	21 April 2020	TENANTS & LEASEHOLDERS PANEL	
Wednesday	22 April 2020	ADULT SOCIAL SERVICES REVIEW PANEL	
Thursday	23 April 2020	PLANNING COMMITTEE	
Friday	24 April 2020		
Monday	27 April 2020	INFORMAL CABINET	
Tuesday	28 April 2020	SCRUTINY STREETS, ENVIRONMENT & HOMES SUB-COMMITTEE	
Wednesday	29 April 2020	ETHICS COMMITTEE	
		TRAFFIC MANAGEMENT ADVISORY COMMITTEE	
Thursday	30 April 2020	CORPORATE PARENTING PANEL	
Friday	01 May 2020		
Monday	04 May 2020		Bank Holiday
Tuesday	05 May 2020		
Wednesday	06 May 2020	LABOUR GROUP	
Thursday	07 May 2020		GLA Election
Friday	08 May 2020		
Monday	11 May 2020	CABINET	
Tuesday	12 May 2020		
Wednesday	13 May 2020	LABOUR GROUP	
Thursday	14 May 2020	PLANNING COMMITTEE	
Friday	15 May 2020		
Monday	18 May 2020	ANNUAL COUNCIL	
Tuesday	19 May 2020		
Wednesday	20 May 2020		
Thursday	21 May 2020		
Friday	22 May 2020		
Monday	25 May 2020		Bank Holiday
Tuesday	26 May 2020		Half Term
Wednesday	27 May 2020		Half Term
Thursday	28 May 2020		Half Term

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REPORT TO:	6 December 2018
SUBJECT:	Members' ICT Provision and Scheme of Allowances
LEAD OFFICER:	Richard Simpson, Executive Director of Resources
CABINET MEMBER:	Councillor Simon Hall, Cabinet Member for Finance and Resources
WARDS:	ALL
FINANCIAL IMPACT:	
<p>The report will result in new ICT allowance costs of £8,700 a year, which can be funded from within existing Democratic Services budgets.</p>	

1. RECOMMENDATIONS

Members are asked:

- 1.1 To consider the proposals detailed in the report and approve the adoption of the revised Scheme of Members' Allowances detailed in Appendix A;
- 1.2 To note in relation to these proposals, any adjustment to allowances will be by reference to the annual local government staff pay settlement as agreed in July 2018 (report to Council by Cllr Simon Hall entitled Scheme of Members' Allowances 2018); and
- 1.3 To authorise the Director of Law and Governance to comply with the necessary statutory publicity requirements arising from the approval of a revised Scheme of Members' Allowances.

2. EXECUTIVE SUMMARY

- 2.1 This report details proposals to amend the Scheme of Members' Allowances to make provision for allowance payments in relation to ICT costs.

3. BACKGROUND

- 3.1 At its meeting on 29 June 2016, the General Purposes and Audit Committee resolved to introduce a transitional allowance payment to Members in partial support of their ICT provision costs as part of a wider programme to reduce direct council ICT provision to Members.
- 3.2 The programme saw the cessation of telephone line, broadband line and laptop provision for Members, along with the cessation of support for those services, delivering direct savings of £58,000 per annum and further significant savings as a result of moving to paperless committee meetings.

- 3.3 At that time, the Committee agreed to introduce a one-off transition allowance of £800, with future consideration to be given to how Members' would be fairly remunerated for the increased costs they incur in providing their own direct ICT equipment.
- 3.4 On 9 July 2018, the Council, following consideration of the 2018 Independent Remuneration Panel (IRP) report, approved a revised Scheme of Member Allowances: Attached is a link to the IRP report:
<https://www.londoncouncils.gov.uk/who-we-are/about-us/financial-information/leadership-and-expenses/remuneration-councillors-london>
- 3.5 A further review has now been undertaken in respect of Members' ICT requirements.

4. PROPOSED INTRODUCTION OF NEW ALLOWANCE

- 4.1 Following the changes made in the 2016 programme, direct provision of ICT to Members is now limited to a smartphone, office 365 account including council email address and a limited number of desktops contained within the Members' accommodation in the Town Hall.
- 4.2 As paperless committee meetings have been introduced, Members have been required to use their own ICT equipment to access formal council documents and the dependency on this channel of delivery is increasing, with access to Members' training materials and the Members' library now delivered through the Council's paperless software.
- 4.3 The proposed additional allowances are not designed to cover all ICT costs incurred by Members, rather to cover a portion of these costs in recognition that Members will incur increased costs in undertaking their duties as an elected councillor. As with all allowance payments to Members, these proposed payments will be subject to normal taxation and national insurance deductions.
- 4.4 In considering the proposals in this report, a number of issues have been considered. These have included:
- That the 2016 transition payment was only offered to Councillors holding office at that time, meaning that any councillor newly elected since that date have not received any allowance in relation to their ICT costs;
 - That a long term scheme for ICT allowances would allow Members to have greater certainty in determining their ICT provision;
 - That Members will generally need to refresh their ICT equipment on a four year cycle and that £800 per four years remains an appropriate level of allowance;
 - That ideally, that refresh cycle would be co-terminus with the four year election cycle, normalising these allowance payments to Members and placing all Members on the same refresh schedule; and
 - The recommendations made in the 2018 Independent Remuneration Panel report.
- 4.5 To that end, the proposed additional one-off allowances to be offered to Members as part of the Basic Allowance are:

- (i) To offer a one off allowance payment of £800 to all Councillors newly elected in a by-election since January 2017;
- (ii) To offer an additional allowance payment of £400 to all Councillors re-elected in May 2018;
- (iii) To offer, for Councillors elected in a by-election after May 2018, a pro-rata amount of the £800, the amount being calculated as the remaining term divided by 4 years.
- (iv) To offer an allowance of £800 to all Councillors after the four yearly elections, the next one being scheduled for May 2022; and

4.6 The rationale behind these proposals is that they will make provision for newly elected Members to receive an ICT allowance and a refresh for all re-elected members. This will then bring all Members into the same schedule from 2022 onwards.

4.7 Following this further review, and having regard to the 2018 report of the Independent Remuneration Panel, the Scheme of Members' Allowance (Part 6A) will need to be amended to reflect this additional payment to be made as part of the Members' Basic Allowance.

5. CONSULTATION

5.1 Members of both political groups have been consulted on options detailed within the report.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

Revenue consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000
Revenue Budget available				
Expenditure	8.7	8.7	8.7	8.7
Income				
Effect of decision from report				
Expenditure	8.7	8.7	8.7	8.7
Income				
Remaining budget	0	0	0	0

5.1 The effect of the decision

The proposal will commit the council to pay allowances of some £34,800 over the 4 year period, which is £8,700 per year. This cost will be absorbed within the existing Democratic Services expenditure budgets.

	Number	Rate £	Amount £
Newly elected Councilors	17	800	13,600
Re-elected Councilors	53	400	21,200
Total over 4 year period			34,800
Amount per year			8,700

5.2 Risks
None

5.3 Options
There are no options considered in this report other than not making the proposed allowance available to elected members.

5.4 Future savings/efficiencies
None anticipated, although the Democratic Services budget has already delivered direct savings of £58,000 associated with paperless agendas.

Approved by: Ian Geary, Head of Finance, Resources & Accountancy

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

6.1 The Solicitor to the Council comments that the proposed Members' Allowance Scheme is required to comply with the relevant provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003; the Local Government and Housing Act 1989 and the Local Government Act 2000. In addition, there are separate provisions, namely sections 3 and 5 of the Local Government Act 1972 for the payment of allowances to the Mayor and the Deputy Mayor which Croydon has traditionally referenced as part of its Members' allowance scheme.

6.2 In particular Regulation 19 of the 2003 Regulations provides that the Council must have regard to the recommendations of the IRP before making or amending a Scheme of Allowances for its members. Regulations 16 and 22 set out the detailed publicity requirements both in relation to any making or amendment of a Scheme and the IRP report.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law for and on behalf of Jacqueline Harris Baker, Director of Law and Governance

7. HUMAN RESOURCES IMPACT

7.1 There are no direct or immediate Human Resources considerations arising from this report for Croydon Council staff or workers.

Approved by: Sue Moorman Director of Human Resources

CONTACT OFFICER

Jacqueline Harris Baker, Director of Law and Governance

APPENDICES TO THIS REPORT

Amended Constitution of the London Borough of Croydon Part 6A – Scheme of Members' Allowances

BACKGROUND DOCUMENTS

None

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CONSTITUTION OF THE LONDON BOROUGH OF CROYDON

PART 6A- SCHEME OF MEMBERS' ALLOWANCES

- 1 The Council has adopted a scheme of Members' allowances that complies with the Local Authorities (Members Allowances) (England) Regulations 2003 (No. 1021) as amended and has considered the recommendations of the London Councils' Independent Panel 2018 on the Remuneration of Members in London.

The Croydon scheme provides for:

- Every Member to receive a Basic Allowance which shall be inclusive of all travel costs incurred within the Borough;
- Members appointed by the Annual Council, or subsequently by virtue of the office they hold, shall receive a Special Responsibility Allowance;
- No Member shall receive more than one Special Responsibility Allowance;
- Out-of-Borough travel and subsistence allowances shall be reviewed by the General Purposes and Audit Committee and paid in line with levels set by the Committee, unless already prescribed by Statutory Instrument or Circular. Costs related to travel and subsistence outside the Borough only when incurred undertaking an approved duty shall be eligible for reimbursement;
- The scheme for reimbursement of costs associated with providing childcare or care for a dependent relative incurred by a Member when undertaking an approved duty is set out in Appendix A and it shall be reviewed periodically by the General Purposes and Audit Committee;
- Any Member may elect to forego all or part of the Basic Allowance and if appropriate the Special Responsibility Allowance, to which they are entitled, by writing to the Council Solicitor and Director of Law and Monitoring Officer. Otherwise all allowances due to each Member shall be paid automatically each calendar month on the basis of one 12th of the total;
- Members do not have access to the Local Government Pension Scheme;

- The scheme does not provide for the payment of any allowances to co-optees. The scheme introduces payment for Adoption Panel but not for Fostering Panel;
 - Members shall only be entitled to a pro-rata payment in respect of a term of office which is not for a complete year, which would include any job share arrangements;
 - In all other respects, the scheme of allowances as set out here shall remain in place until such time as the Council decides otherwise.
- 4 The respective levels of Basic Allowances and Special Responsibility Allowances are payable from 23 May 2018 are set out in Appendix B.
 - 5 The Mayor and Deputy Mayor shall receive allowances for expenses in accordance with relevant legislation in relation to the discharge of their ceremonial and other duties. The level of expenses paid to the Mayor and Deputy Mayor are as shown in Appendix B.
 - 6 The level of the Basic Allowance, Special Responsibility Allowances, Mayor's and Deputy Mayor's Allowances shall be subject to annual adjustment in accordance with annual local government staff pay settlement. The approval of this adjustment will be delegated to the General Purposes and Audit Committee.
 - 7 Special Responsibility Allowances will continue in the case of sickness, maternity and paternity leave in the same terms that council employees receive those benefits.

DEPENDENT CARERS, TRAVEL & SUBSISTENCE ALLOWANCE SCHEMES

Members are entitled to claim reimbursement of expenditure incurred on the provision of the care of their children and dependent relations requiring care when undertaking an Approved Duty, subject to the provisions of the scheme set out below. Members are also entitled to claim travel and subsistence expenses incurred in the performance of an Approved Duty.

Approved Duties

An Approved Duty shall be one that is specified in the relevant statutory Regulations, which currently provide for the following activities:

- 1 A meeting of the Executive.
- 2 A meeting of a Committee of the Executive.
- 3 A meeting of the Authority.
- 4 A meeting of a Committee or Sub committee of the Authority.
- 5 A meeting of any other body to which the Member has been appointed or nominated by the Authority.
- 6 A meeting of a Committee or Sub Committee to which the Member has been appointed or nominated by the Authority.
- 7 A meeting which has been authorised by the Authority, a Committee or Sub Committee or a joint Committee of the Authority or one or more other authorities, or a Sub Committee of a joint Committee and to which representatives of more than one political group have been invited.
- 8 A meeting of a local authority association of which the Authority is a member.
- 9 Duties undertaken on behalf of the authority in connection with the discharge of any function of the Authority conferred by or under any enactment and empowering or requiring the Authority to inspect or authorised the inspection of premises.

The following Rates of Allowances shall be monitored by the General Purposes and Audit Committee, who shall also have power to revise them.

**RATES OF
DEPENDENT CARERS, TRAVEL & SUBSISTENCE ALLOWANCES
TO MEMBERS OF THE COUNCIL**

The following allowances will be paid as a reimbursement of **INCURRED** expenditure **FOR AN APPROVED DUTY**, following the submission of receipts or other supporting documents, within 2 months of the expenditure being incurred.

DEPENDANT CARERS ALLOWANCE

1. Expenditure not less than the London Living Wage, currently £10.20 per hour, incurred in respect of care provided by a person that is not a member of the Member's household, for:
 - The care of children 15 years of age or under living in the Member's household; or
 - The care of other dependants where there is medical or social work evidence that care is required.

TRAVEL ALLOWANCES (payable only for Out-of-Borough travel)

Rail or other Public Transport

Ordinary or cheap fare, at first class rates, plus actual expenditure on:

[a] Pullman car or similar supplements; reservation of seats; deposit or portorage of luggage.

[b] Sleeping accommodation for an overnight journey (subject to thirty-three and one third percent reduction of any subsistence allowance payable for that night).

Taxi-Cab or Cab

[a] In cases of urgency or where no public service is reasonably available, the amount of the actual fare and any reasonable gratuity paid;

[b] In other cases, the equivalent fare for travel by an appropriate public transport.

Private motor vehicle

The rate for travel by a Member's private motor vehicle shall not exceed the following rates:

[i] motorcycle, tricar or motor car of cylinder capacity 500cc	25.9p per mile
[ii] not exceeding 999cc	34.6p per mile
[iii]	1000cc - 1199cc 39.5p
per mile	

[iv] 1200cc and above **48.5p per mile**

[v] For the carriage of each additional Member of the Council (not exceeding four): 3.0p per mile for the first passenger and 2.0p per mile for second and subsequent passengers.

[vi] Expenditure on tolls, ferries, parking fees.

[vii] Reimbursement of overnight parking charges.

Scheme adopted May 2018

Part 6

Scheme adopted May 2018

Part 6A - Scheme of Members' Allowances

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Private bicycle

The rate for travel by a Member's private bicycle shall not exceed **24.0p per mile**.

Hired Cars

The rate which would have been applicable had the vehicle belonged to the Member who hired it. Subject to the approval of the General Purposes and Audit Committee, the rate may be increased to an amount not exceeding the actual cost of hiring.

SUBSISTENCE ALLOWANCES (payable only for Out-of-Borough subsistence)

Breakfast Allowance	£4.92
More than 4 hours away from normal place of residence or a lesser period before 11am.	
Lunch Allowance	£6.77
More than 4 hours away from normal place of residence or a lesser period including the lunchtime between noon and 2pm.	
Tea Allowance	£2.67
More than 4 hours away from normal place of residence or a lesser period including the period 3pm to 6pm.	
Evening Allowance	£8.38
More than 4 hours away from normal place of residence or a lesser period ending after 7pm.	
Overnight Absence	£79.82
From usual place of residence	
Overnight Absence in London	£91.04
Or for the purpose of attendance at an annual conference (including or not including an annual meeting) of the Association of County Councils, the Association of Metropolitan Authorities and the Association of District Councils or such other association of bodies as the Secretaries of State may for the time being approve for the purpose.	

For the purposes of the above paragraph, London means the City of London and the London Boroughs of Camden, Greenwich, Hackney, Hammersmith & Fulham, Islington, Kensington & Chelsea, Lambeth, Lewisham, Southwark, Tower Hamlets, Wandsworth and Westminster.

NOTE: Any Subsistence Allowances claimed should be reduced by an appropriate amount in respect of any meal provided free of charge by the Council or body in respect of the meal or the period to which the allowance relates. Additionally, where main meals are taken on trains during a period for which there is an entitlement for a day subsistence allowance, the reasonable cost of the meals (including VAT) may be reimbursed in full. In such circumstances, reimbursement for the reasonable cost of a meal replaces the entitlement to the day subsistence allowance for the appropriate meal period.

**Councillors' Basic and Special Responsibility Allowances
M a y 2018 – May 2022**

		£
Basic Allowance	All Members	11463
	Mayor's Allowance	19485
	Deputy Mayor's Allowance	9743
to include in the Basic Allowance the following one-off Members' ICT payment		
	Members newly elected in a by-election in 2017	800
	Members re-elected in May 2018	400
	Members elected in a by-election following May 2018 (a pro-rata amount based on the length of the remaining 4 year term)	800
	Members elected in local elections in 2022 and thereafter	800
Special Responsibility Allowances	Paid in addition to Basic Allowance	
	Leader of the Council	44083
	Deputy Leader Statutory	37197
	Deputy Leader	36335
	Cabinet Members	33705
	Deputy Cabinet Members	10132
	Non-Acting Cabinet Member	20223
	Chair - Scrutiny and Overview Committee	30335
	Deputy Chair - Scrutiny and Overview Committee	10522
	Majority Group Secretary	10132
	Majority Chief Whip	14854

	Chair - General Purposes & Audit Committee	10106
	Chair - Licensing Committee	10106
	Chair - Planning Committee	16207
	Chair- Health and Well Being Board	33705
	Member of Adoption Panel	4514
	Chair - Pension Committee	9029
	Largest Minority Group	
	Leader of the Opposition	22005
	Deputy Leader(s)	9216
	Shadow Cabinet Members	6881
	Chief Whip	6881
	Group Secretary	6747
	Vice Chair - Scrutiny and Overview Committee	10522

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