

# General Purposes & Audit Committee Agenda



To: Dr Olu Olasode (Chair)  
Councillor Karen Jewitt (Vice-Chair)  
Councillors Stephen Mann, Nina Degradis, Paul Scott, Chris Clark,  
Joy Prince, Stuart Millson, Steve Hollands, Simon Hoar and Luke Clancy

Reserve Members: Pat Clouder, Bernadette Khan, Sean Fitzsimons,  
Clive Fraser, Andrew Pelling, Kola Agboola, Jason Cummings,  
Badsha Quadir, Ian Parker and Jeet Bains

A meeting of the **General Purposes & Audit Committee** which you are hereby summoned to attend, will be held on **Thursday, 25 November 2021** at **6.30 pm** in **Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX**

KATHERINE KERSWELL  
Chief Executive and Head of Paid Service  
London Borough of Croydon  
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[www.croydon.gov.uk/meetings](http://www.croydon.gov.uk/meetings)  
Wednesday, 17 November 2021

Residents are able to attend this meeting in person, however we recommend that you watch the meeting remotely via the following link:

<https://civico.net/croydon/meetings/13780>

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If you require any assistance, please contact Cliona May on 020 8726 6000 x47279 as detailed above.

## **AGENDA – PART A**

### **1. Apologies for Absence**

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

### **2. Disclosure of Interests**

Members and co-opted Members of the Council are reminded that, in accordance with the Council's Code of Conduct and the statutory provisions of the Localism Act, they are required to consider in advance of each meeting whether they have a disclosable pecuniary interest (DPI), an other registrable interest (ORI) or a non-registrable interest (NRI) in relation to any matter on the agenda. If advice is needed, Members should contact the Monitoring Officer in good time before the meeting.

If any Member or co-opted Member of the Council identifies a DPI or ORI which they have not already registered on the Council's register of interests or which requires updating, they should complete the disclosure form which can be obtained from Democratic Services at any time, copies of which will be available at the meeting for return to the Monitoring Officer.

Members and co-opted Members are required to disclose any DPis and ORIs at the meeting:

- Where the matter relates to a DPI they may not participate in any discussion or vote on the matter and must not stay in the meeting unless granted a dispensation.
- Where the matter relates to an ORI they may not vote on the matter unless granted a dispensation.
- Where a Member or co-opted Member has an NRI which directly relates to their financial interest or wellbeing, or that of a relative or close associate, they must disclose the interest at the meeting, may not take part in any discussion or vote on the matter and must not stay in the meeting unless granted a dispensation. Where a matter affects the NRI of a Member or co-opted Member, section 9 of Appendix B of the Code of Conduct sets out the test which must be applied by the Member to decide whether disclosure is required.

The Chair will invite Members to make their disclosure orally at the commencement of Agenda item 3, to be recorded in the minutes.

### **3. 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.

- 4. Dedicated School Grant Management Plan** (Pages 7 - 20)  
The report updates the Committee on the recent Dedicated Schools Grant (DSG) Management Plan.
- 5. Treasury Mid-Year Report Review** (Pages 21 - 36)  
This report is prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) codes of practice in respect of capital finance and treasury management.
- 6. Anti-Fraud Corruption Strategy** (Pages 37 - 50)  
This document sets out the Council's policy and strategy in relation to fraud and corruption.
- 7. Corporate Risk Register** (Pages 51 - 86)  
The report updates the Committee on the corporate risk register (the register) as at November 2021.
- 8. Internal Audit Update Report** (Pages 87 - 112)  
This report details the work completed by Internal Audit so far during 2021/22 and the progress made in implementing recommendations from audits completed in previous years.
- 9. Annual Governance Statement 2020-2021** (Pages 113 - 154)  
The draft Annual Governance Statement is presented to the Committee for review and approval in accordance with CIPFA guidance.
- 10. Use of the Powers available Under the Regulation of Investigatory Powers Act 2000 and Investigatory Powers Act 2016 - year ending 31 December 2020.** (Pages 155 - 160)  
This report informs the Committee the powers available to the Council under Regulation of Investigatory Powers Act 2000 (RIPA) and Investigatory Powers Act 2016 (IPA) have been used over the last calendar year.
- 11. Implementation of Mayoral Governance Model** (Pages 161 - 166)  
Update on preparations for implementation of the Mayoral model of Governance.
- 12. General Purposes and Audit Committee Member Development** (Pages 167 - 170)  
An update on training for members of the General Purposes and Audit Committee.

**13. General Purposes and Audit Tracker Report (Pages 171 - 174)**

A proposed tracker to be presented at Committee meetings to enable progress against actions agreed in Committee to be monitored.

**14. Work Programme (Pages 175 - 180)**

To consider and approve the Committee work programme for the municipal year 2021/22.

**15. 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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<b>REPORT TO:</b>	<b>GENERAL PURPOSES AND AUDIT COMMITTEE</b>  20 October 2021
<b>SUBJECT:</b>	<b>Dedicated School Grant Management Plan</b>
<b>LEAD OFFICER:</b>	<b>Shelley Davies, (Interim) Director of Education</b>  <b>Phillip Herd, (Interim) Head of Finance - Children, Families and Education</b>
<b>CABINET MEMBER</b>	<b>Councilor Alisa Flemming – Cabinet Member for Children, Young People &amp; Learning</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>	
<p>This report sets out the Dedicated Schools Grant (DSG) management plan that addresses the planned recovery of the DSG deficit specifically within the High Needs Block in line with the Special Educational Needs and Disabilities Strategy.</p> <p>The recommendations in this report are in line with the new corporate priorities and new Ways for renewing Croydon:</p> <ul style="list-style-type: none"> <li>- We will live within our means, balance the books and provide value for money for our residents.</li> <li>- We will focus on tackling ingrained inequality and poverty in the borough.</li> <li>- We will focus on providing the best quality core service we can afford</li> </ul>	
<b>FINANCIAL IMPACT</b>	
<p>Croydon has updated DSG recovery Plan to reflect the most recent strategies in line with current service demands, activities, assumptions, risks and data.</p> <p>The Council planned to bring the High Needs Block expenditure within the High Needs Block funding allocation from 2023/24 and likely to recovery of the cumulative deficit thereafter.</p>	

## **1.1 RECOMMENDATIONS**

The Committee is asked to:

Note the contents of the Dedicated Schools Grant (DSG) management plan as at September 2021;

Note the updated timetable for the reporting to future GPACs of the actions being taken to address the DSG deficit and the opportunity to challenge the overall

## **2. EXECUTIVE SUMMARY**

- 2.1 The report updates the General Purposes & Audit Committee Members on the recent Dedicated Schools Grant (DSG) Management Plan. The grant condition requires all local authorities with an overall deficit on its DSG account at the end of the 2020/21 financial year to meet the following requirements:
- a) Provide information as and when requested by the Department for Education (DfE) about its plans for managing its DSG balance as well as information on pressures and potential savings on its High Needs budget.
  - b) Meet with officials from DfE as and when they request to discuss the LA's plans and financial position on its Deficit Management Plan;
  - c) Expected to keep School's Forum updated regularly about the Local Authority's DSG account and plans for managing it, including high needs pressures and potential savings.

## **3. THE DEDICATED SCHOOL GRANT MANAGEMENT PLAN**

- 3.1 The purpose of the management plan as per the DfE guidance is to:
- comply with paragraph 5.2 of the DSG conditions of grant 2020 to 2021
  - monitor how DSG funding is being spent
  - compare data on high needs spend between LAs
  - highlight areas where LAs may wish to review spending
  - form evidence-based and strategic future plans for the provision of children and young people with special education needs and disabilities (SEND)
  - present complex funding information simply to schools' forums and other external stakeholders to provide assurances that LAs are achieving value for money from their DSG spend
  - provide a consistent reporting format to help LAs share best practice and initiatives
- 3.2 The plan template is a live document and contains comparative data on special provision and placements, Section 251 budget and outturn data and High Needs National Funding Formula illustrative allocations.
- 3.3 The management plan should reflect the most current forecast DSG position and will be published on the LA local offer website as set out in the Special educational needs and disability (SEND) Code of Practice: 0 to 25 years.
- 3.4 The actual plan must be submitted to the Department for Education (DfE) in the specified Education & Skills Funding Agency (ESFA) template. An extract from that complex formula driven forecast template was presented to the School Forum on 4<sup>th</sup> October 2021, is attached at Appendix 1.
- 3.5 The management plan was reviewed at the High Needs Working Group and expected to will be reviewed and recommended by the SEND Finance Board, agreed by the Chair of the High Needs Working Group and the School Forum.
- 3.6 The Director of Children's Services (DCS) and the Section 151 Officer (CFO), in accordance with the timetable set out in Appendix 2 are expected to review the most recent plan.
- 3.7 The DSG deficit management plan identifies a number of approaches to realign service and local provision to meet the needs of our children and young people with



SEND. This overarching strategy aims to deliver appropriate support and placement at a much earlier stage and within the borough.

- 3.8 A significant cost driver is the number of children and young people educated outside the borough. Improving the in-borough offer by identifying needs earlier, supporting schools to better meet these needs and building parents' and carers' confidence in local provision aims to reduce out borough placement and travel costs.
- 3.9 The SEND Finance Board, is made up of the Chairs of the School Forum and High Needs Working Group alongside LA officers (Director of Education and Deputy S151 Officer); the group will meet regularly, meetings have been proposed for every six weeks.
- 3.10 The management plan will be used as the tool to review the recovery plan and measure the progress of the deficit recovery plan which will be presented to the School Forum, termly and this Committee, quarterly.
- 3.11 The Council Finance officers met officers from the ESFA to in September to review the plan. They recommended to the LA to update the governance section of the template with all relevant assumptions and challenges with regard to the forecasting model with a lack of a more reliable pupil data.

#### 4. TREND ANALYSIS - EDUCATION, HEALTH CARE PLAN (EHCP)

4.1 The trend below provides some useful context to the overall reason for the continued overspend in the High Needs spend since the introduction of the Children and Family ACT 2014. The robustness of the SEND strategy depends on some many variables including accurate forecast of caseloads and cost of top up funding for pupils with severe and complex needs. Most feasible risk management therefore require regular review of all underlying assumptions embedded in plan.

4.2

**Table 1. ESFA recent data on EHCP numbers over the last five years**

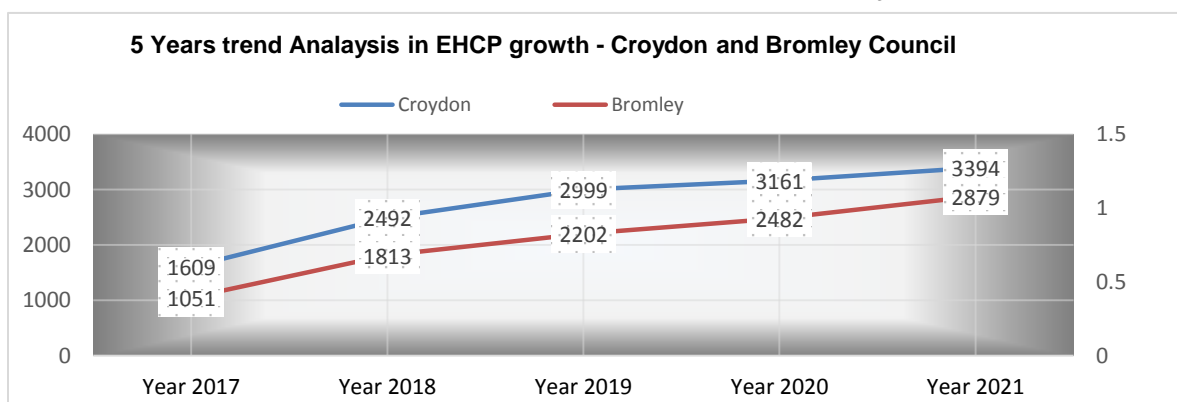


Table 1 above indicates that the percentage increased in EHCP numbers for Croydon over the last five years was 111% as compared to Bromley which was 174%

Interestingly, the latest percentage increase over last year was 7.4% and 16% respectively between Croydon and Bromley. However, the average annual percentage increase in the High Needs DSG grant is around 5%. This

demonstrates an example of how difficult it is for the local authority meet its financial target when faced with legal obligation to provide a statutory service to most vulnerable pupil with limited funds hence expose to possible legal and financial risks.

## **5. RISKS**

- 5.1 High Needs budgets would continue to experience cost pressures across the independent / FE Colleges and special schools due to continued increase and demand for EHC assessment and plans.
- 5.2 Specialist placement pressures may result in young people with profound disabilities requiring provision out of borough at additional cost to the Council.
- 5.3 There is a possibility that the SEND demand may grow faster and does not inline with projected increases in the school age population which may lead to increased pressure on limited resources.
- 5.4 There is also the possibility of delayed project implementation thereby leading to delayed realisation of benefits. This may be due to the external factors such as COVID.19 impacting upon project delivery., the right to parental preference provided in the Family and Children's ACT (2014) or geographical issues that may affect the target number of cases used in the model.
- 5.5 Access to robust data to inform planning and trend analysis of our SEND community is currently challenging. This makes forecasting and benchmarking difficult and prevents full understanding of the Croydon SEND landscape.
- 5.6 The delivery of quality provision in partnership such as the Pathways development with Croydon College is key to our growth strategy and dependent upon successful implementation. Project planning is underway but CCB approval will be critical to this.

## **6. DEPARTMENT OF EDUCATION VIEW ON HISTORIC DSG DEFICIT BALANCES**

- 6.1 Session 22 of the DFE (13<sup>th</sup> October 2021 updates) of the Schools Operational Guide reiterate that:

The department recognises that some local authorities will still not be able to pay off their historic deficit from the DSG over the next few years regardless of their best efforts in implementing a robust deficit recovery plan.

- 5.2. In these cases, the department anticipates to work closely with these local authorities to agree a plan of action to help pay off its deficit over time. However, the department will require convincing evidence from the local authority that it would be unrealistic to pay off the historic deficit from the DSG. The department will

then discuss the evidence with selected local authorities.

## **7. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 7.1 The financial considerations are incorporated above and within the DSG Management Plan.
- 7.2 Based on the current plans, that would mean a deficit would remain at the end of 2025/26 and, whilst it is envisaged that the School Finance regulations remain as they currently stand (allowing the deficit to be held against future DSG), if The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 regulations fall away (i.e. are not extended) then the Report indicates that external auditors will expect the deficit remaining to be recovered in full or held against unearmarked general fund reserves in 2025/26.
- 7.3 Governance arrangement rooted with the deficit plan monitoring process ensures transparency and opportunity to challenge the progress against the Recovery Plan is an essential post implementation review for improvement. This was highlighted in the external auditor's report in the information for Public Interest issued in 2020.
- 7.4 Communities and Local Government (as reported to the Extraordinary Council Meeting of 1 December, 2020). Whilst acknowledging the financial position of the Council in respect of the General Fund, the Section 114 notice has no bearing on this decision as this approval is to determine the funding formula in order to passport the Schools Block element of the ring-fenced Dedicated School Grant, to be used for the purposes of providing education, to the borough's schools in accordance with *The School and Early Years Finance (England) Regulations* and DfE guidance.

Approved by: Phillip Herd (Interim) Head of Finance – Children, Families and Education on behalf of Richard Ennis (Interim) Section 151 Officer.

## **8. LEGAL CONSIDERATIONS**

- 8.1 The Head of Litigation and Corporate Law comments on behalf of the Interim Director of Law and Governance that the Local Government Finance Act 1992 section 31A places the Council under a statutory duty to set a balanced budget and to take any remedial action as required in-year.
- 8.2 Dedicated Schools Grant (DSG) is paid to the Council by the Secretary of State under the Education Act 2003 section 14. It is a ring-fenced specific grant provided outside the local government finance settlement. It must be used in support of the schools budget for purposes defined in regulation 6 and schedule 2 of *The Schools and Early Years Finance (England) Regulations 2020*.
- 8.3 Details of the national funding formula (NFF) are contained in various Department of Education (DfE) publications.
- 8.4 The Education and Skills Funding Agency Guidance DSG: Conditions of grant 2020-2021 require any local authority with an overall deficit on its DSG account or whose deficit has substantially reduced during the year to present a Plan to the DfE for managing their future DSG spend.
- 8.5 The Report in the Public Interest dated 23 October 2020 referred to in this report was issued under the Local Audit and Accountability Act 2014. The Council must

comply with the requirements of the Act in responding to the Report. The report sets out a range of recommendations, which have been agreed by the Council, and an Action Plan has now been put in place. The report provides, amongst other things, that the DSG should be managed within existing budgets. Regular reports are required to be made to the General Purposes and Audit Committee regarding actions being taken by the Council to address the DSG deficit which has built up.

- 8.6 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulation 2020 which came into force on 29 November 2020 introduced a new accounting treatment for DSG deficits for the financial years 20/21, 21/22 and 22/23. Any outstanding deficit at the end of this period will, as currently enacted, reduce un-earmarked general fund reserves in the financial year commencing 1 April 2023.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the interim Director of Law and Governance and Deputy Monitoring Officer.

## **9. HUMAN RESOURCES IMPACT**

- 9.1 There are no direct Human Resources considerations arising from this report. If there are subsequent proposals that affect the workforce as a result of the budget limit set, consultation and planning must be in line with HR policies and procedures and HR advice must be sought from the assigned provider. Council HR should be kept informed of proposals.

Approved by: Debbie Calliste, Head of HR for Children, Families and Educations on behalf of the Director of Human Resources

## **10. EQUALITIES IMPACTS**

- 10.1 The funding allocations and formulae are set nationally and are therefore already subject to an equality assessment. The Council is also committed to the government's vision - an education system that works for everyone. No matter where they live, whatever their background, ability or need, children should have access to an excellent education that unlocks talent and creates opportunity. We want all children to reach their full potential and to succeed in adult life.
- 10.2 In setting the Education Budget 2021/22, the Council has taken into account the need to ensure targeted funding is available for work on raising the attainment of disadvantaged pupils who are likely to share a "protected characteristic" (as defined in the Equality Act 2010) and close the gap between them and their peers.
- 10.3 The Council will ensure that the system for distributing funding is fair in order to support the life chances of our most vulnerable children and young people; a fairer funding system will help provide all schools and all areas with the resources needed to provide an excellent education for all pupils irrespective of their background, ability, need, or where in the country they live.
- 10.4 This will help the Council meet its equality objective "to improve attainment levels for white working class and Black Caribbean heritages, those in receipt of Free School Meals and Looked after Children, particularly at Key Stage 2 including those living in six most deprived wards."

*Approved by: Denise MacCausland, Equality Programme Manager*

## **11. ENVI-RONMENTAL IMPACT Page 12**

11.1 There are no direct implications contained in this report.

## 12. CRIME AND DISORDER REDUCTION IMPACT

12.1 There are no direct implications contained in this report.

## 13. DATA PROTECTION IMPLICATIONS

### 13.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

**NO**

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**CONTACT OFFICER:** Phillip Herd (Interim) Head of Finance –  
Children, Families and Education

## APPENDICES TO THIS REPORT

Appendix 1 DSG management plan Croydon October 2021  
Appendix 2 **Updated Timetable**

## BACKGROUND DOCUMENTS:

**School Forum Papers**  
SEND Strategy 2021

**Dedicated Schools Grant (DSG) Deficit Management Plan – September 2021****Schools Forum – 4 October 2021****Summary and recommendation:**

This paper sets out:

The updated financial and organisational position of Croydon's High Needs Block management plan based on the latest information.

**Schools Forum are asked to:**

Note the actions plans and progress to date on High Needs Recovery Plan as well as potential risks.

**14. Background**

14.1 As part of the latest Dedicated Schools Grant (DSG) grant conditions, all local authorities with an overall deficit on its DSG account at the end of the 2020 to 2021 financial year are expected to meet the following requirements:

- d) Provide information as and when requested by the Department for Education (DfE) about its plans for managing its DSG balance as well as information on pressures and potential savings on its High Needs budget;
- e) LA is Required to meet with officials from DfE as and when they request to discuss the LA's plans and financial position on its Deficit Management Plan;
- f) Expected to keep School's Forum updated regularly about the Local Authority's DSG account and plans for managing it, including high needs pressures and potential savings.

14.2 This paper aims to provide Schools Forum with an update on the deficit recovery plans which the LA is required to submit to the DfE to demonstrate how the LA is working towards keeping the High Needs Block spend within budget.

14.3 A five-year DSG Deficit Recovery Plan was earlier submitted to the DfE and this paper provides an update position which we have scheduled a meeting with the DfE to then review.

14.4 The DfE is fully aware that there are circumstances where some local authorities, notwithstanding their best-efforts in implementing various savings strategies, will still not be able to clear their historic DSG deficit hence regular meetings with DfE is useful.

14.5 **Final Outturn – High Needs Block for 2020/21.** The final High Needs Block outturn for 2020/21 is £66.982m with a budget of £61.239m, hence the reported variance is £5.743m which represents an adverse movement of £1.269m when compared to the forecast of £4.474m variance under the previous DSG Management plan.

14.6 The reason for the adverse movement was due to significant cases of a number

of complex high needs pupils being admitted at some special schools at the beginning of the new academic year as well as additional one off payments to few schools including Harris Federation for outstanding funding cases, St Joseph Specialist, Priory Special School and St Nicholas' Special School. All related to additional funds due to complex cases.

**Table 1 – breakdown of additional spend by school**

	School name	Extra funding allocated	Number of pupils this funding relates to	Commentary
A	St Nicholas School	42,154	8	Additional funding for complex SEND cases
B	Priory Special School	237,344	9	Additional funding for complex SEND cases
C	St Joseph Specialist Cranleigh	209,748	2	Cases reported post after Q3 forecast
D	Red Gates School	175,000	156	Additional funding for complex SEND cases
E	Harris Federation	580,078	95	Historical cases / not factored in the forecast
F	Other miscellaneous schools	24,676		Other miscellaneous schools

14.7 As a result of the extra spending detailed in Table 1 the cumulative High Needs block (including previous years) overspend at the end of March 2020/21 has now reached a new peak of £24.221m.

**15. Current forecast and Management plan updates**

15.1 As a result of this High Needs overspend against budget the DSG Management Plan is entirely focused on the implementation of the SEND strategy to ensure that the High Needs Block expenditure is contained within the High Needs Block funding allocation by Year 3 (2023/24) with potential recovery of the cumulative deficit.

15.2 The current in-year High Needs overspend forecast as at July 2021 (Period 4) is £3.5m. The forecast position for this year has remained stable. This represents improvement on previous years and records a positive downward trend over time as demonstrated in Table 2 below.

**Table 2 Trend of High Needs variance over the three years and four months.**

High Needs Overspend	Quarter 1	Quarter 2	Quarter 3	Quarter 4
	£'m	£'m	£'m	£'m
Financial Year 2019/20	6.7	6.6	7.1	6.7
Financial Year 2020/21	4.4	4.6	4.6	5.7
Financial Year 2021/22	3.5	3.6*		

\*exc Schools Block transfer

\*P4 forecast

15.3 For example, the reported final outturn variance for 2019/20 was £6.7m compared to 2020/21 outturn variance of 5.743m representing significant improvement of £1m over the previous year's outturn position.

## 16. Management Plan - Overview of recovery

16.1 Table 3 below demonstrates how the budget has been managed over the years to keep the forecast overspend down to £3.5m at Q1 of 2021.

**Table 3 - Trend analysis – In year overspend and cumulative position**

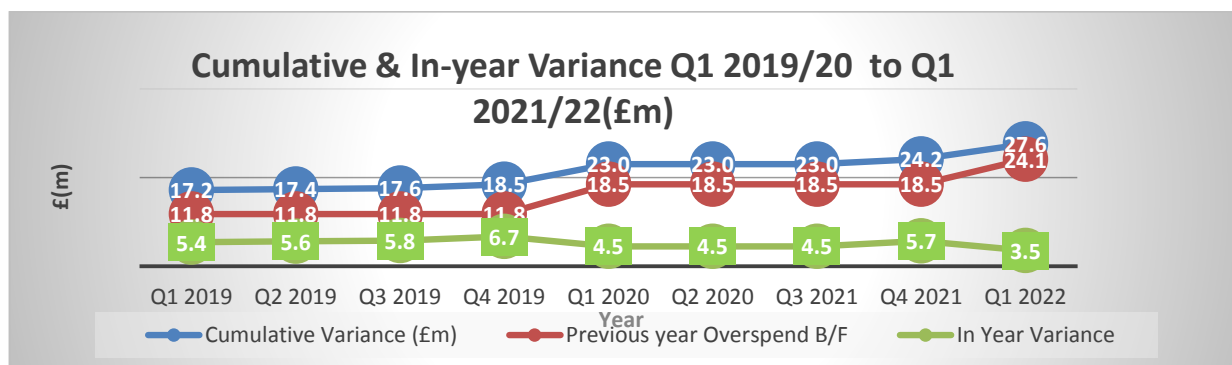


Table 4 shows a steady rise in the overall expected DSG deficit of £24.221m at 2020/21 to £28.519m by the end of 2025/26.

**Table 4 Overview of Croydon Deficit Recovery Plan**

Overall DSG High Needs Forecast Position	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
	£'000	£'000	£'000	£'000	£'000	£'000	£'001
Total expenditure	62,388	66,983	71,144	71,798	72,739	74,521	79,847
Total income	-55,716	-61,240	-67,644	-71,000	-72,739	-74,521	-79,847
Total net - High Needs (In - year)	6,673	5,743	3,500	798	-	-	-
Schools block transfer	-1,238						
Total net - DSG (In - year)	-70	3,920					
Add brought forward deficit	9,193	14,558	24,221	27,721	28,519	28,519	28,519
<b>Overall Cumulative deficit position</b>	<b>14,558</b>	<b>24,221</b>	<b>27,721</b>	<b>28,519</b>	<b>28,519</b>	<b>28,519</b>	<b>28,519</b>
<b>Do nothing option - Deficit position</b>	<b>14,558</b>	<b>24,221</b>	<b>29,639</b>	<b>30,086</b>	<b>32,861</b>	<b>35,629</b>	<b>33,408</b>

16.2 Table 4 is based on these assumptions:

- whilst the 2019/20 to 2021/22 total income reflects confirmed allocations, future High Needs Block allocations have assumed a 2.5% estimated adjustment for inflation;
- to highlight the impact of the SEND strategy and the accompanying planned reduction in High Needs expenditure, the surplus balances as at the end of 2019/20 have been removed from the model (£3.920m);
- transfers from the school block were not requested in 2020/21 and 2021/22 and not been factored into the model

16.3 It should be noted that the in-year deficit may not be reduced to nil by the end of year 3 due to potential financial risk associated with the overall deficit plan linked to the ESFA / DSG funding methodology. The SEND Board continue to undertake annual reviews of all the SEND Transformation Strategies to ensure they continue to meet the needs of the Children and Young People as outlined in the Children and Family Act 2014. This may lead to potential operational changes to the strategies and priorities possibly leading to a gap in the expected savings.



16.4 **Do nothing option.** Table 4 also shows that the DSG deficit would continue to rise from £24.221m at the end of 2020/21 to approximately £33.408m by 2025/26 if nothing is done about the situation. This again demonstrates the importance and usefulness of the Deficit Recovery Plan

## 17. Work streams

17.1 Our strategy is in line with the council's move to working in locality areas - building positive working relationship with schools in local areas to better meet the needs of our families. With this comes the knowledge that if we intervene earlier to support children with special educational needs, we will reduce the demand to resource EHCPs up to the age of 25. The long-term aim is for Croydon to have more Croydon children and young people supported through the very clear alternative education pathway which is in turn well understood and valued by both parents and schools. Currently, for many parents and some schools, an EHC plan is seen as the only way to secure the additional help that children need. Work streams already underway include:

- The new 'Preparation for Adulthood Policy' 2021 as developed through the work of the SEND Transformation Post 16 Delivery Group and the SEND Post 16 Options guidance which now goes out to every pupil at Year 11;
- An increase in local specialist provision with additional capacity of 30 places within St. Nicholas Special School. 20 places opened September 2021 and 10 additional places planned for September 2022;
- The continued development for Post 19-25 students at Croydon College which has supported 53 students to date;
- The opening of a new special school – Addington Valley Academy – which has supported 21 year 7 pupils with complex ASD and challenging behaviours for this academic year and placement plans for 80 pupils for September 2021;
- Out of borough placements are being reviewed with costs and requested uplifts being managed through the South London Commissioning Partnership. A quality audit is scheduled for our most high-cost placements in order to ensure provision is meeting needs and delivering according to contract and EHCP specifications;
- The Special School Funding Review currently underway aims to establish a transparent fair funding framework for our specialist provision which would minimise in-year additional funding pressures and requests.

**18. Governance of SEND**

18.1 We have incorporated a SEND Finance Board into our SEND Governance Structure, membership of this includes the Chair of school forum and the Chair of the high needs working group. The Board will provide challenge and oversight of the DSG Management Plan.

**19. Risks**

19.1 Current identified risks to the plan include:

- a) Potential impact the DfE SEND review may have on the current strategies
- b) More than expected number of EHCP cases in future years as forecasting model based current demographic information hence has limitations in forecasting accurate future data of pupils with EHC plans.
- c) Likely demand from Special Schools for an increase in top up funding due to increasing needs and cost of services \*\*\*

**Summary and recommendation:**

This paper sets out:

The updated financial and organisational position of Croydon's High Needs Block management plan based on the latest information.

**Schools Forum are asked to:**

Note the actions plans and progress to date on High Needs Recovery Plan as well as potential risks.

## Reporting Timetable

## Appendix 2

Report	SEND Finance Board	High Need Working Group	General Purposes and Audit Committee	School Forum	DCS and CFO Sign Off
<b>DSG Management Plan, refreshed Recovery Plan</b>	<b>16-Feb</b>	<b>3-Mar</b>	<b>4-Mar</b>	<b>8-Mar</b>	<b>12-Mar</b>
DSG Outturn (2020/21)				<b>14-Jun</b>	
DSG Management Plan, Progress Report (Q1)			Jul-21		
DSG Management Plan, Progress Report (Summer Term / Q2)	TBC Oct-21	TBC Oct-21	Oct-21	4-Oct	
DSG Management Plan, Progress Report (Autumn Term / Q3)	TBC Jan-22	TBC Jan-22	Jan-22	17-Jan	
DSG Outturn (2021/22)	TBC Jun-22	TBC Jun-22	Jun-22	13-Jun	

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<b>REPORT TO:</b>	<b>General Purposes and Audit Committee</b> <b>25 November 2021</b>
<b>SUBJECT:</b>	<b>Treasury Management Strategy Statement and Annual Investment Strategy</b> <b>Mid-Year Review 2021/2022</b>
<b>LEAD OFFICER:</b>	<b>Richard Ennis, Interim Director of Finance, Investment and Risk (S151 Officer)</b>
<b>CABINET MEMBER</b>	<b>Councillor Callton Young</b> <b>Cabinet Member for Resources and Financial Governance</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>	
This Report details the Council’s Treasury Management activities during the first half of 2021/2022 and its compliance with the 2017 Prudential Code for Capital Finance.	
<b>FINANCIAL SUMMARY:</b>	
This Report details the Council’s Treasury Management activities during the first half of 2021/2022 and demonstrates its compliance with the 2017 Prudential Code for Capital Finance.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.: N/A</b>	

**1. RECOMMENDATION**

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

**2. EXECUTIVE SUMMARY**

2.1 This Report is prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) codes of practice in respect of capital finance and treasury management. The Codes recommend that members are advised of treasury management activities of the first six months of each financial year and of compliance with various strategies and policies agreed by the Council. The report:

- Reviews compliance with the Treasury Management Strategy Statement, Capital Strategy and Annual Investment Strategy as agreed by Council on 8 March 2021 (Minute 19/21 applies);
- Reviews treasury borrowing and investment activity for the period 1 April 2021 to 30 September 2021; and
- Demonstrates compliance with agreed Prudential Indicators;

### **3 DETAIL**

#### **3.1 Background**

3.1.1 In December 2017, CIPFA issued these two Codes of Practice:

- The Prudential Code for Capital Finance in Local Authorities; and
- Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes.

3.1.2 Under the Prudential Code, from 2019/20, all local authorities are required to prepare a Capital Strategy which is to provide the following:

- A high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- An overview of how the associated risk is managed;
- The implications for future financial sustainability.

3.1.3 As regards Treasury Management, the primary requirements of the Code are:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the General Purposes and Audit Committee.

3.1.4 This mid-year report has been prepared in compliance with the Codes and covers the following:

- An economic update for the first half of the 2021/22 financial year (Section 3.2);
- A medium term interest rates forecast (Section 3.3);
- A review of the Council's Treasury Management Strategy Statement and Annual Investment Strategy (Section 3.4);
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators (Section 3.5);

- A review of the Council’s borrowing strategy (Section 3.6);
- A review of the Council’s investment strategy (Section 3.7); and
- A review of any debt re-scheduling undertaken (Section 3.8).

### 3.2 Economic update

3.2.1 A commentary provided by the Council’s independent treasury advisers Link Asset Services (Link) in the first week of September 2021 is included as Appendix A.

### 3.3 Interest rate forecasts

3.3.1 Link have provided forecasts of key interest rates as detailed in Table 1. These inform decisions as to the timing and duration of borrowing decisions.

**Table 1 Interest rates forecast**

Link Group Interest Rate View		10.8.21									
	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.25	0.25	0.25	0.50
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.30	0.30	0.30	0.50
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.20	0.30	0.40	0.50	0.50
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.70
5 yr PWLB	1.20	1.20	1.20	1.30	1.30	1.30	1.40	1.40	1.40	1.50	1.50
10 yr PWLB	1.60	1.60	1.70	1.70	1.80	1.80	1.90	1.90	1.90	2.00	2.00
25 yr PWLB	1.90	2.00	2.10	2.20	2.30	2.30	2.30	2.40	2.40	2.40	2.50
50 yr PWLB	1.70	1.80	1.90	2.00	2.10	2.10	2.10	2.20	2.20	2.20	2.30

3.3.2 A commentary by Link is included as Appendix B.

### 3.4 Treasury Management Strategy Statement and Annual Investment Strategy

3.4.1 The Treasury Management Strategy Statement and Annual Investment Strategy for 2021/2022 were approved by full Council on 8 March 2021 (Minute 19/21 applies). No changes are recommended.

### 3.5 Capital Strategy and Prudential Indicators

3.5.1 Table 2 below shows the original capital budget as agreed by full Council on 8 March 2021 (Minute 18/21 applies) and the revised approved budget and the estimated outturn at month 6. Members are advised to refer to this latter report for a commentary on these changes.

**Table 2 Capital expenditure by service**

	Original Estimate £m	Approved Budget £m	Outturn Projection £m

Adults Health and Social Care		0.8	0.8
Gateway and Housing	4.0	7.4	4.0
Children, Families and Education	13.7	26.1	16.6
Place	33.6	78.1	54.2
Resources	11.2	26.3	14.3
Capitalisation Direction	50.0	50.0	50.0
HRA	81.5	183.2	97.0
<b>Total</b>	<b>194.0</b>	<b>371.9</b>	<b>236.9</b>

3.5.2 The table below details the funding sources of the capital programme. The borrowing element of the table increases the underlying need to borrow for capital purposes by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision).

**Table 3 Financing of capital expenditure**

	Original Estimate £m	Revised Estimate £m	Outturn Projection £m
Capital grants	22.9	30.9	22.2
Community Infrastructure Levy	6.8	6.8	6.8
Capital reserves	19.8	19.8	19.8
Section 106 receipts	0.8	0.8	0.8
Major Repairs Allowance	13.7	13.7	13.7
Revenue	8.2	8.2	8.2
<b>Total financing</b>	<b>72.2</b>	<b>80.2</b>	<b>71.5</b>
<b>Borrowing requirement</b>	<b>121.8</b>	<b>291.7</b>	<b>165.4</b>

3.5.3 The key controls over treasury management activity are prudential indicators to ensure that, over the medium term, borrowing will only be for a capital purposes. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current year and the next two financial years. This allows some flexibility for limited early borrowing for future years. Full Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent. The table below shows changes in the CFR and borrowing requirements arising from the changes in the capital programme described above.

**Table 4 Borrowing and CFR**

	Original Estimate £m	Outturn Projection £m
Borrowing	1,591.7	1,611.9
Other long term liabilities	75.8	71.5
<b>Total debt</b>	<b>1,667.5</b>	<b>1,683.4</b>
<b>CFR (year end position)</b>	<b>1,664.7</b>	<b>1,802.9</b>

3.5.4 The Prudential Indicators relevant to the capital programme and its borrowing implications are the Operational Boundary (the expected debt position) and the Authorised Limit (the limit beyond which borrowing is prohibited).



**Table 5 Operational Boundary and Authorised Limit**

	<b>Original Estimate £m</b>	<b>Outturn Projection £m</b>
Operational Boundary	1,987.8	1,683.4
Authorised Limit	2,037.8	1,733.4

3.5.5 The Authorised Limit includes a buffer of £50m to cover unexpected cash-flow shortages.

### **3.6 Borrowing Strategy**

3.6.1 During 2021/22 the Council has been operating in accordance with the borrowing limits approved by full Council on 8 March 2020. As discussed above, the current limits for the year are:

- Operational Boundary - £1,987.8m
- Authorised Limit - £2,037.8m

3.6.2 The level of the Council's borrowing, which is measured against the limits, was £1,446.5m and the level of long term liabilities was £73.6m as at 1 April 2021. At 30 September 2021 the level of borrowing had decreased by £22m to £1,424.5m and the level of long term liabilities remained at £73.6m. This means that to date the Council has not had to borrow in order to finance the Capitalisation Direction.

3.6.3 Borrowing will be taken up as required based on a continuing analysis of actual and projected expenditure over the different components of the capital programme and interest rates forecasts. It is likely that the Council will use a mixture of long term borrowing from the PWLB, short term borrowing from other local authorities and internal balances. Borrowing will be undertaken to fit into the Council's existing debt maturity profile to move towards a more even distribution of maturities. Appendix C shows the movements in PWLB interest rates for various loan periods during the first six months of the financial year.

3.6.4 At 30 September 2021, the Council had long term debt of £1,042.5m with an average rate of interest payable of 3.1% and debt due to mature within one year of £382m with an average interest rate of 0.9%.

### **3.7 Investment Strategy**

3.7.1 From time to time, under Section 15 (1) of the Local Government Act 2003 the Secretary of State issues statutory guidance on local government investments to which local authorities are required to "have regard." This guidance was taken into account in the investment policy parameters set within the Council's Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy as approved by full Council on 8 March 2021 (Minute 19/21 applies).

3.7.2 The current guidance defines investments as "Specified" and "Non-specified"

3.7.3 An investment is a specified investment if all of the following apply:

- the investment and any associated payments or repayments are denominated in sterling;
- the investment has a maximum maturity of one year;
- the investment is not defined as capital expenditure; and
- the investment is made with a body or in an investment scheme described as high quality or with the UK Government, a UK local authority or a parish or community council.

3.7.4 A non-specified investment is any investment that does not meet all the conditions in paragraph 3.7.3 above.

3.7.5 It is the Council's priority when undertaking treasury activities to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. Investment instruments identified for use by the Council during 2021/2022 as advised in the current Treasury Management Strategy are detailed in Appendix D.

3.7.6 As regards investment returns, Link advise as follows:

*As shown by the interest rate forecasts in section 3.3, it is now impossible to earn the level of interest rates commonly seen in previous decades as all short-term money market investment rates have only risen weakly since Bank Rate was cut to 0.10% in March 2020. Given this environment and the fact that Bank Rate may only rise marginally, or not at all, before the second half of 2023, investment returns are expected to remain low.*

3.7.7 Investment activity in the first half of the year conformed to the approved strategy with an average monthly balance of £68.2m being maintained in temporary investments.

3.7.8 The Interim Director of Finance confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2021/2022.

### **3.8 Repayment of Debt and Debt Rescheduling**

3.8.1 With Public Works Loans Board rates low during the first half of 2021/2022 and with high premiums being attached to the premature repayment of existing debt, opportunities for debt restructuring were minimal and none were taken.

3.8.2 During the first half of the year the Council has refinanced existing maturing debt on a short term basis using other Local authorities. Rates achieved have been significantly lower than the PWLB. Going forward the Council will look to refinance a portion of maturing debt over a longer term in order to limit the risk associated with the impact of increasing interest rates. This should be achievable as a portion of debt maturing over the next year is at rates which are higher than current and forecast long term rates for PWLB.

## **4. FINANCIAL CONSIDERATIONS**

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

**Approved by:** Richard Ennis, Interim Director of Finance, Investment and Risk,  
S. 151 Officer.

## **5. OTHER CONSIDERATIONS**

- 5.1 There are no Customer Focus, Equalities, Environment and Design, Crime and Disorder or Human Rights considerations arising from this report

## **6. COMMENTS OF THE SOLICITOR TO THE COUNCIL**

- 6.1 The Head of Litigation and Corporate Law comments on behalf of the interim Director of Law and Governance that the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) made pursuant to the Local Government Act 2003 requires the Council to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities ("The Prudential Code"). Regulations 23 and 24 provide respectively that capital receipts may only be used for specified purposes and that in carrying out its capital finance functions, a local authority must have regard to the code of practice in "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2017 Edition)" ("The Treasury Code") issued by CIPFA.
- 6.2 In relation to the Annual Investment Strategy, the Council is required to have regard to the Guidance issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003 entitled "Statutory guidance on Local Government Investments 3rd Edition" which is applicable from and effective for financial years commencing on or after 1 April 2018.
- 6.3 In addition, two codes of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) contain investment guidance which complements the Ministry of Housing Communities and Local Government (MHCLG) guidance. These publications are:
- Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes
  - The Prudential Code for Capital Finance in Local Authorities
- 6.4 Local authorities are required to have regard to the current editions of the CIPFA codes by regulations 2 and 24 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended.
- 6.5 Under the provisions of Section 3(1) and (8) of the Local Government Act 2003, the Council shall determine and keep under review how much money it can afford to borrow, and the function of determining and keeping these levels under review is a reserved function of Full Council.
- 6.6 In determining the Annual Minimum Reserves and the recommended policy around such reserves, the Council shall have regard to the Guidance issued by the Secretary of State under Section 21(1A) of the Local Government Act 2003 entitled "Statutory guidance on minimum revenue provision"
- 6.7 The requirement for a Capital Strategy Statement stems from the provisions of the Prudential Code which was most recently updated in December 2017. The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and

ensure that decisions are made with sufficient regard to the long run financing implications and potential risks to the authority. The Prudential Code sets out that in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy.

**Approved by:** Sandra Herbert, Head of Litigation and Corporate Law on behalf of the interim Director of Law and Governance & Deputy Monitoring Officer

## **7. FREEDOM OF INFORMATION**

7.1 This report contains only information that can be publicly disclosed.

## **8 DATA PROTECTION IMPLICATIONS**

8.1 Will the subject of the report involve the processing of 'personal data'?

No.

Has a data protection impact assessment (DPIA) been completed?

No. This report relates to matters relating to the administration of the LGPS and the Croydon Pension Fund.

**Approved by:** Richard Ennis, Interim Director of Finance, Investment and Risk, S151 Officer

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**CONTACT OFFICER:** Nigel Cook, Head of Pensions Investment and Treasury, Finance, Investment and Risk Resources Department, ext. 62552.

**BACKGROUND DOCUMENTS:** None

**APPENDICES:**

- A Economic update
- B Interest rate forecast update
- C PWLB rates
- D Investment instruments

### Economic update (as prepared by Link Asset Services in the first week of September 2021)

#### MPC meeting 5.8.21

- The Monetary Policy Committee (MPC) voted unanimously to leave Bank Rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn; only one MPC member voted to stop these purchases now to leave total purchases £45bn short of the total target.
- While that was all very much unchanged from previous MPC decisions over the last year, there was a major shift from indicating no expected tightening any time soon to now flagging up that **interest rate increases were now on the horizon**. There was disagreement among MPC members, some of whom felt that the forward guidance that the MPC won't tighten policy until inflation "is achieving the 2% inflation target sustainably", had already been met. Although other MPC members did not agree with them, they did all agree that **"some modest tightening of monetary policy over the forecast period was likely to be necessary to be consistent with meeting the inflation target sustainably in the medium term"**.
- The MPC was more upbeat in its new 2-3 year forecasts so whereas they had expected unemployment to peak at 5.4% in Q3, the MPC now thought that the peak had already passed. (It is to be noted though, that the recent spread of the Delta variant has damaged growth over the last couple of months and has set back recovery to the pre-pandemic level of economic activity till probably late 2021.)
- We have been waiting for the MPC to conclude a **review of its monetary policy** as to whether it should raise Bank Rate first before reducing its balance sheet (quantitative easing) holdings of bonds. This review has now been completed so we learnt that it will start to tighten monetary policy by: -
  1. Placing the focus on raising Bank Rate as "the active instrument in most circumstances".
  2. Raising Bank Rate to 0.50% (1.50% previously), before starting on reducing its holdings.
  3. Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
  4. Once Bank Rate had risen to at least 1%, it would start selling its holdings.
- What the MPC did not give us was any indication on when it would start raising Bank Rate. Inflation is currently expected to peak at over 4% during 2021. **The key issue** then is whether this is just going to be transitory inflation or whether it will morph into inflation which will exceed the MPC's 2% target on an ongoing basis. In his press conference, Governor Andrew Bailey said, "the challenge of avoiding a steep rise in unemployment has been replaced by that of ensuring a flow of labour into jobs" and that "the Committee will be monitoring closely the incoming evidence regarding developments in the labour market, and particularly unemployment, wider measures of slack, and underlying wage pressures." In other words, it's worried that labour shortages will push up wage growth by more than it expects and that, as a result, CPI inflation will stay above the 2% target for longer. Which then raises an interesting question as to whether the million or so workers who left the UK during the pandemic, will come back to the UK and help to relieve wage inflation pressures. We also have an unknown as to how trade with the EU will evolve once the pandemic distortions have dissipated now that the UK no longer has tariff free access to EU markets.
- At the current time, the MPC's forecasts are showing inflation close to, but just below, its 2% target in 2 to 3 years' time. The initial surge in inflation in 2021 and 2022 is due to a combination of base effects, one off energy price increases and a release of pent-up demand, particularly from consumers who have accumulated massive savings during the pandemic, hitting supply constraints. However, these effects will gradually subside or fall out of the calculation of inflation. The issue for the MPC will, therefore, turn into a question of **when the elimination of spare capacity in the economy** takes over as being the main driver to push inflation upwards and this could then mean that the MPC will not start tightening policy until 2023. Remember, the MPC has sets its policy as being wanting to see inflation coming in sustainably over 2% to counteract periods when inflation was below 2%. While financial markets have been pricing in a hike in Bank Rate to 0.25% by mid-2022, and to 0.50% by the end of 2022, they appear to be getting ahead

of themselves. The first increase to 0.25% is more likely to come later; our forecast shows the first increase in Q1 of 23/24 and the second to 0.50% in Q4 of 23/24. The second increase would then open the way for the Bank to cease reinvesting maturing bonds sometime during 2024.

## Gilt and treasury yields

Since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. During the first part of the year, US President Biden's, and the Democratic party's determination to push through a \$1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. However, this was in addition to the \$900bn support package already passed in December 2020 under President Trump. This was then followed by additional Democratic ambition to spend further huge sums on infrastructure and an American families plan over the next decade which are caught up in Democrat / Republican haggling. Financial markets were alarmed that all this stimulus, which is much bigger than in other western economies, was happening at a time in the US when: -

1. A fast vaccination programme has enabled a rapid opening up of the economy.
2. The economy had already been growing strongly during 2021.
3. It started from a position of little spare capacity due to less severe lockdown measures than in many other countries. A combination of shortage of labour and supply bottle necks is likely to stoke inflationary pressures more in the US than in other countries.
4. And the Fed was still providing monetary stimulus through monthly QE purchases.

These factors could cause an excess of demand in the economy which could then unleash stronger and more sustained inflationary pressures in the US than in other western countries. This could then force the Fed to take much earlier action to start tapering monthly QE purchases and/or increasing the Fed rate from near zero, despite their stated policy being to target average inflation. It is notable that some Fed members have moved forward their expectation of when the first increases in the Fed rate will occur in recent Fed meetings. In addition, more recently, shortages of workers appear to be stoking underlying wage inflationary pressures which are likely to feed through into CPI inflation. A run of strong monthly jobs growth figures could be enough to meet the threshold set by the Fed of "substantial further progress towards the goal of reaching full employment". However, the weak growth in August, (announced 3.9.21), has spiked anticipation that tapering of monthly QE purchases could start by the end of 2021. These purchases are currently acting as downward pressure on treasury yields. As the US financial markets are, by far, the biggest financial markets in the world, any trend upwards in the US will invariably impact and influence financial markets in other countries. However, during June and July, longer term yields fell sharply; even the large non-farm payroll increase in the first week of August seemed to cause the markets little concern, which is somewhat puzzling, particularly in the context of the concerns of many commentators that inflation may not be as transitory as the Fed is expecting it to be. Indeed, inflation pressures and erosion of surplus economic capacity look much stronger in the US than in the UK. **As an average since 2011, there has been a 75% correlation between movements in 10 year treasury yields and 10 year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.**

There are also possible **DOWNSIDE RISKS** from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting round to not reinvesting maturing gilts and then later selling gilts, will be interesting to keep an eye on.

## A new era – a fundamental shift in central bank monetary policy

One of the key results of the pandemic has been a fundamental rethinking and shift in monetary policy by major central banks like the Fed, the Bank of England and the ECB, to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going above a target rate. There is now also a greater emphasis on other targets for monetary policy than just inflation, especially on 'achieving broad and inclusive "maximum" employment in its entirety' in the US before consideration would be given to increasing rates. Although there are nuances between the monetary policy of all three banks, the overall common ground is allowing the inflation target to be symmetrical so that inflation averages out the dips down and surges above the target rate, over an

unspecified period of time. **For local authorities, this means that interest rates will not be rising as quickly or as high as in previous decades when the economy recovers from a downturn and the recovery eventually runs out of spare capacity to fuel continuing expansion.** Labour market liberalisation since the 1970s has helped to break the wage-price spirals that fuelled high levels of inflation and has now set inflation on a lower path which makes this shift in monetary policy practicable. In addition, recent changes in flexible employment practices, the rise of the gig economy and technological changes, will all help to lower inflationary pressures. Governments will also be concerned to see interest rates stay lower as every rise in central rates will add to the cost of vastly expanded levels of national debt; (in the UK this is £21bn for each 1% rise in rates). On the other hand, higher levels of inflation will help to erode the real value of total public debt.

**Globally, our views on economies are as follows: -**

- **EU.** The slow roll out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate has picked up sharply since then. After a contraction of -0.3% in Q1, Q2 came in with strong growth of 2.2% which is likely to continue into Q3, though some countries more dependent on tourism may struggle. There is little sign that underlying inflationary pressures are building to cause the ECB any concern.
- **China.** After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of the year; this enabled China to recover all the initial contraction. Policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2021. However, the pace of economic growth will fall back after this initial surge of recovery from the pandemic. China is also now struggling to contain the spread of the Delta variant through sharp local lockdowns which will damage economic growth. There are also questions as to how effective Chinese vaccines are proving.
- **Japan.** After declaring a second state of emergency on 7<sup>th</sup> January, which depressed growth in Q1 2021, the economy was expected to make a strong recovery to pre-pandemic GDP levels in the rest of the year as the slow roll out of vaccines eventually gathers momentum. However, the Delta variant has now raised questions as to whether lockdowns will be needed to contain it and to protect the health service from being overwhelmed.
- **World growth.** Further progress on vaccine rollouts, continued policy support, and the re-opening of most major economies should mean that global GDP growth in 2021 will grow at its fastest rate since 1973. The spread of the Delta variant poses the greatest risk to this view, particularly in large parts of the emerging world where vaccination coverage is typically lower than in advanced economies. Continued strong recovery will be accompanied by higher inflation. While most of the arithmetic and commodity price effects boosting inflation in recent months are behind us, goods shortages will last well into 2022 as order backlogs are worked through and inventories are replenished. What's more there is mounting evidence that rapid re-opening of economies generates labour shortages, which could exert further upward pressure on firms' costs. So, global inflation is unlikely to drop back until next year.

## APPENDIX B

### Interest rate forecast update (as prepared by Link Asset Services in the first week of August 2021)

The Council's treasury advisor, Link Group, provided the following forecasts on 10<sup>th</sup> August 2021 (PWLB rates are certainty rates, gilt yields plus 80bps):

Link Group Interest Rate View		10.8.21									
	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.25	0.25	0.25	0.50
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.30	0.30	0.30	0.50
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.20	0.30	0.40	0.50	0.50
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.70
5 yr PWLB	1.20	1.20	1.20	1.30	1.30	1.30	1.40	1.40	1.40	1.50	1.50
10 yr PWLB	1.60	1.60	1.70	1.70	1.80	1.80	1.90	1.90	1.90	2.00	2.00
25 yr PWLB	1.90	2.00	2.10	2.20	2.30	2.30	2.30	2.40	2.40	2.40	2.50
50 yr PWLB	1.70	1.80	1.90	2.00	2.10	2.10	2.10	2.20	2.20	2.20	2.30

Additional notes by Link on this forecast table: -

- *LIBOR and LIBID rates will cease from the end of 2021. Work is currently progressing to replace LIBOR with a rate based on SONIA (Sterling Overnight Index Average). In the meantime, our forecasts are based on expected average earnings by local authorities for 3 to 12 months.*
- *Our forecasts for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short term cash at any one point in time.*
- *We will maintain continuity by providing clients with LIBID investment benchmark rates on the current basis.*

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings, although some forecasters had suggested that a cut into negative territory could have happened prior to more recent months when strong recovery started kicking in. However, the minutes of the Monetary Policy Committee in February 2021 made it clear that commercial banks could not implement negative rates within six months; by that time the economy would be expected to be recovering strongly and so there would be no requirement for negative rates. As shown in the forecast table above, one increase in Bank Rate from 0.10% to 0.25% has now been included in quarter 1 of 2023/24 and another increase to 0.50% in quarter 4 of 23/24, as an indication that the Bank of England will be starting monetary tightening during this year.

**PWLB RATES.** There was much speculation during the **second half of 2019** that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been **the gradual lowering of the overall level of interest rates and bond yields in financial markets.** Over the year prior to the coronavirus crisis, this resulted in many bond yields up to 10 years turning negative in the Eurozone. In addition, there was, at times, an inversion



of bond yields in the US whereby 10 year yields fell below shorter-term yields. In the past, this has been a precursor of a recession.

**Gilt yields had, therefore, already been on a generally falling trend up until the coronavirus crisis hit western economies during March 2020 which caused gilt yields to spike up.** However, yields then fell sharply in response to major western central banks taking rapid policy action to deal with excessive stress in financial markets during March and starting massive quantitative easing driven purchases of government bonds: these actions also acted to put downward pressure on government bond yields at a time when there was a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply.

**At the start of January 2021**, all gilt yields from 1 to 8 years were negative: however, since then all gilt yields have become positive and rose sharply, especially in medium and longer-term periods, until starting a significant decline since May. The main driver of the increases was investors becoming progressively more concerned at the way that inflation was expected to rise sharply in major western economies during 2021 and 2022. However, repeated assurances by the Fed in the US, and by other major world central banks, that inflation would spike up after Covid restrictions were abolished, but would only be transitory, have eventually allayed those investor fears. **However, there is an alternative view that the US Fed is taking a too laid-back view that inflation pressures in the US are purely transitory and that they will subside without the need for the Fed to take any action to tighten monetary policy. This could mean that US rates will end up rising faster and sharper if inflationary pressures were to escalate; the consequent increases in treasury yields could well spill over to cause (lesser) increases in gilt yields.**

As the interest forecast table for PWLB certainty rates, (gilts plus 80bps), above shows, there is likely to be an unwinding of the currently depressed levels of PWLB rates and a steady rise over the forecast period, with some degree of uplift due to rising treasury yields in the US.

There is likely to be **exceptional volatility and unpredictability in respect of gilt yields and PWLB rates** due to the following factors: -

- How strongly will changes in gilt yields be correlated to changes in US treasury yields?
- Will the Fed take action to counter increasing treasury yields if they rise beyond a yet unspecified level?
- Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level?
- How strong will inflationary pressures turn out to be in both the US and the UK and so impact treasury and gilt yields?
- How will central banks implement their new average or sustainable level inflation monetary policies?
- How well will central banks manage the withdrawal of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the “taper tantrums” in the US in 2013?
- Will exceptional volatility be focused on the short or long-end of the yield curve, or both?

The forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within our forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

#### **The balance of risks to the UK**

- The overall balance of risks to economic growth in the UK is now to the upside though there are still residual risks from Covid variants - both domestically and their potential effects worldwide, and from various shortages.
- 
- There is relatively little domestic risk of increases in Bank Rate exceeding 0.50% in the next two to three years and, therefore, in shorter-term PWLB rates.

#### **Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:**

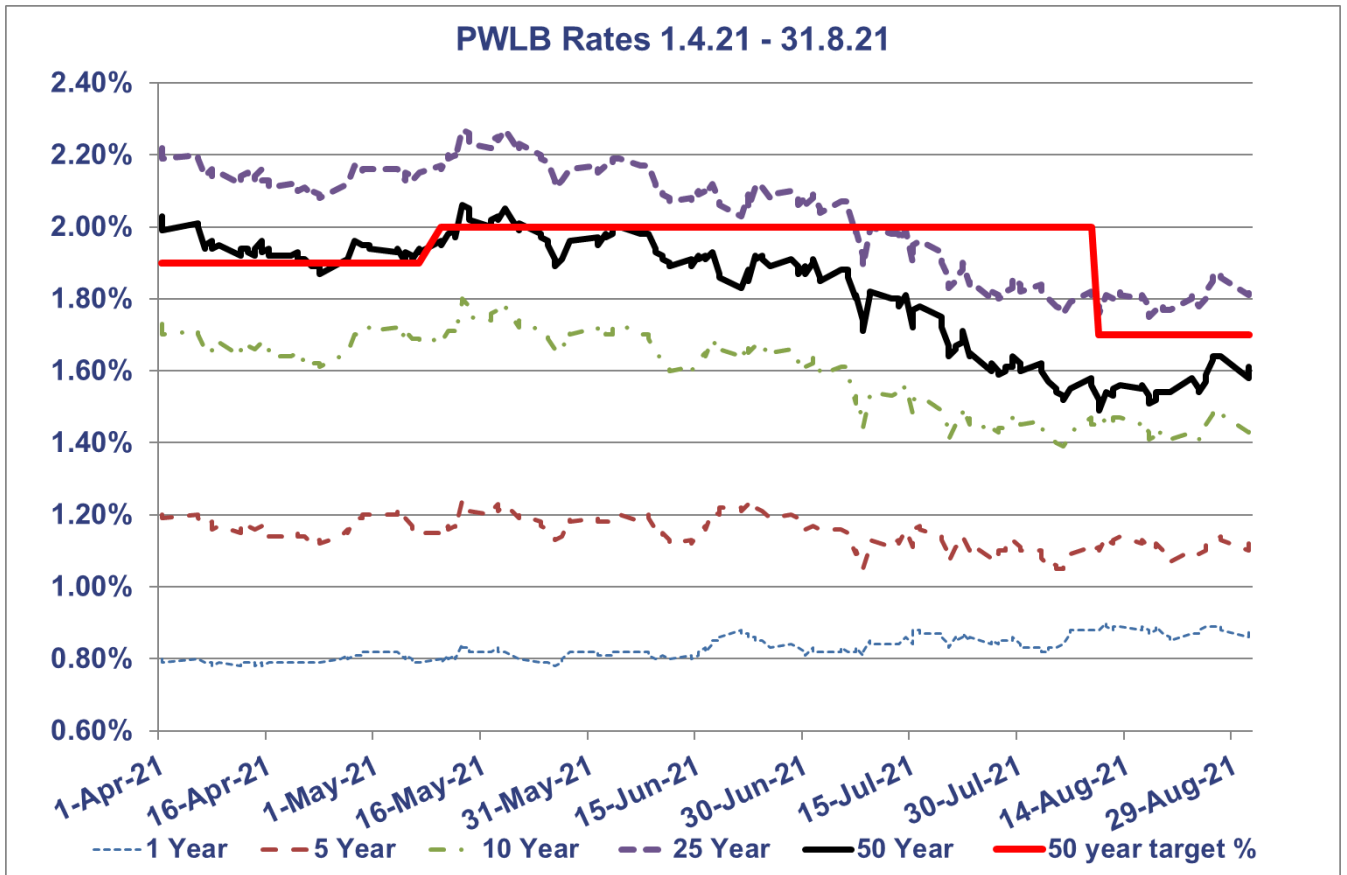
- **Mutations** of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed, resulting in further national lockdowns or severe regional restrictions.

- **MPC** acts too quickly in unwinding QE or increasing Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- 
- The Government implements an **austerity programme** that suppresses GDP growth.
- **Labour and material shortages** do not ease over the next few months and further stifle economic recovery.
- The lockdowns cause major long-term **scarring of the economy**.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- A resurgence of the **Eurozone sovereign debt crisis**. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for “weaker” countries. In addition, the EU agreed a €750bn fiscal support package which has still to be disbursed. These actions will help shield weaker economic regions in the near-term. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some **European banks**, which could be undermined further depending on the extent of credit losses resulting from the pandemic.
- **German minority government & general election in September 2021**. In the German general election of September 2017, Angela Merkel’s CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, because of the rise in popularity of the anti-immigration AfD party. Subsequently, the CDU has done badly in state elections, but the SPD has done even worse. Angela Merkel has stepped down from being the CDU party leader but remains as Chancellor until the general election in 2021. Her appointed successor has not attracted wide support from voters and the result of the general election could well lead to some form of coalition government, though there could be a question as to whether the CDU will be part of it which, in turn, could then raise an issue over the tenure of her successor. This then leaves a question mark over who the major guiding hand and driver of EU unity will be.
- **Other minority EU governments**. Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile and, therein, impact market confidence/economic prospects and lead to increasing safe-haven flows.
- **Major stock markets** e.g., in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the “moral hazard” risks of having to buy shares and corporate bonds to reduce the impact of major financial market selloffs on the general economy.
- **Geopolitical risks**, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe-haven flows.

**Upside risks to current forecasts for UK gilt yields and PWLB rates: -**

- Longer term **US treasury yields** rise strongly and pull UK gilt yields up higher than forecast.
- **Vaccinations** are even more successful than expected and eradicate hesitancy around a full return to normal life, which leads into a stronger than currently expected recovery in UK and/or other major developed economies.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary 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.

## APPENDIX C



	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	0.78%	1.05%	1.39%	1.75%	1.49%
<b>Date</b>	08/04/2021	08/07/2021	05/08/2021	17/08/2021	10/08/2021
<b>High</b>	0.90%	1.24%	1.80%	2.27%	2.06%
<b>Date</b>	11/08/2021	13/05/2021	13/05/2021	13/05/2021	13/05/2021
<b>Average</b>	0.83%	1.15%	1.59%	2.03%	1.82%
<b>Spread</b>	0.12%	0.19%	0.41%	0.52%	0.57%

### Investment instruments

#### Specified investments

AAA rated money market funds - limit £20m

Debt Management Office – no limit

Royal Bank of Scotland\* – limit £25m

Duration of up to one year.

\*Royal Bank of Scotland is included as a specified investment since it is the Council's banker and the UK Government holds a majority stake.

#### Non-specified investments

All institutions included on Link Asset Services' weekly "Suggested Credit List" – limit £10m

All UK local authorities – limit £10m

Duration to be determined by the "Suggested Credit List" from Link

<b>REPORT TO:</b>	<b>GENERAL PURPOSES AND AUDIT COMMITTEE</b>  <b>25.11.2021</b>
<b>SUBJECT:</b>	<b>Anti-Fraud &amp; Corruption Strategy</b>
<b>LEAD OFFICER:</b>	<b>Richard Ennis Interim Corporate Director Resources (S151 &amp; Deputy Chief Executive)</b>
<b>CABINET MEMBER</b>	<b>Councillor Callton Young, Cabinet Member for Resources &amp; Financial Governance</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>	
<p>As part of the General Purposes and Audit Committee’s role of overseeing the anti-fraud and corruption strategy Members are asked to review and approve the contents of Croydon’s refreshed Anti-Fraud &amp; Corruption Strategy.</p> <p>In line with the Council’s commitment to openness and transparency, Anti-Fraud &amp; Corruption Strategy 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>	
<b>FINANCIAL SUMMARY:</b> No additional direct financial implications.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.:</b> N/A	

## 1.1 RECOMMENDATIONS

The Committee is asked to:

Review and approve the contents of Croydon’s refreshed Anti-Fraud & Corruption Strategy.

## 2. EXECUTIVE SUMMARY

- 2.1 The report requests Members of the General Purposes & Audit Committee to review and approve Croydon’s refreshed Anti-Fraud & Corruption Strategy.

### **3. DETAIL**

#### **Anti-Fraud & Corruption Strategy**

- 3.1 The Anti-fraud and Corruption Policy was last reviewed by Members at General Purposes & Audit committee 6 December 2018. In line with Croydon's overall review of its governance arrangements a refreshed Anti-fraud and Corruption Strategy is presented for review by this committee.
- 3.2 The strategy cross-references with other refreshed and revised policies and strategies of the council including the Members' Code of Conduct; Officers' Code of Conduct; Whistle-blowing Policy; Financial Regulations and Contract and Tender Regulations and a further reference to the Nolan Principles of public life.
- 3.3 In particular it should be noted that the 'five pronged' approach to tackling fraud: 'govern, acknowledge, prevent, pursue and protect' specifically references a risk management approach to tackling fraud with a fraud risk register as a starting point to understanding the Council's exposures.
- 3.4 It is recognised that tackling fraud and corruption requires everyone associated with the council to play their part and the strategy specifically references those corporate responsibilities along with the role of officers and members, contractors and lastly the internal audit and corporate antifraud functions.
- 3.5 In line with the Council's commitment to openness and transparency, this report will appear 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 item being considered under Part B (set out under Paragraph 3 of Schedule 12A of the Local Government Act 1972 as amended).
- 3.6 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 Nish Popat Interim Head of Finance Resources on behalf of Interim Director of Finance)

## **5. LEGAL CONSIDERATIONS**

- 5.1 The Head of Litigation and Corporate Law comments on behalf of the interim Director of Law and Governance and Deputy Monitoring Officer that the the Corporate Director of Resources and Chief Finance Officer has a statutory responsibility under the Local Government Act 1972 section 151 to make arrangements for the proper administration of the Council's financial affairs. These include the prevention, detection and investigation of fraud and corruption and where appropriate, the prosecution of offenders.
- 5.2 The Council also has a duty under the Crime and Disorder Act 1998 section 17 to do all it can to prevent crime and disorder.
- 5.3 This Policy is part of the Council's framework of policies designed to support the Council with complying with these responsibilities to minimise losses due to fraud and corruption.

*Approved by:* Sandra Herbert, Head of Litigation and Corporate Law on behalf of the interim Director of Law and Governance and Deputy Monitoring Officer.

## **6. HUMAN RESOURCES IMPACT**

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

(Approved by: Gillian Bevan, Head of Human Resources on behalf of the Interim 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.

## **9. FREEDOM OF INFORMATION/DATA PROTECTION CONSIDERATIONS**

- 9.1 Information contained in this report 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'.

None

## **10. DATA PROTECTION IMPLICATIONS**

None

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

No.

No personal data is processed as part of the production of this strategy.

**10.2. HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

No.

Not applicable as no personal data is processed as part of the production of the Corporate Risk Register

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**CONTACT OFFICER:**

Malcolm Davies,  
Head of Anti -Fraud, Risk & Insurance  
Ext 50005

**BACKGROUND DOCUMENTS:**

Appendix 1 Anti-Fraud & Corruption Strategy



## **Appendix 1**

### **Croydon Council Anti-Fraud & Corruption Strategy**

#### **1. Introduction**

#### **2. Definitions**

What is Fraud?

What is Corruption?

What is Theft?

What is Financial Malpractice/Irregularity?

#### **3. Statement of Intent and Strategy**

Govern

Acknowledge

Prevent

Pursue

Protect

#### **4. Responsibilities**

Corporate Responsibilities

Councillor Responsibilities

Manager Responsibilities

Employee Responsibilities

Contractor Responsibilities

Internal Audit & Corporate Anti-Fraud Team Responsibilities

General Public – Responsibilities

#### **5. Reporting a Fraud**

## 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 & Audit Committee and Senior Leadership Team.
- 1.2 We are responsible for paying or spending 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 and as a part of our Insurance and Risk functions, we have a dedicated Anti-Fraud Team who will investigate allegations of fraud and corruption across all Council service areas. The Anti-Fraud Team includes two Financial Investigators 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 five key themes identified in 'Fighting Fraud & Corruption Locally: A strategy for the 2020s' endorsed by the Local Government Association:
- Govern;
  - Acknowledge;
  - Prevent;
  - Pursue;
  - Protect
- 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;
- Contract and Tender Regulations and
- The Procedures for the Investigation of Financial Irregularities and Fraud

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:

### **Govern**

Having robust arrangements and executive support as part of Croydon's Code of Governance, to ensure antifraud, bribery and corruption measures are embedded throughout the organisation.

## **Acknowledge**

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

- Maintain an Anti-Fraud Team whose members are trained and qualified to the latest public sector counter fraud accreditation
- Maintain a fraud risk register:

## **Prevent**

The 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 Anti-Fraud Team work side by side to provide the Council's audit and fraud investigation functions. They employ a multidisciplinary 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 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 Anti - Fraud Team will continue to work in partnership with other organisations such as the Department for Work and Pensions, UK Visas and Immigration, Border Force and Immigration Enforcement and the Metropolitan Police.

### **Protect**

Croydon Council recognises the harm that fraud can cause in the community and is committed to protecting itself and its' residents from fraud

## **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 DBS 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 dedicated Anti-Fraud Team and Financial Investigators;
- Participation in the National Fraud Initiative, and membership of the National Anti-Fraud Network; and
- Webpages on the intranet offering governance and anti-fraud advice 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 Insurance, Risk and Anti-Fraud or the Anti-Fraud team Investigations Manager, 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 the Head of Service or independently to the Head of Insurance, Risk and anti-Fraud.
- 4.10 Through its Whistle-blowing Policy the Council provides employees and councillors with the means to report instances of suspected fraud, corruption or breaches of the Council's policies. The policy offers employees and councillors 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 same standards of contractors as direct employees in that contractors are required 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. The council is designated as a prosecuting authority by the Local Government Act 1972.
- 4.14 The Head of Anti-Fraud, Risk and Insurance is responsible for making appropriate arrangements to co-ordinate the Council work on the Cabinet Office's National Fraud Initiative (NFI) in respect of internal data matching across council systems.
- 4.15 The Head of Anti-Fraud, Risk & Insurance, or alternatively the Anti-Fraud Investigation Team Leader will advise Directors (or the appropriate Head of Service) of all instances of reported or detected fraud or corruption in their service area and for issuing guidance to members and management in relation to fraud and corruption related legislation and procedures.
- 4.16 The assigned Investigations Officer is responsible for reporting to and liaising with all relevant agencies on individual cases to help ensure that follow up actions are taken and co-ordinated as appropriate.

### **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 Anti-Fraud Team's hotline and the DWP's National Benefit Fraud Hotline. A dedicated investigation email mailbox is maintained and along with the contact numbers/ addresses are securely maintained 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 Anti-Fraud Team hotline on 020 8760 5645 or [caft@croydon.gov.uk](mailto:caft@croydon.gov.uk)
- Internal Audit email address [092295@croydon.gov.uk](mailto:092295@croydon.gov.uk)
- National Benefit Fraud Hotline 0800 854 440
- Protect at [Contact our Advice Line - Protect - Speak up stop harm \(protect-advice.org.uk\)](https://protect-advice.org.uk) (Employees only)

Introduced  
Last Reviewed  
Next review:

Audit Advisory Committee 26 March 2013  
General Purposes & Audit Committee 6 December 2018  
General Purposes & Audit Committee 25 November 2021

<b>REPORT TO:</b>	<b>GENERAL PURPOSES AND AUDIT COMMITTEE</b>  <b>25.11.2021</b>
<b>SUBJECT:</b>	<b>Corporate Risk Report</b>
<b>LEAD OFFICER:</b>	<b>Richard Ennis Interim Corporate Director Resources (S151 &amp; Deputy Chief Executive)</b>
<b>CABINET MEMBER</b>	<b>Councillor Callton Young, Cabinet Member for Resources &amp; Financial Governance</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>	
<p>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 report accompanies the appendix document which presents those risks recorded as ‘high rated’ or RED on the corporate risk register as at November 2021.</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>	
<b>FINANCIAL SUMMARY:</b> No additional direct financial implications.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.:</b> N/A	

## 1.1 RECOMMENDATIONS

The Committee is asked to:

Note the contents of the corporate risk register as at November 2021

## 2. EXECUTIVE SUMMARY

- 2.1 The report updates the General Purposes & Audit Committee Members on the corporate risk register (the register) as at November 2021.

### 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, the following risks have been escalated to Red Status:

- ASC0028. National Hospital Discharge funding for 4 weeks is confirmed to 31/3/22. The current position is this funding will stop from 1/4/22. The risk is that staffing will have to be reduced and impact on patient care and hospital length of stay and flow will be severely impacted.
- ASC0031. Afghan Relocations and Assistance Policy (ARAP) offering relocation or other assistance to current and former Locally Employed Staff in Afghanistan places unsustainable burden on Croydon Council to finance and manage adult social care in quarantine hotels in the borough.
- CIC0008. Wholesale gas and energy costs increasing and risk of continual increases placing unsustainable burden on the council.
- MO0004. Failure to implement new governance model for the Council associated with directly elected Mayor in May 2022
- PP0017. General increasing demand for council services over the winter of 2021/22 driven by several factors including fuel poverty, the ending of Covid furlough scheme, increasing national insurance contributions and the further impact of universal credit.

3.3 Since the register was last considered by Members, the following risks have been de-escalated from Red status as follows.

- ASC0016. Social Care Funding and pathway for eligible 'Continuing Health Care' and 'Joint Funding' demand led pressures increases significantly the financial commitment that the Council must provide without additional contributions from our health partners. De-escalated to high amber.
- ASC0017. Young people transitioning from 18-25 to 25-65 Social Care Services are disadvantaged due to operational restrictions. De-escalated to high amber.
- ED0002. 'Local Area (OFSTED) Inspection' issue a letter detailing improvement requirements / concerns in respect of the SEND Service. Risk withdrawn as the inspection has now taken place.

- EHCSC0017 Gaps in Statutory Social Work Capacity - Croydon Supporting Families ( Assessment ). Risk de-escalated to amber.

- 3.4 In addition to the changes in the red risks noted above there have been a number of recent changes in relation to risk ownership as per the attached report and all risks are subject to an on-going review in relation current and future control measures. Members are reminded that they can request risk presentations in relation to any risk register entry where more detail/clarification is required.
- 3.5 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).
- 3.6 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 Nish Popat Interim Head of Finance Resources on behalf of Interim Director of Finance)

#### **5. LEGAL CONSIDERATIONS**

- 5.1 The Head of Litigation and Corporate Law comments on behalf of the interim Director of Law and Governance and Deputy Monitoring Officer that the Committee is required through its terms of reference in exercising its audit functions to maintain oversight of risk management arrangements and operations and as such periodic updates on the Corporate Risk Register are provided to assist members with this responsibility.
- 5.2 Separately, the management of risk has a direct impact on the Council's ability to deliver its functions in a manner which promotes economy, efficiency and effectiveness. Therefore, the consideration of this report also seeks to

demonstrate the Council's compliance with its Best Value Duty.

- 5.3 In addition, the Council is legally required to ensure that it has a sound system of internal control facilitating the effective exercise of the Council's functions. This includes arrangements for the management of risk and an effective system of internal audit to evaluate the effectiveness of its risks management, control and governance processes, taking into account public sector internal auditing standards and guidance. This report also seeks to demonstrate compliance with these legal duties.

(Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the interim Director of Law and Governance and Deputy Monitoring Officer)

## **6. HUMAN RESOURCES IMPACT**

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

(Approved by: Gillian Bevan, Head of Human Resources on behalf of the Interim 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.

## **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'.

## **10. DATA PROTECTION IMPLICATIONS**

- 10.1. **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

No.

No personal data is processed as part of the production of the Corporate Risk Register.

**10.2. HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

No.

Not applicable as no personal data is processed as part of the production of the Corporate Risk Register

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**CONTACT OFFICER:** Malcolm Davies,  
Head of Anti-Fraud, Risk & Insurance  
Ext 50005

**BACKGROUND DOCUMENTS:** Appendix 1 Corporate Risk Register  
Appendix 2 Risk Scoring Matrix

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## Appendix 1: Corporate Risk Register Red Risks

Risk Ref	Risk Scenario		Assigned To	Current			Future Risk Rating		
	Risk	Impact		Impact	L'hood	Total	Impact	L'hood	Total
EHCS0001  Madden, Roisin	<p>The significant and increasing numbers of unaccompanied asylum seeking children (UASC) / 'care leavers looked after' arriving within the borough (above the national average) places substantial additional financial pressures on the Council in order to deliver its statutory obligations.</p> <p>Reviewed by risk owner 16/11/21</p> <p>Reviewed at CMT 26/10/21</p> <p>**The voluntary structure of the scheme means there is always vulnerability. Croydon is responsible for all new children under 16 presenting to Lunar House as a locally based service**.</p> <p>Grant Thornton - 'Report in the Public Interest' recommendation number(s): 6 &amp; 7</p> <p>Risk Raised 19/12/2019</p>	<ul style="list-style-type: none"> <li>As a result of the location of Lunar House in the borough Croydon has over three times the national voluntary ceiling of 0.07% of the child population accommodated as UASC</li> <li>Over 57% of the care leavers cohort were previously UASC</li> <li>Support and care for UASC cannot be absorbed into the existing staffing structure and placement budgets like in other Councils</li> <li>Pressure on placement supply of in-house and independent foster carers, and pressures on school places and LAC health services.</li> <li>Significant impact on the council's ability to discharge its statutory duties to all children and families in Croydon; to provide help and protection to children in need and safe effective services to all children                             <ul style="list-style-type: none"> <li>in care and care leavers</li> </ul> </li> <li>Legislative action.</li> </ul>	Madden, Roisin	5	5	25	5	4	20
<p><b>Existing Controls</b></p> <ul style="list-style-type: none"> <li>- Existing Controls -- Working with the Home Office to ensure that Adult Asylum Seekers are not placed in Croydon -</li> <li>Agreement that 21 children placed by LBC in other London Boroughs are accepted as children in their care with service provision and financial responsibility transferring to the host borough</li> <li>24 London Boroughs agreed to accept newly-arrived under-16s under an extended Pan London Rota for a 3 month period while negotiations with central government on a long term sustainable solution for LBC continue.</li> <li>The Home Office to second the Age Assessment Team and meet the costs of the duty team for 12 months with effect from June 2021, relieving a total of £594,000 of revenue costs in 21/22</li> <li>29 Human Rights Assessments completed since December 2020 to inform the safe removal services to care leavers who have exhausted their immigration appeal rights.</li> <li>NTS transferred a small number of children presenting at Lunar House to other LAs</li> <li>Virtual immigration interview offered by Home Office to prioritise immigration applications of Croydon UASC to enable access to public funds and employment • Regular updates to GPAC and cabinet on progress against the RIPI actions on UASC</li> <li>Challenge raised with the Home Office on placing young people in Croydon assessed on arrival in Kent as adults where a challenge to the age assessment results in a requirement on Croydon to accommodate as children</li> <li>Report to cabinet in June 2021 set out the issues and risks based on forensic modelling</li> </ul>									
<p><b>Future Controls</b></p> <ul style="list-style-type: none"> <li>- Future Controls • Further liaison with Kent CC and Portsmouth on the preparation of legal advice to suspend statutory duties and cease to accept newly arrived children. (Jan 2022 review)</li> <li>Development of advice based upon detailed analysis of the specific issues in Croydon (Jan 2022 review)</li> <li>Development of options to inform member decisions on further action to address the risks to the ability to discharge statutory responsibilities to all children and families in need of help and support (Jan 2022 review)</li> </ul>									
							Target Date		
							16/02/2022		

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Risk Ref	Risk Scenario		Assigned To	Current			Future Risk Rating		
	Risk	Impact		Impact	L'hood	Total	Impact	L'hood	Total
PH0001 Flowers,Rache l	<p>The Director of Public Health is unable to fulfil all statutory obligations as required under the 1938 Public Health Act in order to assure leadership that they can deliver the appropriate activities to ensure the safety and well-being of all residents within the borough during the winter pressures period.</p> <p>Reviewed by risk owner 15/11/21</p> <p>Reviewed CMT 26/10/21</p> <p>(Risk generated (23/3/20)</p>	<ul style="list-style-type: none"> <li>• Political scrutiny.</li> <li>• Inability to ensure operational delivery in relation to the Council's ability to respond.</li> <li>• Reputational damage.</li> <li>• Financial loss.</li> <li>• Media interest and scrutiny.</li> </ul>	Flowers,Rachel	5	5	25	5	3	15

**Existing Controls**

- Director of Public Health influence in respect of non-assurance with Exec Management. -- incorporates liaising with relevant Directors and HoS to ensure clarity around plans in place and receive assurance as to organisational preparedness.
- Excess Death Scenario 'Task & Finish Group' participation. -
- LSP of all Croydon parties regularly briefed. -
- Ongoing collaborative working with Corporate Resilience Team to ensure -regular review and update of Council's Pandemic Plan.
- Part of the PAN LONDON network (DPH's). -

**Future Controls**

- Achievement of coverage for all age categories under the Covid-19 mass vaccination programme. Including 12-15 age group anticipated completion Jan 2022.
- Surge Testing as and when required. To be reviewed at the end of the winter pressures period March 2022

Target Date

Risk Scenario			Current			Future Risk Rating			
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
RCS0032 Ennis, Richard	<p>Croydon Council companies: Robust governance, financial accounting treatment &amp; risk management procedures/frameworks are not activated to safeguard the interests of the Council and it's taxpayers in respect of all subsidiary organisations where the Council has an interest as raised in External Audit's Management letter/report presented to GPAC 20th October 2021.</p> <p>(Specifically in reference to Croydon Affordable Homes &amp; Croydon Affordable Tenures and Brick x Brick).</p> <p>Grant Thornton - 'Report in the Public Interest' recommendation number(s): 8,12,17,19 &amp; 20.</p> <p>Reviewed by risk owner 16/11/2021</p> <p>Reviewed at CMT 26/10/21</p> <p>(Risk generated (26/02/2021)</p>	<ul style="list-style-type: none"> <li>• Significant financial accounting adjustment</li> <li>• Reputational damage.</li> <li>• Political interest and scrutiny.</li> <li>• Media interest and scrutiny.</li> <li>• Council placed in unstable financial position leading to potential bankruptcy.</li> <li>• Significant fraudulent activity.</li> <li>• Continuing and increasing levels of non-compliance.</li> </ul>	Ennis, Richard	5	5	25	5	2	10

**Existing Controls**

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- Annual business plan of BXB reported to Cabinet. -
- Cabinet decision for managed wind down of BxB reached with build out of some sites -
- Cabinet member responsibility in portfolio. -
- Council taking legal advice in respect of Croydon Affordable Homes and Croydon Affordable Tenures -
- Dedicated shareholder function in place to manage relationship and risks. -
- LBC non-executive directors allocated to serve on all subsidiary Boards. -
- PwC Review of the transparency of reporting of any remedial action taken to address in year overspends. -
- Shareholder boards established specifically for Brick by Brick -and secondly for all other external companies feeding into the working group for council companies to report as part of the renewal plan delivery
- Shareholder Representatives and responsibilities identified following review. -
- Strategic review recommendations agreed to reduce risks and deliver secure financial path forward. -

**Future Controls**

Target Date

- Report on governance of external and related companies approved with target date for further work/implementation of the CCSMP structure with Member/Cabinet involvement, meetings scheduled to end of 2022

Risk Scenario			Current			Future Risk Rating			
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
RCS0034 Ennis, Richard	<p>Poor financial control and ineffective application of governance arrangements continues to lead to an unstable financial situation, including contract spend and pressures in our major partnership areas including the NHS.</p> <p>Grant Thornton - 'Report in the Public Interest' recommendation number(s):1-20.</p> <p>Reviewed by risk owner 16/11/21</p> <p>Reviewed at CMT 26/10/21</p> <p>(Risk generated 22/10/2020).</p>	<ul style="list-style-type: none"> <li>Internal Controls rated at 'limited' or 'no assurance' by Head of Internal Audit.</li> <li>Continuing instances of non-compliance with corporate policies and legislative requirements.</li> <li>Political scrutiny and interest at local and national level.</li> <li>Media interest at local and national level.</li> <li>Increasing and uncontrollable financial loss.</li> <li>Legislative action.</li> <li>Staff redundancies.</li> <li>Report in the Public Interests (RIPI) issued by External Auditors.</li> <li>Non delivery of in year savings</li> </ul>	Ennis, Richard	5	5	25	5	3	15

**Existing Controls**

- CMT co-ordination to identify and instigate savings strategies. -
- Collaborative working with MHCLG Improvement & Assurance Panel. -
- Finance Consultant issued report into improving finance system. -
- Immediate spending controls implemented across the Council. -Recruitment; PCards; Spend control panel.
- Introduced non-essential spend and recruitment controls as if s.114 notice issued. -
- Leader, Cabinet Member for Finance & Resources and the Chair of General Purposes & Audit Committee -attended LGA Training 07/11/2020.
- Monthly reporting to CMT/ Cabinet. -
- Proper management of purchase orders to ensure compliance with corporate policy to eliminate retrospective activity. -
- Rapid review completed to highlight issues. -
- Savings assurance meetings with S151 Officer and CEO implemented -
- Spending Control Panel in place monitoring and approving all expenditure across the Council. -

**Future Controls**

- Outcome of forensic audit to be considered. 2 Directors of Finance from other boroughs also peer reviewing Dec 2021
- Review of 'My Finance' and 'My Resources' systems: Jan 2022
- Review of scheme of delegation and constitution in conjunction with Monitoring Officer Dec 2021.
- Training programmes to be introduced to improve General Purposes & Audit Committee (GPAC) and Scrutiny Committees. Planned training programme ongoing / continuous through financial year 2021/22.

Target Date

Risk Scenario			Current			Future Risk Rating			
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
RCS0037 Ennis, Richard	Further deterioration in Internal Control & Governance as a result of capacity, budget and resourcing constraints in the organisation.  Reviewed by risk owner 16/11/21  Reviewed at CMT 26/10/21  (Risk generated 26/02/2020).	<ul style="list-style-type: none"> <li>Financial / Reputational and Legal implications arising from bad decision making.</li> <li>Poor data control leading to lack of financial control</li> <li>Inadequate financial governance</li> <li>failure to comply with probity requirements, legislation, local regulations or council policy.</li> <li>S114 Notice.</li> <li>Report in the Public interest.</li> </ul>	Ennis, Richard	5	5	25	5	3	15

**Existing Controls**

- Commissioning & Procurement Framework being reviewed with LGA Support -
- Committee Award process for contracts. -
- Higher profile of key policies and procedures and easier access to support and guidance. -
- Internal review of the current internal governance structures being conducted by Executive Leadership Team. -(Completion October 2021).
- Robust Internal Audit Programme in place. -
- Spend Control Panel -Medium Term Financial Strategy  
Work of Steering Board (Exec Directors and Directors).  
Financial Procedures Reviewed  
Monthly Budget Monitoring  
PMO monitoring of adherence and delivery of Renewal Plan
- Strategy implemented to raise profile of Governance / Internal Audit function to ensure appropriate adherence -at all levels across organisation.

**Future Controls**

- Finance systems including 'My Resources' and 'My Finance' to be reviewed Jan 2022.
- Review by Section 151 officer of the skills and capability and structure of Finance function Peer review with other councils and LGA
- Review of training offer by L&OD to ensure provision of 'fit for purpose' support to all employees. December 2021.

Target Date

28/01/2022

Risk Scenario			Current			Future Risk Rating			
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
RCS0039 Ennis, Richard	<p>The audit of the 2019/20 and 2020/21 accounts could require two significant adjustments, as highlighted in External Audit's management letter/report to GPAC 20 October 2021, to provide a balance and not be qualified.</p> <p>In relation to the 19/20 and 20/21 accounts further significant work is required in relation to the accounting treatment of Croydon Affordable Homes and Croydon Affordable Tenures with any financial implications for both the General Fund and Housing Revenue Account to be dealt with after this review.</p> <p>In addition the council's bank reconciliations do not balance for 20/21.</p> <p>Reviewed by risk owner 16/11/21</p> <p>Reviewed at CMT 26/10/21</p> <p>(Risk generated 22/02/2021).</p>	<ul style="list-style-type: none"> <li>• Qualified accounts provided in respect of 2019/20.</li> <li>• Loss of control of financial position</li> <li>• Political scrutiny applied at local and national level.</li> <li>• Media interest and scrutiny at local and national level.</li> <li>• Continuing financial loss.</li> <li>• Reputational damage.</li> <li>• Potential investigation of historic financial practices.</li> <li>• Impact on reserves</li> </ul>	Ennis, Richard	5	5	25	5	3	15

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**Existing Controls**

- Regular meetings with Grant Thornton and corporate finance team to monitor progress of audit -
- Specific use of transformation funding in relation to 19/20 and 20/21 audited by Grant Thornton -in consultation with corporate finance team.
- The council has engaged CIPFA to advise in relation to the bank reconciliation processes and systems. -
- The Council is taking advice from PWC on accounting treatment -and Trowers and Hamlins on company legal arrangements in relation to Croydon Affordable Homes and Affordable Tenures

**Future Controls**

- Additional resources in corporate finance to support increased support and oversight of the accounts. This work to be driven by the Section 151 officer review of the Finance function and the effective use of 'My Resources' and 'My Finance' and peer review

Target Date  
28/01/2022

Risk Scenario			Current			Future Risk Rating			
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
RCS0040 Ennis, Richard	<p>In respect of the 2022/23 financial year the additional savings as set out by MHCLG in the Capitalisation Direction Agreement (2021) are not delivered, together with the risk of not meeting the challenges of the spending review/local government grant settlement and council tax and social care precept restrictions, leaving the 22/23 budget unbalanced.</p> <p>**The Council would therefore not be able to 'balance the budget' also leading to the refusal for the further £25m loan as part of the final Capitalisation Direction Agreement.**</p> <p>Reviewed by risk owner 16/11/21</p> <p>Reviewed at CMT 26/10/21</p> <p>Reviewed at DLT 2/6/2021.</p> <p>(Risk generated 22/02/2021).</p>	<ul style="list-style-type: none"> <li>Do not meet terms and conditions set out by MHCLG in Capitalisation Direction Agreement (2021) / Three Year Delivery Programme.</li> <li>Inappropriate financial behaviour and practice evidenced.</li> <li>Political scrutiny applied at local and national level.</li> <li>Media interest and scrutiny at local and national level.</li> <li>Impact on reserves</li> <li>Continuing financial loss and potential S114 notice</li> <li>Reputational damage.</li> <li>Potential investigation of historic financial practices.</li> <li>Not balancing 22/23 budget.</li> </ul>	Ennis, Richard	5	5	25	5	3	15

**Existing Controls**

- Corporate finance working with services to identify further savings for 2022/23 -via Star Chamber process
- MHCLG Improvement & Assurance Panel. -
- Public consultation activity. -
- Review and revision of budget setting process and meetings being conducted by Section 151 officer. -
- Steering board made up of CMT and Directors to oversee the strategy to achieve the additional savings targets established. -

**Future Controls**

- Renewal plan to be reviewed January 2022.

Target Date

Risk Scenario			Current			Future Risk Rating			
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
ASC0028 Robson, Simon	<p>National Hospital Discharge funding for 4 weeks is confirmed to 31/3/22. The current position is this funding will stop from 1/4/22. The risk is that staffing will then have to be reduced and impact on patient care and hospital length of stay and flow will be severely impacted.</p> <p>Likelihood increased - Funding is due to end but current local and national negotiations' are ongoing and is high risk. (risk generated 01/03/2021).</p> <p>Reviewed 10/11/21</p>	<ul style="list-style-type: none"> <li>Unable to meet deadlines as per the Care Act</li> <li>Financial impact due to packages of care required above BAU budgets.</li> <li>That delays are experienced in the hospital</li> </ul>	Robson, Simon	5	4	20	5	3	15

**Existing Controls**

- Options analysis of impact of returning to BAU and the impact this will have on the NHS and residents. -Funding extended until 31 March 2022 to review in January
- Partnership working and financial modelling activated. -

**Future Controls**

- Re-introduction of continuing healthcare teams. Review Feb 2022
- Review re-ablement and LIFE systems. Review Jan 2022
- Work with LGA on analysis of the long-term impact of Covid on adult social care. Review Jan 2022

Target Date



Risk Scenario				Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
ASC0031  Robson, Simon	Afghan Relocations and Assistance Policy (ARAP) offering relocation or other assistance to current and former Locally Employed Staff in Afghanistan places unsustainable burden on Croydon Council to finance and manage adult social care in quarantine hotels in the borough  Raised as draft risk at ELT 21 September 2021  Reviewed at CMT 26/10/21 Reviewed 1/11/2021 SR	Financial, service and reputational impact.  Corporate Group meets to monitor activities, numbers and implications for the Council and its partners. Head of Service two way information exchange with corporate group to be able to understand the service impacts and develop effective response.	Robson, Simon	5	4	20	5	4	20

**Existing Controls**

- To be confirmed by risk owner -

**Future Controls**

- To be confirmed by risk owner

Target Date

Risk Ref	Risk Scenario		Assigned To	Current			Future Risk Rating		
	Risk	Impact		Impact	L'hood	Total	Impact	L'hood	Total
CDS0018  Williams, Neil	Confidentiality, integrity or availability of LBC ICT systems is compromised by either a:  • cyber-attack; • misconfiguration; • malware; • ransomware outbreak; • other malicious system breach; or • human error / non-compliance with GDPR.  Reviewed at CMT 26/10/21  (Risk generated 09/03/2021).	• LBC ICT systems become unavailable or unresponsive, resulting in critical business functions being adversely impacted for significant period of time. • LBC would incur costs in containment and recovery. • Breach of confidentiality, integrity and availability of sensitive data (including personal data, sensitive personal data and business critical data).	Williams, Neil	5	4	20	4	3	12

**Existing Controls**

- Implemented regular vulnerability scanning, technical compliance checks and remediation. -
- Improve security collaboration & knowledge sharing (including 3rd party suppliers and partners). -Capita provision of critical infrastructure information to review and share security vulnerabilities.
- Better defined security roles & responsibilities, in particular between 3rd party suppliers and internal teams. -Negotiated cyber support & tooling contracts and defining support roles with vendors regarding O365/Azure management. (
- Business continuity plans in place for loss of essential services helps minimise disruption. -
- Continue to improve & test back-up & recovery processes. -
- Enhance system and environment lifecycle & decommissioning processes. -Data centre exit completed, process and decommissioning defined/finalised.
- Enhanced system and environment lifecycle & decommissioning processes -
- Expanded vendor risk assessment and management process. -
- Identity and access management improvements implemented. -
- Improve identity and access management (AD clean up) — ongoing since Mar 2020, expected to complete Dec 2021.
- Migration of key infrastructure from legacy datacentre to cloud. -(completed May 2021).
- New cybersecurity initiative & team operating. -
- On-going review & assessment of toolsets & configuration of current software. -
- Security-by-design approach. -
- User awareness training and communication. -

**Future Controls**

Target Date

- Council-wide mandatory awareness training and communication. as part of L&OD refresh Spring 2022
- Programme of systematic Penetration testing planned Q4 2021/22
- Project to revise IT business continuity plans and improve & rigorously test back-up & recovery processes – Q4 2021/2.
- Review & reconfigure current “core” software & toolsets (MS Suite) – pending O365 upgrade, target Q4 2021/2.

Risk Ref	Risk Scenario		Assigned To	Current			Future Risk Rating		
	Risk	Impact		Impact	L'hood	Total	Impact	L'hood	Total
CEHR0071 Shoesmith, Dean	<p>Organisational behaviours, culture and practices lead to the Council being unable to operate effectively and therefore not serve the residents of the borough and internally within the council in accordance with their expectations.</p> <p>Grant Thornton - 'Report in the Public Interest' recommendation number(s): 1-20.</p> <p>Reviewed by risk owner 11/11/21</p> <p>Reviewed at CMT 26/10/21</p> <p>(Risk generated 28/10/2020).</p>	<ul style="list-style-type: none"> <li>• Increasing and uncontrollable financial loss.</li> <li>• Legislative action due to non-compliance with statutory obligations.</li> <li>• Workforce behaviours critically damage the organisation.</li> <li>• Political scrutiny and interest at local and national level.</li> <li>• Media interest at local and national level.</li> <li>• Staff morale.</li> <li>• Continuing and increasing reputational damage.</li> <li>• Government intervention.</li> </ul> <p>Employment tribunals and potential for litigation HR process Recruitment and retention of staff</p>	Shoesmith, Dean	5	4	20	5	3	15

**Existing Controls**

- A provider has been selected and appointed for the culture change programme -all staff will be re-inducted through to ensure the workforce as a collective is aligned to, and achieves, appropriate standards of behaviour and conduct to serve the Council's residents and customers. The provider will be commencing the design work of the programme with immediate effect and working in close collaboration with the Chief Executive, CMT and HR and OD to ensure clear objectives, milestones and outcomes are established
- Coaching and mentoring informal and formal -
- Corporate behaviours and ways of working are core elements -to job descriptions and new performance management system.
- Dedicated Learning & Organisational Development Team supporting culture change -as a key element to Croydon Renewal Plan with core expectations on compliance and accountability.
- Detailed policies and procedures in place and reviewed by relevant accountable officer / team regularly. -
- Governance Framework in place which is modelled on the CIPFA / SOLACE methodology. -
- Internal Audit Programme developed and delivered each financial year. -
- Ongoing engagement with staff. -
- Refreshed manager and staff behaviours and mandatory core training -including good governance and accountability framework schemes to ensure the Council maintains up to date and relevant adherence to legal requirements and initiatives as they relate to organisational best practice and workforce development and enhancement.
- Risk Management Framework in place. -

**Future Controls**

Target Date

- Corporate Director Assurance Statements to be provided annually. Q4 2021/22
- Corporate objectives updated to reflect new corporate standards to be launched Q4 2021/22
- Health & Wellbeing will be refreshed and launched winter 2021 with a focus developing manager capability in managing staff with mental health conditions
- Introduction 360 April 2022 for all managers commencing with Head of service and above and incrementally including all managers by April 2023
- Under the Croydon renewal plan the cultural transformation programme is a key area of work that will define new behaviours Standard skills and core competencies and values that will reflect performance management and appraisal and new ways of working. All staff will be re-inducted against these standards.

Risk Scenario			Current			Future Risk Rating			
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
CIC0005 Mitchell, Peter	<p>The investment strategy and income generating properties do not deliver the required financial benefits / targets.</p> <p>**Main Risks Croydon Park Hotel (£1.75m), Colonnades (potential £700k), Davis House (£200k), BWH (Arcadis £750k) remainder portfolio (£100k). Issue compounded by the inability of landlords to take swift action through the courts to pursue non-payment remedies**.</p> <p>Reviewed at CMT 26/10/21</p> <p>(Risk generated 30/10/20)</p>	<ul style="list-style-type: none"> <li>Financial loss due to under-performance of assets through non-payment of rents due to failure of tenants, reduced rents or deferments.</li> <li>Service area funding / continuity of delivery could be impacted as a result of lower revenue income to support.</li> <li>Reputational damage due to failure of high profile assets.</li> <li>Political and media scrutiny.</li> <li>Covid-19 pandemic and Brexit significantly impact on investment properties and the general rental income across the wider portfolio leading to reduced revenue generation.</li> <li>Inability of landlords to take swift action through the courts to pursue non-payment remedies</li> </ul>	Mitchell, Peter	4	5	20	4	5	20

**Existing Controls**

- Clear and agreed (Scrutiny & Cabinet) strategy in place. -Strategy incorporates CIPFA recommendations.
- Croydon Park Hotel disposal imminent Dec 2021. -
- New ways to utilise properties to secure longer term security being investigated. -
- Revised Corporate Asset Strategy in place to help focus resources in the most appropriate way. -The effectiveness of this strategy is dependent on result of Capitalisation Directive award from MHCLG.
- Spending strategy stopped with immediate effect for any more investment purchases. -
- The Asset investment strategy is included within the Asset Management Plan -ensuring proper governance which will include regular quarterly reporting to effectively monitor any impacts.

**Future Controls**

- Future controls to be confirmed by risk owner

Target Date

Risk Scenario				Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
CIC0008 Mitchell, Peter	Wholesale gas and energy costs increasing and risk of continual increases placing unsustainable financial burden on the council  Reviewed at CMT 26/10/21	Financial impact on the council	Mitchell, Peter	5	4	20	5	4	20

**Existing Controls**

- Current controls to be confirmed by the risk owner -

**Future Controls**

- Future controls to be confirmed by risk owner

Target Date

Risk Scenario				Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
CIC0010 Mitchell, Peter	Risk of financial loss and reputational damage due to the poor performance of Brick By Brick including the Fairfield Halls refurbishment project  Reviewed at CMT 26/10/21  (Risk generated 19/05/2021).	<ul style="list-style-type: none"> <li>• Council is liable for the outstanding debt.</li> <li>• Political and media scrutiny and interest.</li> <li>• Financial loss on sale of BxB assets.</li> <li>• Loss of interest on loan payments</li> </ul>	Mitchell, Peter	5	4	20	4	4	16

**Existing Controls**

- Revised loan agreement to Brick by Brick (excluding Fairfield Halls) - Loan agreement setting down rights and obligations of parties.
- Separate bank account established for accrued interest on loans provided by Council
- Regular Operational meetings between company & Council and Shareholder board

**Future Controls**

- Additional Management support to be considered for Brick by Brick during managed wind down of the company. Additional third-party support for the build out of certain sites being engaged.
- Review December 2021

Target Date

Risk Scenario			Current			Future Risk Rating			
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
ED0001  Davies, Shelley	<p>Increasing population with complex learning needs and parental expectations leads to rising demand and financial pressure on SEN fixed budgets including pressure on High Needs Dedicated Schools Grant (DSG) budget, which can't be funded from General Fund reserves. (The School and Early Years Finance (England) Regulations 2020 established a statutory requirement for any DSG deficit balance to be held within the local authority's overall DSG, meaning authorities cannot fund deficit from general fund without Secretary of State approval).</p> <p>Reviewed by risk owner 10/11/21</p> <p>Reviewed at CMT 26/10/21</p> <p>Risk created 17/9/2019.</p>	<ul style="list-style-type: none"> <li>• Children and families do not receive the advice and support they would expect.</li> <li>• Increased costs due to tribunals and complaints leading to reduced reputation.</li> <li>• Inability to achieve outcomes for children and families in Croydon.</li> <li>• LBC over reliance on 'independent sector'.</li> <li>• Increase in Education, Health &amp; Care (EHC) Plans issued with no additional funding provided.</li> <li>• Specialist placement pressures may result in young people with profound disabilities requiring provision out of borough at additional cost to the Council.</li> </ul>	Davies, Shelley	5	4	20	5	3	15

**Existing Controls**

- 0-25 SEND Strategy Implementation Plan to deliver change across the system. -
- Addington Valley Academy Free School opened in temporary site for Year 7 (September 2020). -
- Addington Valley Free School open on substantive site for all year groups -
- Continue to use Council Members / MP's to lobby Central Government -for a review of the model that funds higher needs to reflect the actual demand for Croydon.
- Delivery of training for travel providers in supporting PMLD and any other pupils requiring APG treatments -- and how to maintain safe Covid 19 Health practices should this be required.
- DSG Recovery Plan (balanced budget 2024/25) approved by Schools forum. -
- Early Identification and Intervention –improved HV assessment, identify needs, work with families early. -Support provided for EY education providers, personalised inclusion funding until the end of EY Foundation Stage.
- Free School opened which will relieve pressure in spend in non-mainstream sector. -
- Further senior management review of existing plans. -
- Graduated response – right support, right time. -Meeting needs locally in local schools at SEN Support level; reduced reliance on alternative education.
- Implement strategies for managing demand for more effective mainstream school placements. -
- Implementation of joint working with other local authorities to reduce placement costs. -South London dynamic purchasing system (SL DPS).
- Improved forecasting and reporting of demand led spend to manage overall budget position. -
- Improved projections for school places. -
- Joint Working – children's needs are being met locally in Croydon (cost avoidance in independent sector), -through co-ordinated and coherent pathways which are achieved through collaborative work with parents and YP; across education, health and care.
- July 2019 -5 yr deficit recovery plan submitted to DfE.
- Modelling of Locality Based Working - & Staged Approach supporting mainstream schools meeting SEN needs.
- Post 16 pathway development providing effective local education, care and health pathways to adulthood, -and EHC Plans are ceased in timely way (currently 40% HNB spend is post 16).
- Post 16 specialist placements provision created at Coulsdon College for pupils in Sept 2019. -
- SEN strategy 2019 - 2022 presented and approved by Cabinet March 2019 -following consultation. Plans to improve impact of service and measure to mitigate against cost.
- South London Partnership SEN Commissioning Programme in place -for commissioning residential and day placements for children and young people with Special Education Needs.
- Utilised the additional funding allocated in the 2019 'Spending Review'. -

**Future Controls**

- High Needs Funding Review planned Jan 2022

Target Date

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Risk Ref	Risk Scenario		Assigned To	Current			Future Risk Rating		
	Risk	Impact		Impact	L'hood	Total	Impact	L'hood	Total
ED0003  Davies, Shelley	The number of Council maintained schools moving into a financial deficit leading to default and arrears continues to increase.  Reviewed by risk owner 10/11/21  Reviewed at CMT 26/10/21  (Risk generated 08/08/2017).	• Financial loss to LBC as the Council holds liability to settle deficit should schools transfer to academy status.	Davies, Shelley	4	5	20	4	5	20

**Existing Controls**

- 'Schools of concern' are under monthly review. -
- Deficit schools report financial outturn monthly to LBC. -
- Implementation of new strategies following -Independent Financial Review of 'Schools in Deficit' funded from DSG schools block. Visits to 'Schools in Deficit'
- Oversight of any significant deficit reporting as a result of C19 in place. -
- Regular update meetings with the Governing Body's / SLT's of schools with the highest levels of debt. -
- Risk rating system is in place for each of the schools that are either in deficit or 'causing concern'. -
- Schools are met with by senior finance and education officers -to discuss their deficit and their action plan for setting a balanced budget in the future.
- Schools are requested to set a licence deficit plan – -this includes a 3 year budget plan as to how the school will return to a balanced position.
- We have input into the school's 3 year business plan to shape repayment terms and included a formal letter of agreement. -Termly finance meetings for all maintained schools sharing best practice etc.
- Where appropriate the Council is using its statutory powers to investigate installing an Interim Executive Board (IEB). -Powers are limited in terms of financial benefit to the LA but could steer the school towards a form of collaboration with another education body.

**Future Controls**

- School Resource Management Advisor to target meetings with additional school leadership teams and Chair of Governors to review deficit action plans during the start of Autumn term and provide advice to bring budgets in line. Review December 2021

Target Date

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Risk Scenario			Current			Future Risk Rating			
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
EHSC0018 Madden, Roisin	<p>Effective action is not taken to address the underlying causes of social care overspends within Children's Services, specifically in terms of both the demand and the resulting cost pressures.</p> <p>Grant Thornton - 'Report in the Public Interest' recommendation number: 1</p> <p>Reviewed by risk owner 10/11/21</p> <p>Reviewed at CMT 26/10/21</p> <p>(Risk generated 05/10/2020).</p>	<ul style="list-style-type: none"> <li>Continuing financial loss.</li> <li>If spend is not within budget MHCLG have reserved the right to appoint commissioners.</li> <li>Political scrutiny.</li> <li>Reputational damage.</li> <li>Further savings required impacting on the council's ability to discharge statutory duties to all children and families</li> <li>Legislative action.</li> </ul>	Madden, Roisin	5	4	20	5	3	15

**Existing Controls**

- Future Review programme completed and recommendations being acted on - -- Children's Delivery Plan to set out the actions required to reduce spend towards the London average scrutinized at the Improvement and Assurance Panel.
- Monthly meetings scheduled to check progress against the plan from 23.04.21.
- Implications of the MTFS savings on practice reviewed monthly at the Children's Continuous Improvement Board.
- Individual savings projects reviewed and challenged at DLT against a forward plan

**Future Controls**

- The Corporate Finance, Performance and Risk report will provide an update on improvement actions of the Council including:
  - The Corporate Finance, Performance and Risk report will provide an update on improvement actions across the Council including Children's (Review Dec 2021)
  - DFE commissioned Financial Adviser to provide additional challenge and capacity to improve the accuracy and reliability of financial analyses (Review Dec 2021)

Target Date

Risk Scenario			Current			Future Risk Rating			
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
HO0003 Padfield, David	The Council does not meet its statutory obligations for the delivery of the General Building Works across the HRA estate.  Reviewed by risk owner Nov 21  Reviewed at CMT 26/10/21  (Risk generated 30/10/2020).	<ul style="list-style-type: none"> <li>• Unsafe buildings.</li> <li>• Enforcement action against the Council by regulatory bodies.</li> <li>• Political scrutiny and interest at local and national level.</li> <li>• Media interest at local and national level.</li> <li>• Substantial financial loss.</li> <li>• Serious incident / injury.</li> </ul>	Padfield, David	5	4	20	5	4	20

**Existing Controls**

- ARK external independent investigation completed May 2021 and actively implementing recommendations. - Tenants group considering implementation of White Paper 'Charter for social housing residents'
- Tenants/scrutiny panels established in conjunction with housing function
- Resident's panel established for the Regina Road meeting twice weekly
- Priority to ensure all key safety areas are being covered focusing on the gas, electricity, fire, lifts, legionella and asbestos checks
- Clear KPIs in situ
- Rigorous review of maintenance contract and contract management
- Actively working with Regulator for Social Housing to ensure correct approaches being taken
- Door-to-door checks with residents implemented

**Future Controls**

- Develop better systems for recording maintenance requests / tenant complaints. Condition survey on seven high priority blocks
- Reviewing all housing contracts including Axis, Mulalley, and Echelon Consultancy
- Detailed improvement plan being developed involving a number of staff in housing department
- Review of resident engagement and improvement board to be established.
- Overarching HRA business plan to be developed and published target date March 2022
- Leader of the Council dialogue with C Exec of Axis to be concluded Q4 2021/22

Target Date  
24/12/2021

Risk Scenario			Current			Future Risk Rating			
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
HO0004 Padfield, David	<p>Major increase in disrepair cases raised under the disrepair protocol and as a result of The Homes (Fitness for Human Habitation) Act 2018.</p> <p>**Act requires landlords to ensure that homes are fit for human habitation and is the most significant change in the law relating to housing conditions since the Housing Act 2004. The first phase of these provisions came into force in March 2019 and new tenancies granted since then have been subject to the new legislation.**</p> <p>Reviewed by risk owner Nov 2021</p> <p>Reviewed at CMT 26/10/21</p> <p>(Risk generated 13/05/2021).</p>	<p>Currently disrepair claims are brought in accordance with the well-established 'pre-action protocol for disrepair claims'. An increase in repair claims which could be driven by:</p> <ul style="list-style-type: none"> <li>• Increased awareness of the ability to claim and to get compensation driven in part by targeted and aggressive advertising and social media campaigns by law firms and claims companies.</li> <li>• The cut to legal aid, as a result a number of law firms have change tactics to increase their revenue by concentrating resources into disrepair cases and we have seen an increase in solicitors door knocking and reported two firms to the Bar Council.</li> <li>• The Homes (Fitness for Human Habitation) Act 2018 which came into effect April 2019.</li> <li>• Cases where we have not due to other maintenance priorities addressed problems with the external fabric of our buildings. This requires an ongoing programme to address rendering failures, DPC, Cavity insulation and roofing renewal.</li> </ul> <p>There has been a significant increase in disrepair cases in the last year and in costs. Claims are predominantly (around 95%) related to damp and mould.</p>	Padfield, David	5	4	20	5	4	20

**Existing Controls**

- Analysis of the disrepair cases in the last year has -changed the process that has been in place with maintenance contractor to ensure all reports of damp are inspected and that the Council separate the issues of dampness vs those caused by ongoing leaks.
- Disrepair cases are managed by the Disrepair surveyor and supported by the Senior surveyor -and Technical Manager in the Technical Team. Approval to appoint an agency disrepair surveyors has been granted

**Future Controls**

Target Date

- Resources for disrepair work are being urgently reviewed as part of re-organisation of the service Q4 2021/22
- Review use of de-humidifiers and monitors with Asset Management Team to increase use of emerging damp monitoring technology and industry improvements. Q3 2021/22.

Risk Ref	Risk Scenario		Assigned To	Current			Future Risk Rating		
	Risk	Impact		Impact	L'hood	Total	Impact	L'hood	Total
MO0004 Jones, John	Failure to implement new governance model for the Council associated with directly elected Mayor in May 2022  Reviewed by risk owner 11/11/21  Risk generated 5/11/21	Legal/statutory, reputational and service disruption for the Council and Borough	Jones, John	5	4	20	5	4	20

**Existing Controls**

- Governance working group currently set up -

**Future Controls**

- Regular meetings of the WG are held to ensure that work streams are meeting deadlines and where deadlines are not being met that corrective action is taken. Meetings are scheduled through to May 2022.

Target Date

Risk Ref	Risk Scenario		Assigned To	Current			Future Risk Rating		
	Risk	Impact		Impact	L'hood	Total	Impact	L'hood	Total
PH0007 Flowers,Rache	<p>The spread of the C-19 infection and the nature of the interventions implemented to reduce it widen health inequalities and increase demand on all Council services.</p> <p>** e.g. overcrowded/poor housing - less effective self-isolation; those in deprived areas more likely to have underlying conditions; unsecure employment leading to great financial insecurity**.</p> <p>Reviewed by risk owner 15/11/21</p> <p>Reviewed at CMT 26/10/21</p> <p>(Risk generated 24/03/2020).</p>	<ul style="list-style-type: none"> <li>Increasing demand on Council services as this occurs.</li> <li>Increased mortality and morbidity in more vulnerable groups.</li> <li>Adult Social Care pressure.</li> <li>Housing demand.</li> <li>Political and media interest.</li> </ul>	Flowers,Rachel	5	4	20	5	2	10

**Existing Controls**

- Targeted comm's and engagement to the 'at risk' populations / vaccination uptake work included. -
- Council wide Inequalities programmes including Local Strategic Partnerships (LSP). -
- COVID-19 and flu messaging detailed in the NHS Health Check invitation letter sent to people aged 40-74. -
- Deep dive with data to identify if there are patterns around testing -e.g. people not accessing testing or testing positive e.g. community clustering.
- Director of PH is Regional Lead for London (ASC) and briefing LSP / ELT / GOLD on epidemiology -and control measures.
- Epidemiology data provided by DHSC and LCRC reviewed by PH Team on a daily basis to enhance understanding. -
- Free school meal vouchers. -
- Good engagement across borough with C19 Health Protection Board that provides oversight -to the Outbreak Control Plan.
- Lower level risks discussed on regular basis at SILVER and escalated where necessary. -
- The Outbreak Control Plan operating to ensure that there is coordinated approach to provide -effective delivery across the borough in a coordinated and targeted process.
- Ward level Power BI dashboard analyses data at a local level. -

**Future Controls**

- Achievement of coverage for all age categories under the mass vaccination programme. Including 12-15 Age Group Anticipated completion Dec 2021.

Target Date

Risk Scenario			Current			Future Risk Rating			
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
PP0009  Handford, Gavin	Corporate financial savings objective is not achieved due to poor programme & project management behaviours.  Reviewed at CMT 26/10/21  (Risk generated 01/06/2020).	<ul style="list-style-type: none"> <li>• Non delivery of savings plan.</li> <li>• Council budget deficit remains.</li> <li>• Political scrutiny as to why project failed.</li> <li>• Senior officer resignations.</li> <li>• Loss of staff through inability to maintain payroll commitments, low morale, poor service delivery.</li> <li>• Injury to staff and clients through lack of financial support.</li> <li>• Non-achievement of statutory requirements / duties.</li> <li>• Media interest.</li> </ul>	Handford, Gavin	5	4	20	5	3	15

**Existing Controls**

- Effective Governance Framework implemented to ensure compliance with PM Framework -and all related corporate policies and procedures.
- Programme initiated to coordinate and deliver related project streams -to ensure effective budget savings identified and strategies implemented to deliver.
- Programme Plan in place to ensure achievement of identified objectives. -

**Future Controls**

Target Date

- Month by month profile of savings to be developed as part of assurance process with Chief Exec Q3 2021/22
- Review of programme outcomes conducted at each stage boundary to ensure compliance with required objectives. CPMO monitor activities for foreseeable future Q3 2021/22
- Role of the internal audit programme and general purposes & audit committee to be developed to encompass follow-ups on the work programme for the delivery plan Q4 2021/22

Risk Scenario			Current			Future Risk Rating			
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
PP0014 Handford, Gavin	Performance data provided via some corporate systems and processes is inaccurate and incomplete.  Reviewed at CMT 26/10/21  Reviewed DLT 28/07/2021.  Risk generated 01/06/2020.	<ul style="list-style-type: none"> <li>Inaccurate / misleading reporting.</li> <li>Financial loss.</li> <li>Reputational damage.</li> <li>Political and media scrutiny.</li> </ul>	Handford, Gavin	5	4	20	5	3	15

**Existing Controls**

- Data validation activities to ensure accuracy. -
- Enhanced review of data recording in place to identify appropriate strategies to mitigate. -
- Establishment data corrected within My Resources. -
- Ian O'Donnell engaged to deliver review and report. -
- Managers dashboards are available for key workforce information on MyResources. -
- Monthly finance reporting in place. -
- Performance framework aligned to Croydon renewal activated. -
- PMO activity to coordinated reporting. -
- Review of existing data recording practices / processes to ensure accuracy. -
- Workstream initiated to ensure activities are appropriate. -

**Future Controls**

- Subject experts to be engaged to workflow current practices and identify control weaknesses Q3 2021/22

Target Date

Risk Scenario			Current			Future Risk Rating			
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
PP0017 Handford, Gavin	General increasing demand for council services over the winter of 2021/22 driven by several factors including fuel poverty, the ending of Covid furlough scheme, increasing national insurance contributions and the further impact of universal credit.  Reviewed at CMT 26/10/21  Risk raised at ELT 21 September 2021	Service, financial, reputational, legal and people dimensions to the risk	Handford, Gavin	5	4	20	5	4	20

**Existing Controls**

- Current control measures to be confirmed by risk owner -

**Future Controls**

- Future control measures to be confirmed by risk owner

Target Date



Risk Ref	Risk Scenario		Assigned To	Current			Future Risk Rating		
	Risk	Impact		Impact	L'hood	Total	Impact	L'hood	Total
PST0001  Cheesbrough, Heather	The Whitgift Centre is not redeveloped as anticipated.  Previous uncertainty in respect of retail behaviours has been exacerbated by Covid 19, which has further affected the likelihood of the risk materialising. The redevelopment was removed from the Unibail development pipeline in Feb 20 and there is no date for the redevelopment. The Croydon Limited Partnership (CLP) partners are both suffering from loss of income and are seeking to raise funding to strengthen their balance sheets. Both partners need to review business model and agree new approach to the Whitgift during a time of uncertainty and restricted finances Major personal changes in both partners give rise to a loss of organisational memory.  Reviewed at CMT 26/10/21  (Risk generated 18/05/2015).	<ul style="list-style-type: none"> <li>Major economic and social impact if development does not go ahead.</li> <li>Political and media scrutiny.</li> </ul>	Cheesbrough, Heather	4	5	20	4	4	16

**Existing Controls**

- Communication channels between politicians and officers with CLP kept cordial and relationship maintained to optimise influence. -
- Consultation with all interested parties, including major land holders. -Town Centre Advisory Board set up of key stakeholders with the Leader to chair. Inaugural meeting Jan 2022
- LBC to continue to press CLP for a robust Meanwhile and Management Strategy to maintain footfall -with monthly meetings to exchange enquiries/contacts and proposals
- Officers and their consultant team continue to seek to hold CLP to account on their plans and to manage -the CPO process to minimise impact to the Council's reputation and the vitality of the town centre.
- Potential to refuse to give consent to exercise Notice of Entry, on applicable land vested by Council -
- Projects will need to be reprofiled within the Growth Zone to later years. -
- Regular communication with the Whitgift Foundation -
- Regular meetings with CLP to maintain dialogue between partners. -Robust discussion through planning pre-application process.
- Relevant Officers / Politicians meet every six weeks under Clause 11 meetings schedule and criteria. -
- Robust record keeping and retention of professional advisor team who have been involved since the beginning of the project -
- The Council through its statutory powers - Local Planning Authority (LPA), CPO and land assembly, and as a Highway Authority. -
- The ending of the exemption for CLP to pay Business Rates on unoccupied buildings due to the CPO -
- The Indemnity Land Transfer Agreement (ILTA) sets out the responsibilities of the parties, penalties with. -timeframes, which will need to be complied with and will need to be actively managed.

**Future Controls**

Target Date

- End the arrangements entirely with agreement, but would have to address all outstanding issues, land transfer, compensation and make provision for various outstanding claims. (Completion financial year 2021/22).
- The Council seeks to introduce a new development partner, once the ILTA expires (February 2026).
- The preparation of a new Indemnity Land Transfer Agreement (ILTA) that reflects the changed circumstances. (Completion financial year 2025/26). This would require the agreement of both parties

Risk Ref	Risk Scenario		Assigned To	Current			Future Risk Rating		
	Risk	Impact		Impact	L'hood	Total	Impact	L'hood	Total
RCS0036 Ennis, Richard	Ineffective management of identified risk leads to organisational failure.  Grant Thornton - 'Report in the Public Interest' recommendation number(s):1-20.  Reviewed by risk owner 16/11/21  Reviewed at CMT 26/10/21  (Risk generated 23/03/2020).	<ul style="list-style-type: none"> <li>• Inaccurate risk reporting leads to risk materialisation and consequences associated with them.</li> <li>• Service disruption, death or serious injury.</li> <li>• Political and media interest and scrutiny.</li> <li>• Leadership Team (senior officer / Cabinet Member) resignations / potential legislative action taken against individuals.</li> <li>• Continuing and increasing financial loss.</li> <li>• Public unrest / disorder.</li> <li>• Legal action against Council instigated.</li> <li>• s.114 Notice submitted.</li> <li>• Political scrutiny (national level).</li> <li>• Media interest and scrutiny.</li> <li>• Regulator criticism.</li> </ul>	Ennis, Richard	5	4	20	5	4	20

**Existing Controls**

- Continuous horizon scan review of national and global events / trends. -
- Effective risk recording / reporting mechanism in place allowing for 'high level Risk Register reporting to leadership. -CMT are accountable for successful delivery of the Council's Risk Management Framework.
- Frequency of management oversight of risk register has increased at a senior level in line with demand. -
- Rapidity of escalation to CMT amended to achieve desired outcome. -
- Risk is standing item on regular CMT risk reviews. -
- Robust corporate Risk Management Framework in place. -

**Future Controls**

- Further provision of risk management training to Officers and Members to be implemented as the senior leadership team takes shape. Q4 2021/22

Target Date

Risk Ref	Risk Scenario		Assigned To	Current			Future Risk Rating		
	Risk	Impact		Impact	L'hood	Total	Impact	L'hood	Total
VRN0024  Aspinall, Kristian	A rise in domestic abuse in the borough resulting in greater numbers of murders and serious harm.  Referrals February 2021: 66 high harm high risk (Multi-Agency Risk Assessment Conference aka MARAC).  Risk Reviewed by owner 15/11/2021  Reviewed at CMT 26/10/21  (Risk generated 25/06/2018).	<ul style="list-style-type: none"> <li>• Death or serious injury to clients and their children / families.</li> <li>• Financial loss due to increase in the pressure on inter-related services as well as DASS.</li> <li>• Legislative action.</li> </ul>	Aspinall, Kristian	4	5	20	5	3	15

**Existing Controls**

- Feb 2021 - The council sought agreement to a refreshed approach from the partners in the -Community Safety Partnership to the recommendations from Domestic Homicide reviews. This should give new focus from partners to learning the lessons from domestic homicides in the borough.
- Action plans for Safer Croydon Partnership. -
- Action plans for the Council's Domestic Abuse Support Service (DASS). -
- Active management of workloads and pressures on staff. -
- Commissioning of DRIVE service provider. -
- Community Safety Strategy -The new Community Safety Strategy is being agreed at cabinet on the 15th November 2021, and includes specific actions and updates to our approaches on domestic violence and efforts to reduce long term causes of violence.
- Contingency location identified if move is delayed. -
- Crime & Disorder Reduction Strategy. -
- Domestic Homicide Reviews -We have agreed the funding for our domestic Violence Homicide reviews as of WB 11/11/2021, and this will be taking place in the coming months. Any actions resulting of these will be captured in an ongoing partnership action plan, and they will be quality reviewed by the Home Office as per protocol.
- Family Justice Centre -Advocates for domestic abuse sufferers. White Ribbon Borough and petition.
- FJC team working with victims and putting in place new advocacy measures -
- High number of referrals for MARAC (VAWG pan London) -We will be developing a VAWG Strategy The Police will increase their presence in Town Centres across London MARAC's will continue to be held weekly to manage the volume Secured MOPAC funding for 2 additional IDVA's to assist in managing MARAC capacity and support our mental health and children's services.
- MARAC and DAPP processes in place. -Occurring weekly to manage increased referral volume.
- Plans in place for prevention and support -
- Presented to GPAC for full review and scrutiny 26/04/2021. -
- Strategic Assessment -Our strategic assessment was refreshed in March 2021. Although not published externally due to the sensitive nature of its contents, the findings of the SA were used in the development of the Community Safety Strategy outlined in action 1), and it continues to be the basis for evidence led decision making across the Croydon Safer Partnership.
- The Council's domestic violence conducts annual refresh of their own specific strategy and work programme -
- The work of the Family Justice Centre. -
- Working with the Police and other public agencies to increase referrals. -

**Future Controls**

Target Date

- Council will lead on the development of a new Community Safety Strategy for the Safer Croydon Partnership. Given our high and rising rates of domestic abuse it is likely to be a central area of focus.  
(Ongoing during 2021).
- Domestic Homicide Review findings pending following statutory review. Winter 2021/22
- The Council's annual strategic assessment will be published this will provide an evidence base to council practitioners and partners to better understand prevalence and types of domestic abuse across the borough.  
Winter 2021/22

# Threat and Opportunity Risk Assessment

## Impact Classification

	Service disruption	Financial Loss	Reputation/ Complaints	Statutory/ legal	People
<b>Extreme 5</b>	Total failure of service	Over £5m	National publicity or complaints. Resignation of Member or Chief Officer.	Multiple civil or criminal suits. Litigation, claim or fine above £5m	Multiple fatal incidents or serious permanent injuries involving staff or customers
<b>Very high 4</b>	Serious disruption to service	£500k- £5m	National public or press interest, including high profile complaints	Litigation, claim or fine £500k - £5m	Fatal incidents or serious permanent injuries involving staff or customers
<b>Medium 3</b>	Disruption to service	£50k -£500k	Local public/ press interest including significant corporate complaints volumes/impact	Litigation, claim or fine £50k - £500k	Incidents causing serious permanent injuries involving staff or customers
<b>Low 2</b>	Some minor impact on service	£5k - £50k	Contained within department complaints process	Litigation, claim or fine £5k - £50k	Incidents causing serious injuries involving staff or customers
<b>Negligible 1</b>	Annoyance but does not disrupt service	< £5k	Contained within unit/section, complaints made but resolved	Litigation, claim or fine less than £5k	Incidents causing notifiable injuries involving staff or customers

Select the highest category to score the risk.

### Likelihood Classification for An Event Occurring In A Given Year

5. *Almost Certain*—Expected to occur in most circumstances (> 80%).
4. *Likely* - Will probably occur in most circumstances (51% - 80%).
3. *Possible* – Fairly likely to occur (21% - 50%).
2. *Unlikely* - Could occur at some time (6% - 20%).
1. *Rare* -May occur only in exceptional circumstances (0 – 5%).

### **Risk Rating/Scoring = Impact\*Likelihood**

#### Prioritisation of Risks

<b>20-25</b>	Those risks requiring immediate management and monitoring
<b>9-19</b>	Those risks requiring management and monitoring but less time critical
<b>1-8</b>	Those risks which require ongoing monitoring

#### Approaches that can be adopted for the management of risk:

- **Eliminating or avoiding:** Changing or abandoning goals specifically associated with the risk in question, or choosing alternative approaches or processes that make what was a risk no longer relevant.
- **Risk sharing:** Sharing risks in part or full with another stakeholder who could be involved solely to facilitate risk treatment.
- **Reducing the probability:** Changing approach identifying causal links between threat and impact, or causes of threat, and intervening to mitigate occurrence, acting to reduce the threat.
- **Reducing the impact:** Developing contingency plans for responding to the threat if it occurs, even if other steps have been taken to minimise risk.

**RISK IDENTIFICATION & ASSESSMENT  
CONSIDER BOTH OPPORTUNITY AND THREATS**

**RISK MANAGEMENT**

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# Agenda Item 8

<b>REPORT TO:</b>	<b>GENERAL PURPOSES &amp; AUDIT COMMITTEE</b> 25 <sup>th</sup> November 2021
<b>SUBJECT:</b>	<b>Internal Audit Update Report</b> <b>To 30 September 2021</b>
<b>LEAD OFFICER:</b>	<b>Dave Phillips, Interim Head of Internal Audit</b>
<b>CABINET MEMBER:</b>	<b>Councillor Callton Young</b> <b>Cabinet Member for Resources and Financial Governance</b>
<b>WARDS:</b>	<b>ALL</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b> 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.	
<b>FINANCIAL IMPACT</b> The Internal Audit contract for 2021/22 is a fixed price contract of £372k and appropriate provision has been made within the budget for 2021/22.	

## 1. RECOMMENDATIONS

- 1.1 The Committee is asked to note the Internal Audit Report to 30 September 2021 (Appendix 1).

## EXECUTIVE SUMMARY

- 2.1 This report details the work completed by Internal Audit so far during 2021/22 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 2021/22, including audits relating to prior audit plans, but finalised after the start of the current year, 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). It also assists management by evaluating and reporting to them the effectiveness of the controls for which they are responsible.
- 3.3 Of the 29 Internal Audit reports finalised since 1 April 2021, 18 (64%) are limited or no 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 for 2016/17 to 2020/21 audits are shown Table 1.

**Table 1: Implementation of Audit Recommendations**

	Target	2017/18	2018/19	2019/20	2020/21
Implementation of priority one recommendations at follow-up	90%	100%	96%	81%	64%
Implementation of all recommendations at follow-up	80%	94%	92%	87%	73%

### 5. PROGRESS AGAINST THE AUDIT PLAN

- 5.1 By 30 September 2021 **32%** (2% last year) of the 2021/20 planned audit days had been delivered and **10%** (0% last year) of the draft audit reports due for the year had been issued. As reported in previous internal audit update reports, delays in completing the 2020/21 audit plan have impacted on the delivery of the 2021/22 audit plan. Despite this, good progress is being made in delivering the 2021/22 audit plan.



## 6. FINALISED INTERNAL AUDIT REPORTS

6.1 All finalised internal audit reports are published on the Council's public internet site and these can be found at:

<https://www.croydon.gov.uk/democracy/budgets/internal-audit-reports/introduction>

6.2 In addition, the tables below set out the priority 1 and 2 issues identified at each audit finalised since the last update report to this committee. (Please note that, although some of these audits were included in the annual Head of Internal Audit Report in July 2021, these have been included here as the Committee would not have seen the breakdown of the priority 1 and 2 issues for these.)

6.3

<b>Community Care Payments (Limited Assurance)</b>
<p><b>Priority 1 Issues</b></p> <ul style="list-style-type: none"><li>• Funding approval for nine of the sample of 16 nursing and residential clients and direct payment clients tested was after the placements had commenced.</li><li>• Commitment forms were raised more than seven days after the placements commenced for 12 of the sample of 18 nursing and residential clients and direct payment clients tested.</li><li>• Following authorisation of the commitment forms, delays in inputting the payment details onto SWIFT were identified for nine of the sample of 18 nursing and residential clients and direct payment clients.</li><li>• Testing of the ad hoc payments process, used for payments other than those on the regular SWIFT payment runs, found that:<ul style="list-style-type: none"><li>○ There was no escalation process if either of the normal approvers was not available;</li><li>○ A list of the ad hoc payments processed was not held, and</li><li>○ The ad hoc payments did not contain reference/s to the initial payment request that was late / went wrong.</li></ul></li><li>• The payment files created by SWIFT, which contain the payee bank account details, were open to amendment</li></ul>
<p><b>Priority 2 Issue</b></p> <ul style="list-style-type: none"><li>• The Remittance advice slips distributed to care providers with each payment run were not always returned signed as required, did not include a fraud declaration and included client names, (instead of client references for example).</li></ul>

6.4

<b>Main Accounting System (Limited Assurance)</b>
<b>Priority 1 Issue</b> <ul style="list-style-type: none"><li>Examination of the records held for a sample of 10 virements was unable to evidence approval for 6 of these, and approval for 3 was uncertain as the required 'Request For Virement Form' had not been used.</li></ul>
<b>Priority 2 Issue</b> <ul style="list-style-type: none"><li>Monthly reconciliations for the accounts receivable control account were only held for the months of April 2019 to June 2019, with those for subsequent months being in progress at the time of audit.</li></ul>

6.5

<b>SLWP / Veolia (Limited Assurance)</b>
<b>No Priority 1 Issues</b>
<b>Priority 2 Issues</b> <ul style="list-style-type: none"><li>An updated Reduction and Recycling Plan (RRP) had not been finalised and agreed despite having been in process since September 2020</li><li>The Waste Service budget holder did not have direct access to MyResources for real-time budgeted financial information.</li></ul>

6.6

<b>Disabled Facilities Grants (Limited Assurance)</b>
<b>Priority 1 Issue</b> <ul style="list-style-type: none"><li>The Council's disabled facilities grant (DFG) application form, which asks for personal information from the applicant, does not include privacy information or any consent.</li></ul>
<b>Priority 2 Issues</b> <ul style="list-style-type: none"><li>A joint visit, including the client and building surveyor, prior to the works had not been undertaken for two of the sample of 10 applications tested and there was no evidence to suggest this was not required.</li><li>A signed 'DFG7 – Notification of completion – all tenures' form was not available for three of the sample of 10 applications tested.</li><li>No formal monitoring of the performance targets in the 'Procedure for processing disabled facilities grants' was evident.</li></ul>

6.7

<b>New Supplier set up (Limited Assurance)</b>
<b>Priority 1 Issues</b>

- Instances were identified where iProcurement access had been granted without both the relevant Director authorisation and the Buying Team's approval

### **Priority 2 Issue**

- 31 out of 59 users with iProcurement access had not completed the requisitioner training e-learning module.
- 49 supplier registrations from year 2020 were still pending approval to be set up in the system.
- Testing of a sample of seven new supplier registrations for individuals identified one instance where the supplier was set up without evidence of the IR35 panel's approval.
- Examination of the records held for new suppliers was unable to determine what checks had been conducted for each of these new suppliers.

6.8

### **CCTV Procurement (Full Assurance)**

**No Priority 1 or 2 Issues**

## **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 £372k for 2021/22 and there is adequate provision within the budget. The Finance team will need to ensure recommendations flagged by the internal audit are implemented to build a robust and efficient finance function.

8.2 Internal Audit's planning methodology is based on risk assessments that include using the Council risk registers processes.

(Approved by: Nish Popat, Interim Head of Corporate Finance)

## **9. LEGAL CONSIDERATIONS**

9.1 The Head of Litigation and Corporate Law comments on behalf of the interim Director of Law and Governance 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 Law for and on behalf of the interim Director of Law and Governance and Deputy Monitoring Officer)

## **10. HUMAN RESOURCES IMPACT**

10.1 There are no immediate human resources issues arising from this report for LBC employees or staff. Where issues impact on employee terms and conditions of employment, these will be considered through the Council's relevant policies and procedures and in consultation with the trade unions.

(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.

## **12. DATA PROTECTION IMPLICATIONS**

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

No.

12.2. There are no immediate data protection issues arising from this report.

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**CONTACT OFFICER:** Dave Phillips, Interim Head of Internal Audit

**BACKGROUND DOCUMENTS:** Internal Audit report for the period to 30 September 2021 (appendix 1)

# London Borough of Croydon

## Internal Audit Report

### 1<sup>st</sup> April 2021 to 30 September 2021

#### 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 6 of this report for further information about responsibilities, limitations and confidentiality.**

## 1. Internal Audit Performance

- 1.1 As previously reported to General Purposes and Audit Committee, there has been significant disruption to the delivery of internal audit services as a result of the Covid-19 pandemic and government restrictions. These delays in completing the 2019/20 internal audit plan and commencing the 2020/21 internal audit plan both impacted on the delivery of the 2021/22 internal audit plan, with work in completing the 2020/21 audit plan still ongoing. Despite the pause in conducting internal audits, follow up work continued with good performance in this area.
- 1.2 The 2021/22 internal audit plan was approved by the General Purposes and Audit Committee on 4 March 2021 and work in delivering the internal audit plan is now well underway.
- 1.3 Due to changes in government requirements, including the School's Financial Value Standard (SFVS), the standard audit test programme used for school audits was revised for 2021/22, with the revised programme being presented to the School's Forum in July 2021. This delayed the commencement of school audits, although the first two school audits have now been completed.
- 1.4 The table below details the performance for the 2021/22 internal audit plan against the Council's targets.

Performance Objective	Annual Target	Year to Date Target	Year to Date Actual	Performance
% of planned 2021/22 plan days delivered	100%	40%	32%	▼
Number of 2021/22 planned days delivered	999	400	323	▼
% of 2021/22 planned draft reports issued	100%	20%	10%	▼
Number of 2021/22 planned draft reports issued	71	14	7	▼
% of draft reports issued within 2 weeks of exit meeting	85%	85%	100%	▲
% of qualified staff engaged on audit	40%	40%	41%	▲

## 2. Audit Assurance

- 2.1 Internal Audit provides four levels of assurance as follows:

<b>Full</b>	The systems of internal control are sound and achieve all systems objectives and that all controls are being consistently applied.
<b>Substantial</b>	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.

<b>Limited</b>	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.
<b>No</b>	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.

2.2 The table below lists the internal audits for which final reports were issued from 1 April to 30 September 2021. Details of the key issues arising from these reports are shown in Appendix 1.

Internal Audit Title	Assurance Level	Planned Year	Previously Reported to GPAC √ / X
<b>Non-School Internal Audits</b>			
Community Care Payments	Limited	2019/20	X
Creditors (inc P2P)	Limited	2019/20	√
Main Accounting System	Limited	2019/20	X
Financial Assessments – Charging Policy	Limited	2019/20	√
Freedom of Information and Subject Access Requests	Limited	2019/20	√
Agency Staff – Tenure and Monitoring	Substantial	2019/20	√
SLWP / Veolia	Substantial	2019/20	X
Staff Expenses – Compliance checks	No	2020/21	√
Payments to Schools	Limited	2020/21	√
Overtime Payments	Limited	2020/21	√
Clinical Governance	Limited	2020/21	√
Disabled Facilities Grants	Limited	2020/21	X
Public Health: Contracts Management (Sexual Health)	Limited	2020/21	√
Temporary Accommodation: Standards in Private Sector	Limited	2020/21	√
Overtime Payments – Parking Services	Limited	2020/21	√
SEN Transport - Safeguarding	Limited	2020/21	√
New Supplier Set up	Limited	2020/21	X

Internal Audit Title	Assurance Level	Planned Year	Previously Reported to GPAC √ / X
Cyber Security	Limited	2020/21	√
Corporate Estate: Building Compliance	Substantial	2020/21	√
CCTV Procurement	Full	2020/21	X
Council Tax	Full	2020/21	√
<b>School Internal Audits</b>			
Thornton Heath Nursery School	Limited	2020/21	√
Thomas More Catholic School	Limited	2020/21	√
Selsdon Primary School	Substantial	2019/20	√
Purley Oaks Primary School	Substantial	2020/21	√
Smitham Primary School	Substantial	2020/21	√
St Giles	Substantial	2020/21	√
St Nicholas	Substantial	2020/21	√
Red Gates	Substantial	2020/21	√

### 3. Follow-up audits – effective resolution of recommendations/issues

- 3.1 During 2021/22 in response to the Council's follow-up requirements, Internal Audit has continued following-up the status of the implementation of agreed actions for audits carried out during 2017/18, 2018/19, 2019/20 and 2020/21.
- 3.2 Follow-up audits are undertaken to ensure that all the recommendations/issues raised have been successfully resolved according to the action plans agreed with the service managers. The Council's target for internal audit recommendations/issues to be resolved at the time of the follow-up audit is 80% for all priority 2 & 3 recommendations/issues and 90% for priority 1 recommendations/issues.

Performance Objective	Target	Performance (to date)			
		2017/18	2018/19	2019/20	2020/21
Percentage of priority one actions implemented at the time of the follow up audit	90%	100%	96%	81%	64%
Percentage of all actions implemented at the time of the follow up audit	80%	94%	92%	87%	73%

- 3.3 The results of those for 2017/18, 2018/19, 2019/20 and 2020/21 audits that have been followed up are included in Appendixes 2, 3, 4 and 5 respectively.



3.4 Appendix 2 shows the incomplete 2017/18 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 94% of the total recommendations/issues were found to have been implemented and 100% of the priority 1 recommendations/issues which have been followed up have been implemented.

3.5 Appendix 3 shows the incomplete 2018/19 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 92% of the total recommendations/issues were found to have been implemented and 96% of the priority 1 recommendations/issues which have been followed up have been implemented. The outstanding priority 1 recommendations/issues are detailed below:

Audit Title	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
Air Quality Strategy, Implementation and Review	Limited	<p>A priority 1 issue was identified as there was a lack of evidence that the Air Quality Action Plan actions were being regularly monitored.</p> <p><b>Response September 2021:</b></p> <p>Prior to COVID-19 we had quarterly steering group meetings and the action plan table was distributed prior to the meeting for quarterly updates. Due to lack of staff we were unable to continue with the meetings and also had to prioritise other work. The meetings have now been set up for 2021. One meeting has already been held and a pollution support officer is now attending to take minutes. The Director will also be sending out the action plan table to ensure other teams make their responses within a certain timescales. We will be investigating using MS Teams to make comments on the action plan table without having to go through the plan for comments.</p>
Asbestos Management	Limited	<p>A priority 1 issue was identified as there were some 7,762 housing assets, assets for which there was no identifier of whether asbestos was either identified, strongly presumed, presumed or was not found. Discussion established that this number included assets such as roads; however, examination of the listing noted that there were also general rent dwellings, service tenancies and garages included</p> <p><b>Update October 2021:</b></p> <p>No, there has been no work on the contract yet. I need to finalise some queries with our procurement team and the lawyers (Compliance Manager)</p>

3.6 Appendix 4 shows the 2019/20 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 90% of the total recommendations/issues were found to have been implemented and 87% of the priority 1 recommendations/issues which have been followed up have been implemented. The outstanding priority 1 recommendations/issues are detailed below:

Audit Title	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
SEND	Limited	<p>A priority 1 issue was raised as 79 out of 302 (26%) EHC plans issued in 2019/20 were not completed and issued within the statutory 20 week period.</p> <p><b>Response provided August 2021:</b></p> <p>Reviewed through data monitoring. Staffing pressures continue within 0-11 and assistants teams – this has resulted in inconsistent improvement. Appointments underway to bring back to full staffing.</p> <p><b>Updated response received October and being reviewed.</b></p>
Lettings Allocations and Assessments	Limited	<p>A priority 1 issue was raised as the application forms (on line and in hardcopy) in use were not compliant with the Data Protection Act 2018 or the General Data Protection Regulation.</p>

Audit Title	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
		<p><u>Response provided December: 2020:</u></p> <p>No handover or discussion. I will speak to digital and information services as well as interim operational manager to find out where we are with this and update with my findings and hopefully sign off.</p>
Occupational Therapy	Limited	<p>A priority 1 issue was raised as the apportionment of costs, including any over or underspends, for the Adult Community Occupational Therapy Service between the Croydon Clinical Commission Group and the Council was not formally agreed.</p> <p><u>Response provided September 2021:</u></p> <p>Section 75 agreement to be done by the end of October 2021 and agreed with CHS (assuming NHS approval mechanisms within the time frame).</p> <p>A priority 1 issue was raised as the 'Waiting List Report' as at 18 September 2019 detailed that there were 197 waiting clients, 180 of whom had been on the waiting list more than 3 months.</p> <p><u>Response provided October 2021:</u></p> <p>An additional £120k secured from staffing budget to be used for locum and permanent recruitment. Recruitment documents in to SCP and will be heard on the 18<sup>th</sup>, thereafter recruitment to start</p>
Wheelchair Service – Community Equipment Service	Limited	<p>A priority 1 issue was raised as the follow up of the recommendations raised in the 2017 ad hoc report identified that the recommendation relating to the BACs files being open to amendment had still not been implemented, meaning that any of the BACs payments during the last 2 years may have been manipulated. As about £1m of payments is made per month, this is a significant issue.</p> <p><u>Updated response October 2021:</u></p> <p>The profile change has now been implemented by the treasurer.</p> <p>Meeting has taken place with the Bankline technical team to discuss set up. A template of information required for upload in Bankline has been agreed and forwarded to CPIO (Sage provider). CPIO will set up the bulk upload template and the team will then complete testing. We anticipate that this likely to go live early November.</p> <p>In the meantime the audit risk is being mitigated by additional checks to each payment line on Bankline before it is approved. This means any amendment to the payment file will be identified.</p>
Fairfield Hall Delivery (BxB Management)	No	<p>A priority 1 issue was raised as the licence for access to carry out works in respect of property at Fairfield, College Green issued to BXB did not include specific contract conditions relating to quality or deadline for delivery.</p>
Freedom of Information and Subject Access Requests	Limited	<p>A priority 1 issue was raised as FOI requests were not being responded to within the 20 working day statutory timeframe, with the percentage of FOI requests responded to with 20 days varying between 49% in November 2019 and 83% in December 2019.</p> <p><u>Response received October 2021:</u></p> <p>Following a number of changes within the organisation, the medium which facilitated this action and the report, Power BI, can no longer be maintained. As a result, the Head of Service dashboard is not functional in the manner previously described and intended.</p> <p>However, in its place, to contribute to greater visibility and assist in improving compliance, weekly reports containing details of outstanding cases are sent to areas in receipt of a high volume of these requests, and are also provided to others as solicited.</p> <p>We are also exploring options with the Business Intelligence and Performance team to produce a report capable of providing the level of detail previously given, and with a similar ease of accessibility.</p>
Staff Debt	Limited	<p>A priority 1 issue was raised as it was identified that no recovery actions had been made for 37 (out of the 70) salary overpayments despite these being over a year old. The total outstanding balance of salary overpayments was £180,038.48.</p> <p><u>Update October 2021:</u></p> <p>A business case was put forward via the recruitment control process for additional resources to be brought into payroll to clear the backlog of overpayments, the cost of which to be offset against the debt raised.</p>

Audit Title	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
		The resources are now in place and work has commenced w/c 21 September 2021. It is expected that work will be completed by end January 2022, with the aim of invoices starting to be raised during November 2021.
Enforcement Agents - Procurement	No	<p>A priority 1 issue was raised as an individual scoresheet and the record of moderation are missing for the tender evaluation of January 2018.</p> <p>Contemporaneous records of the reasons and reasoning for the allocation of scores in moderation for both lots of the tender evaluations of August 2019 could not be provided. Attempts have also been made to recreate the reasons and reasoning at a later date</p> <p><u>Response May 2021:</u></p> <p>The live procurement trial was successfully completed, and now the implementation is being rolled out. The commissioning framework and procurement handbooks have not yet been reviewed. This is in our project pipeline for Q1/Q2 of 2021/22.</p> <p><b>Response June 2021:</b></p> <p>There is no further update at this stage. The remaining actions are scheduled for Q1 / Q2 for this year, although this is subject to available resource.</p> <p>Pending this, we are undertaking additional management action.</p> <p>A priority 1 issue was raised as a number of formal agreements extending the arrangements with the service providers could not be provided.</p> <p><u>Response May 2021:</u></p> <p>The commissioning framework and procurement handbooks have not yet been reviewed. This is in our project pipeline for Q1/Q2 of 2021/22.</p> <p>Pending this, we are undertaking additional management action.</p> <p><b>Update June 2021:</b></p> <p>There is no further update at this stage. The remaining actions are scheduled for Q1 / Q2 for this year, although this is subject to available resource.</p>

3.7 Appendix 5 shows the 2020/21 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 73% of the total recommendations/issues were found to have been implemented and 64% of the priority 1 recommendations/issues which have been followed up have been implemented. The outstanding priority 1 recommendations/issues are detailed below:

Audit Title	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
Staff Expenses – Compliance Checks	No	<p>Priority 1 issues were raised as:</p> <ul style="list-style-type: none"> <li>Compulsory Car User Forms were not located for 11 of the sample of 15 staff on the car allowance scheme tested.</li> </ul> <p><u>Response September 2021:</u></p> <p>An initial meeting took place to discuss the generic application update on 7 September 2021.</p> <p>Following that meeting it was agreed that the compulsory car user allowance form needed to be updated and to seek input from internal audit on what details should be retained on file.</p> <p>Input from internal audit, insurance and anti-fraud has now been received. A further meeting is planned for 4 October to further discuss plans for the compulsory car user update.</p> <ul style="list-style-type: none"> <li>Testing of a sample of 30 approved expense claims found that nine of these should not have been approved (seven where appropriate supporting documentation was not provided, one for a parking fine and one for membership) and that nine of these had been incorrectly categorised.</li> </ul> <p><u>Response September 2021:</u></p>

Audit Title	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
		<p>The annual reminder was published on the intranet on 24 August 2021. In addition, this was included in the August Managers Briefing</p> <p><u>Audit comment</u></p> <p>Examination of a small sample of claims in September 21 identified that claims were still being approved that were not appropriate. This was raised with ELT on 28 September 21, where ELT agreed and requested compliance reports.</p> <p>This is therefore assessed as in progress, while the compliance reporting is being implemented.</p> <ul style="list-style-type: none"> <li>Analysis of a report of expenses claimed identified that 240 expense items were authorised outside of the 90 days eligibility timeframe as defined by Expenses Management Policy. Furthermore, the required director written approval was not available for 14 out the sample of 15 (out of a total of 105) expense items submitted more than 60 days (and less than 90 days) after the expense being incurred.</li> </ul> <p><u>Response September 2021:</u></p> <p>The annual reminder was published on the intranet on 24 August 2021. -Changes to expense claims   Croydon Intranet</p> <p>In addition, this was included in the August Managers Briefing</p> <p><u>Audit comment</u></p> <p>Examination of a small sample of claims in September 21 identified that claims were still being approved that were not appropriate. This was raised with ELT on 28 September 21, where ELT agreed and requested compliance reports.</p> <p>This is therefore assessed as in progress, while the compliance reporting is being implemented.</p>
Clinical Governance	Limited	<p>A priority 1 issue was raised as there was no evidence of an overall clinical governance policy being in place for the Council and consequently the clinical governance framework and systems in place were unclear.</p> <p><u>Response August 2021:</u></p> <p>Workshop being organised to coordinate pulling together all the relevant information to produce a clinical governance policy. Stakeholders include: Commissioners, Public Health, Designated Safeguarding leads, SWL CCG.</p>

## Appendix 1: Summary from finalised audits of Key (Priority 1) issues

Year	Internal Audit Title	Assurance Level & Number of Issues	Summary of Key Issues Raised
<b>Non-School Internal Audits</b>			
2019/20	Community Care Payments	Limited (Five priority 1, one priority 2 and two priority 3 issues)	<p>Priority 1 issues were raised as:</p> <ul style="list-style-type: none"> <li>Funding approval for nine of the sample of 16 nursing and residential clients and direct payment clients tested was after the placements had commenced.</li> <li>Commitment forms were raised more than seven days after the placements commenced for 12 of the sample of 18 nursing and residential clients and direct payment clients tested.</li> <li>Following authorisation of the commitment forms, delays in inputting the payment details onto SWIFT were identified for nine of the sample of 18 nursing and residential clients and direct payment clients.</li> <li>Testing of the ad hoc payments process, used for payments other than those on the regular SWIFT payment runs, found that: <ul style="list-style-type: none"> <li>There was no escalation process if either of the normal approvers was not available;</li> <li>A list of the ad hoc payments processed was not held, and</li> <li>The ad hoc payments did not contain reference/s to the initial payment request that was late / went wrong.</li> </ul> </li> <li>The payment files created by SWIFT, which contain the payee bank account details, were open to amendment.</li> </ul>
2019/20	Creditors	Limited (Four priority 1, seven priority 2 and one priority 3 issue)	<p>Priority 1 issues were raised as:</p> <ul style="list-style-type: none"> <li>Examination of the documentation retained for a sample of 17 transactions identified that for five of these the order was raised either after delivery or after the invoice date.</li> <li>Examination of the documentation retained for a sample of 17 transactions identified that for four of these the goods or services received check preceded actual delivery.</li> <li>Examination of the documentation retained for a sample of 17 transactions identified that five of the invoices included client names (including children in care) thus potentially breaching the Data Protection Act 2018.</li> <li>As at 28 September 2020 the Council had invoices totalling £25,757,492 on hold, of which £7,220,978 related to previous financial years (i.e. 2019/20 and prior) with oldest invoice on hold dating 8 May 2014.</li> </ul>
2019/20	Main Accounting System	Limited (One priority 1 and one priority 2 issues)	A priority 1 issue was raised as examination of the records held for a sample of 10 virements was unable to evidence approval for 6 of these, and approval for 3 was uncertain as the required 'Request For Virement Form' had not been used.
2019/20	Financial Assessments – Charging Policy	Limited (Two priority 1 and three priority 2 issues)	<p>Priority 1 issues were raised as:</p> <ul style="list-style-type: none"> <li>Five of the sample of ten financial assessments sampled had not been completed in a timely manner.</li> <li>Five of the sample of ten financial assessments sampled were only requested after care had commenced and three, although requested prior to care commencing, were only completed after the care had commenced.</li> </ul>
2019/20	Freedom of Information (FOI)	Limited	A priority 1 issue was raised as FOI requests were not being responded to within the 20 working day statutory timeframe, with the

Year	Internal Audit Title	Assurance Level & Number of Issues	Summary of Key Issues Raised
	and Subject Access Requests (SARs)	(One priority 1 issue and 2 priority 3 issues)	percentage of FOI requests responded to with 20 days varying between 49% in November 2019 and 83% in December 2019.
2020/21	Staff Expenses – Compliance checks	No (Four priority 1 and one priority 2 issue)	<p>Priority 1 issues were raised as:</p> <ul style="list-style-type: none"> <li>Compulsory Car User Forms were not located for 11 of the sample of 15 staff on the car allowance scheme tested.</li> <li>Testing of a sample of 30 approved expense claims found that nine of these should not have been approved (seven where appropriate supporting documentation was not provided, one for a parking fine and one for membership) and that nine of these had been incorrectly categorised.</li> <li>Analysis of a report of expenses claimed identified 12 instances where overpayment had occurred as a result of duplicate expense claims.</li> <li>Analysis of a report of expenses claimed identified that 240 expense items were authorised outside of the 90 days eligibility timeframe as defined by Expenses Management Policy. Furthermore, the required director written approval was not available for 14 out the sample of 15 (out of a total of 105) expense items submitted more than 60 days (and less than 90 days) after the expense being incurred.</li> </ul>
2020/21	Payments to Schools	Limited (one priority 1, one priority 2 and three priority 3 issues)	A priority 1 issue was raised as, although statutory guidance issued by the Secretary of State requires that School deficits are cleared in 3 years and do not continue indefinitely, four (out of six) of the licensed deficits in 2020/21 were agreed for schools which did not plan for their deficits to be eliminated within 3 years as required.
2020/21	Overtime Payments	Limited	Limited Assurance with no priority 1 issues.
2020/21	Clinical Governance	Limited (Two priority 1 and four priority 2 issues)	<p>Priority 1 issues were raised as:</p> <ul style="list-style-type: none"> <li>There was no evidence of an overall clinical governance policy being in place for the Council and consequently the clinical governance framework and systems in place were unclear.</li> <li>Examination of the contracts for a sample of three contractors providing clinical services (from the list provided of 15 outsourced clinical services) confirmed that reference to clinical governance arrangements and monitoring was to varying degrees. In addition, all three of the contracts had expired.</li> </ul>
2020/21	Disabled Facilities Grants	Limited (One priority 1 and 3 priority 2 issues)	A priority 1 issue was raised as the Council's DFG application form, which asks for personal information from the applicant, does not include privacy information or any consent.
2020/21	Public Health: Contracts Management (Sexual Health)	Limited Four priority 1 and two priority 2 issues)	<p>Priority 1 issues were raised as:</p> <ul style="list-style-type: none"> <li>The copy of the Section 75 Agreement with Croydon Health Services (CHS) to provide an integrated sexual health service was not signed and had expired on 31 March 2021.</li> <li>The Lead Commissioner – Public Health &amp; Prevention confirmed that signed electronic copies of contracts with the 45 GP surgeries and pharmacies to provide support within the community were not held.</li> <li>Evidence of monitoring against the performance indicators in integrated sexual health service was limited to minutes of S75 Partnership Board meetings held in June and September 2020 and an e-mail dated September 2020 titled 'S75 &amp; KPI reporting' which only provided monthly 'kit' requests and did not fully reflect the key service outcomes within the contract. No evidence of monitoring of the chlamydia screening, LARC or ESH contracts was provided.</li> <li>Management confirmed that there was monitoring of the budget and service usage, but while we were provided with details of summary sexual health charges for both Croydon and 'Out of</li> </ul>

Year	Internal Audit Title	Assurance Level & Number of Issues	Summary of Key Issues Raised
			Area' providers for 2020/21, this did not include any budget details. A Sexual Health tracker is also maintained, to help monitor services (i.e. LARC, ESH and Chlamydia services) provided by and payments made to the GP surgeries and pharmacies.
2020/21	Temporary Accommodation: Standards in Private Sector	Limited Two priority 1 and four priority 2 issues)	Priority 1 issues were raised as: <ul style="list-style-type: none"> <li>Electrical, gas and energy certificates were not located for some of the sample of Croydon properties and most of the sample of Croydon properties checked.</li> <li>Decent Homes Inspection' reports were not available for eight of the sample of 15 property records checked.</li> </ul>
2020/21	Overtime Payments – Parking Services	Limited (Three priority 1 and three priority 2 issues)	Priority 1 issues were raised as: <ul style="list-style-type: none"> <li>Parking Services staff eligibility for overtime was being determined based on the number of penalty charges notices (PCNs) issued, in breach of statutory guidance.</li> <li>The Enforcement Manager had authorised 101 hours of overtime for his brother in March 2020.</li> <li>Analysis of the overtime paid forms between 1 January and 31 August 2020 identified 10 Parking Services staff who had on average worked more than 48 hours a week for the period. This was not in line with the Staff Handbook, which requires that staff only work more than 48 hours a week for a limited period of time and on an exceptional basis.</li> </ul>
2020/21	SEN Transport - Safeguarding	Limited Two priority 1 and two priority 2 issues)	Priority 1 issues were raised as: <ul style="list-style-type: none"> <li>The 'Application Form: Home to School Travel Assistance (for ages 5-16)' although obtaining consent to process the personal data of the parent/carer and child did not also obtain consent for the processing of the personal data of the emergency contact</li> <li>Examination of a sample of ten contracts found that seven had not been evidenced as signed or dated, two contracts were signed but had not been dated and one contract could not be located on SharePoint.</li> </ul>
2020/21	New Supplier Set up	Limited (One priority 1, four priority 2 and one priority 3 issue)	A priority 1 issue was raised as instances were identified where iProcurement access had been granted without both the relevant Director authorisation and the Buying Team's approval
2020/21	Cyber Security	Limited (One priority 1, six priority 2 and two priority 3 issues)	A priority 1 issue was raised as the Council has not undertaken recent penetration testing across the network and infrastructures. Such testing is commonly undertaken by the Council's peers at least annually and more frequently if significant changes are proposed to the IT environment.
<b>School Audits</b>			
2020/21	Thornton Heath Nursery School	Limited (Two priority 1, ten priority 2 and two priority 3 recommendations)	Priority 1 recommendations were raised as : <ul style="list-style-type: none"> <li>The Governing Body did not hold the minimum required three meetings (face to face or on-line) during the 2019/20 school year.</li> <li>Sample testing of 13 transactions found that none of the invoices had been appropriately approved for payment by an identified officer.</li> </ul>
2020/21	Thomas More Catholic School	Limited (One priority 1, eight priority 2 and five priority 3 recommendations)	A priority 1 recommendation was raised as the School did not have a plan to eliminate its deficit within three years as required by the Croydon Scheme for Financing Schools.

## Appendix 2 - Follow-up of 2017-18 audits (incomplete follow up only)

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
<b>Non School Internal Audits</b>						
2017/18	Admitted Bodies	Resources	Substantial (5 <sup>th</sup> follow up in progress)	4	3	75%
<b>Recommendations and implementation from internal audits that have had responses</b>				421	396	94%
<b>Priority 1 Recommendations from internal audits that have had responses</b>				47	47	100%



## Appendix 3 - Follow-up of 2018/19 audits (Incomplete only)

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2018/19	Energy Recharges	Resources	No (1 <sup>st</sup> follow up in progress)	7	-	-
2018/19	Air Quality Strategy, Implementation and Review	Place	Limited (3 <sup>rd</sup> follow up in progress)	8	4	50%
				One priority 1 issue not yet resolved		
2018/19	Asbestos Management (Beyond the Corporate Campus)	Place	Limited (7 <sup>th</sup> follow up in progress)	12	9	75%
				One priority 1 issue not yet resolved		
2018/19	School Deficits and Surpluses (Conversion to Academy)	CYP&E	Substantial (3 <sup>rd</sup> follow up in progress)	4	3	75%
2018/19	Mortuary	Assistant Chief Executive	Substantial (6 <sup>th</sup> follow up in progress)	4	3	75%
2018/19	New Legal Services Model	Resources	Substantial (3 <sup>rd</sup> follow up in progress)	7	5	71%
2018/19	Council Investment and Operational Properties – Income Maximisation	Resources	Substantial (4 <sup>th</sup> follow up in progress)	4	3	75%
<b>Recommendations and implementation from internal audits that have had responses</b>				<b>357</b>	<b>328</b>	<b>92%</b>
<b>Priority 1 Recommendations from internal audits that have had responses</b>				<b>49</b>	<b>47</b>	<b>96%</b>

## Appendix 4 - Follow-up of 2019/20 audits

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
<b>Non School Internal Audits</b>						
2019/20	Creditors – Procure to Pay	Resources	Limited (2 <sup>nd</sup> follow up in progress)	12	3	25%
2019/20	Housing Rent (Reduced Scope)	CYP&E	Limited (No further follow up)	3	3	100%
2019/20	Main Accounting System	Resources	Limited (1 <sup>st</sup> follow up in progress)	1	-	-
2019/20	Staff Debt	Resources	Limited (2 <sup>nd</sup> follow up in progress)	8	6	75%
				One priority 1 issue not yet resolved		
2019/20	Age Assessment Judicial Review	Housing	Limited (No further follow up in)	6	6	100%
2019/20	Alternative School provisioning	CYP&E	Limited (No further follow up)	6	6	100%
2019/20	Partnership Governance – Children and Families	CYP&E	Limited (1 <sup>st</sup> follow up in progress No priority 1 issues)	5	-	-
2019/20	SEND Special Educational Needs and Disability	CYP&E	Limited (2 <sup>nd</sup> follow up in progress)	2	1	50%
				One priority 1 issue not yet resolved		
2019/20	Financial Assessments – Charging Policy	ASC&H	Limited (No further follow up)	5	5	100%
2019/20	Lettings Allocations and Assessments	Housing	Limited (3 <sup>rd</sup> follow up in progress)	3	1	33%
				One priority 1 issue not yet resolved		
2019/20	Placements in Private Housing Accommodation	Housing	Limited (2 <sup>nd</sup> follow up in progress)	4	2	50%
2019/20	Adult Social Care (ASC) Waiting Lists	ASC&H	Limited (No further follow up)	4	4	100%
2019/20	Care Market Failure	ASC&H	Limited (No further follow up)	10	10	100%
2019/20	Financial Planning and Forecasting Adult's Services	ASC&H	Limited (No further follow up)	5	4	80%
2019/20	Occupational Therapy	ASC&H	Limited (6 <sup>th</sup> follow up in progress)	4	2	50%
				Two priority 1 issues not yet resolved		
2019/20	Bringing Services in-house – Parks Services	Place	Limited (No further follow up)	8	8	100%
2019/20	External Funding	Place	Limited (No further follow up)	3	3	100%

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Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2019/20	Food Safety – Data Quality	Place	Limited (No further follow up)	5	4	80%
2019/20	Parks Health and Safety	Place	Limited (3 <sup>rd</sup> follow up in progress)	8	8	100%
2019/20	Brick by Brick Governance	Resources	Limited (No further follow up)	2	2	100%
2019/20	Wheelchair Service – Community Equipment Service	ASC&H	Limited (4 <sup>th</sup> follow up in progress)	3	2	67%
				One priority 1 issue not yet resolved		
2019/20	Fairfield Hall Delivery (BxB Management)	Place	Limited (1 <sup>st</sup> follow up in progress) 2 issues resolved at final report stage	3	2	66%
2019/20	Freedom of Information and Subject Access Requests	Assistant Chief Executive	Limited (2 <sup>nd</sup> follow up in progress)	3	0	0%
				One priority 1 issue not yet resolved		
2019/20	Enforcement Agents - Procurement	Resources	Limited (3 <sup>rd</sup> follow up in progress)	6	3	50%
				Two priority 1 issues not yet resolved		
2019/20	Business Rates	Resources	Substantial (No further follow up)	1	1	100%
2019/20	Debtors	Resources	Substantial (1 <sup>st</sup> follow up in progress)	10	-	-
2019/20	Housing Benefit	Resources	Substantial (No further follow up)	2	2	100%
2019/20	Pensions	Resources	Substantial (No further follow up)	2	2	100%
2019/20	Pay and Display Meter Maintenance	Place	Substantial (No further follow up)	4	4	100%
2019/20	Section 17 payments	HWA	Substantial (No further follow up)	5	5	100%
2019/20	Sheltered Accommodation (Extra Care Service)	HWA	Substantial (No further follow up)	3	3	100%
2019/20	Growth Zone – Performance Manager	Place	Substantial (No further follow up)	4	4	100%
2019/20	Highways Contract Management	Place	Substantial (No further follow up)	4	4	100%
2019/20	Debt Recovery In-house	Resources	Substantial (No further follow up)	1	1	100%
2019/20	Enforcement Agents	Resources	Substantial (2 <sup>nd</sup> follow up in progress)	3	1	33%

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Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2019/20	Risk Management	Resources	Substantial (No further follow up)	4	4	100%
2019/20	Staff Code of Conduct	Assistant Chief Executive	Substantial (No further follow up)	5	4	80%
2019/20	IT Policies Review	Assistant Chief Executive	Substantial (1 <sup>st</sup> follow up in progress)	5	-	-
2019/20	Uniform IT Application	Assistant Chief Executive	Substantial (5 <sup>th</sup> follow up in progress)	4	2	50%
2019/20	Northgate iWorld Application	Assistant Chief Executive	Substantial (No further follow up)	1	1	100%
2019/20	Microsoft Direct Access Operating System	Assistant Chief Executive	Substantial (No further follow up)	4	4	100%
2019/20	Peoples ICT Application	Assistant Chief Executive	Substantial (1 <sup>st</sup> follow up in progress)	7	-	-
<b>Non-School Internal Audits Sub Total: Recommendations and implementation from internal audits that have had responses</b>				<b>157</b>	<b>125</b>	<b>80%</b>
<b>Non-School Internal Audits Sub Total: Priority 1 Recommendations from internal audits that have had responses</b>				<b>38</b>	<b>25</b>	<b>66%</b>
<b>School Internal Audits</b>						
2019/20	Winterbourne Nursery and Infant School	CYP&E	No (No further follow up)	22	22	100%
2019/20	Beulah Junior School	CYP&E	Limited (No further follow up)	14	13	93%
2019/20	Kenley Primary School	CYP&E	Limited (No further follow up)	11	10	91%
2019/20	Margaret Roper Catholic Primary School	CYP&E	Limited (No further follow up)	11	10	91%
2019/20	Minster Infant School	CYP&E	Limited (No further follow up)	16	13	81%
2019/20	Norbury Manor Primary School	CYP&E	Limited (No further follow up)	13	13	100%
2019/20	St Joseph's Federation	CYP&E	Limited (No further follow up)	14	13	93%
2019/20	Virgo Fidelis Convent Senior School	CYP&E	Limited (No further follow up)	19	19	100%
2019/20	Crosfield Nursery and Selhurst Early Years	CYP&E	Substantial (No further follow up)	8	7	87%
2019/20	All Saints C of E Primary School	CYP&E	Substantial (No further follow up)	12	12	100%
2019/20	Elmwood Infant School	CYP&E	Substantial (No further follow up)	6	6	100%
2019/20	Heavers Farm School	CYP&E	Substantial (No further follow up)	13	13	100%
2019/20	Selsdon Primary School	CYP&E	Substantial (1 <sup>st</sup> follow up in progress)	3	-	-

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Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
<b>School Internal Audits Sub Total:</b>						
Recommendations and implementation from internal audits that have had responses				159	151	95%
<b>School Internal Audits Sub Total:</b>						
Priority 1 Recommendations from internal audits that have had responses				31	31	100%
Recommendations and implementation from internal audits that have had responses				316	276	87%
Priority 1 Recommendations from internal audits that have had responses				69	56	81%

## Appendix 5 - Follow-up of 2020/21 audits

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
<b>Non School Internal Audits</b>						
2020/21	Main Accounting System	Resources	Limited (1 <sup>st</sup> follow up in progress)	2	-	-
2020/21	Overtime payments	Resources	Limited (2 <sup>nd</sup> follow up in progress)	5	3	60%
2020/21	Staff Expenses – Compliance Checks	Resources	No (3 <sup>rd</sup> follow up in progress)	5	2	40%
				3 priority 1 issues not yet resolved		
2020/21	Clinical Governance	ASC&H	Limited (2 <sup>nd</sup> follow up in progress)	6	1	17%
				1 priority 1 issue not yet resolved		
2020/21	Public Health – Contract Management – Sexual Health Services	ASC&H	Limited (1 <sup>st</sup> follow up in progress)	7	-	-
2020/21	Temporary Accommodation – Standards in Private Sector (Update provided and being reviewed)	Housing	Limited (1 <sup>st</sup> follow up in progress)	6	-	-
2020/21	Overtime Payments – Parking Services	Place	Limited (No further follow up)	6	5	83%
2020-21	SEN Transport – Safeguarding (Update provided and being reviewed)	Place	Limited (1 <sup>st</sup> follow up in progress) (3 issues resolved at final report stage)	4	3	75%
2020/21	Cyber Security	Assistant Chief Executive	Limited (1 <sup>st</sup> follow up in progress)	9	-	-
<b>Non-School Internal Audits Sub Total: Recommendations and implementation from internal audits that have had responses</b>				<b>22</b>	<b>11</b>	<b>50%</b>
<b>Non-School Internal Audits Sub Total: Priority 1 Recommendations from internal audits that have had responses</b>				<b>9</b>	<b>5</b>	<b>55%</b>
<b>School Internal Audits</b>						
Financial Year	Audit Followed up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2020/21	Tunstall Nursery School	CYP&E	Substantial (No further follow up)	3	3	100%
2020/21	Thornton Heath Nursery School (Update provided and being reviewed)	CYP&E	No (1 <sup>st</sup> follow up in progress)	14	-	-
2020/21	Forestdale Primary School	CYP&E	Substantial (No further follow up)	11	11	100%

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Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2020/21	Greenvale Primary School	CYP&E	Substantial (No further follow up)	10	8	80%
2020/21	Purley Oaks Primary School	CYP&E	Substantial (No further follow up)	9	9	100%
2020/21	Smitham Primary School	CYP&E	Substantial	5	4	80%
2020/21	Winterbourne Nursery and Infants School	CYP&E	(No further follow up)	5	5	100%
2020/21	Archbishop Tenison's CofE High School	CYP&E	Limited (No further follow up)	11	10	91%
2020/21	Thomas More Catholic High School	CYP&E	Limited (2 <sup>nd</sup> follow up in progress)	14	5	36%
				1 priority 1 recommendation not yet implemented		
2020/21	St Giles	CYP&E	Substantial (No further follow up)	3	3	100%
2020/21	St Nicholas (Update provided and being reviewed)	CYP&E	Substantial (2 <sup>nd</sup> follow up in progress)	7	3	43%
2020/21	Red Gates	CYP&E	Substantial (No further follow up)	5	5	100%
<b>School Internal Audits Sub Total: Recommendations and implementation from internal audits that have had responses</b>				<b>83</b>	<b>66</b>	<b>79%</b>
<b>School Internal Audits Sub Total: Priority 1 Recommendations from internal audits that have had responses</b>				<b>2</b>	<b>2</b>	<b>100%</b>
<b>Recommendations and implementation from internal audits that have had responses</b>				<b>105</b>	<b>77</b>	<b>73%</b>
<b>Priority 1 Recommendations from internal audits that have had responses</b>				<b>11</b>	<b>7</b>	<b>64%</b>

## Appendix 6 - Statement of Responsibility

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis

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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<b>REPORT TO:</b>	<b>GENERAL PURPOSES AND AUDIT COMMITTEE</b> <b>25 November 2021</b>
<b>SUBJECT:</b>	<b>Annual Governance Statement 2020/21</b>
<b>LEAD OFFICER:</b>	<b>Richard Ennis, Corporate Director of Resources (interim)</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITIES 2021-24:</b> The Croydon Renewal Plan includes a focus on achieving stronger governance, management practice and internal controls, supported by actions to change culture and behaviours.	

<b>FINANCIAL IMPACT</b> Implementation of the recommendations within this report shall be contained within existing budgets.
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<b>RECOMMENDATION</b>  General Purposes and Audit Committee is recommended to:  <ol style="list-style-type: none"> <li>1. Review and approve the draft Annual Governance Statement 2020/21 (Appendix 1).</li> <li>2. Note the updated Code of Governance (Appendix 2).</li> <li>3. Agree to receive a progress report on implementation of the Annual Governance Statement action plan soon after the completion of the 2021/22 financial year.</li> </ol>
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## 1. EXECUTIVE SUMMARY

- 1.1 Legislation requires that the Council conduct a review at least annually of the effectiveness of its system of internal control and to prepare a statement on internal control in accordance with proper practices. The purpose of the Annual Governance Statement ('AGS'), which is published with the Statement of Accounts, is to provide an accurate representation of the Council's governance arrangements in place during the year and to identify areas where there are significant gaps or where improvements are required.
- 1.2 The draft AGS is presented to General Purposes and Audit Committee for review and approval in accordance with CIPFA guidance, prior to the document being presented to the Leader and Chief Executive for signature.

## 2. BACKGROUND

3.1 Regulation 6(1) of the Accounts and Audit (England) Regulations 2015 requires that the Council conduct a review at least once a year of the effectiveness of its system of internal control and to prepare a statement on internal control in accordance with proper practices.

3.2 The purpose of the AGS, which is published with the Statement of Accounts, is to provide an accurate representation of the corporate governance arrangements which have been in place during the year 2020/21 and to identify those areas where there are significant gaps or where improvements are required.

3.3 The draft AGS has been informed by:

- The independent review of the Council's governance (March 2020)
- The Council's Annual Governance Statement for 2019/20
- The Independent Finance Review (October 2020)
- The Report in the Public Interest (October 2020)
- The strategic review of the Council's subsidiary companies (November 2020)
- The rapid non-statutory review (November 2020)
- The Croydon Renewal Plan (November 2020)
- The Scrutiny Improvement Review conducted by the Centre for Governance and Scrutiny (January 2021)
- Reports by internal and external Audit produced throughout the year.

It has also been informed by discussions with relevant officers across the Council and shared with all Directorate Leadership Teams for comment.

3.4 In normal circumstances, the AGS would be prepared in light of assurance statements completed by all Council directors. For the year 2020/21, the decision was taken not to seek assurance statements in light of:

- a) the significant amount of externally-produced information about areas for improvement in the Council's governance and
- b) the need for officer attention to focus on identified improvement actions and the development of plans for a balanced budget.

The process for development of the Annual Governance Statement for 2021/22 is set out at section 4.7 below.

#### **4. PROPOSAL**

- 4.1 The draft Annual Governance Statement appears at Appendix 1. This draft is in a different format to the Council's previous AGS:
- i) It considers in more depth the different elements of the Council's governance systems, processes and controls;
  - ii) It acknowledges failings in the Council's governance and identifies areas for improvement;
  - iii) It includes an action plan to address areas for improvement.
- 4.2 The draft AGS reflects the Council's governance during the year 2019/20. It identifies significant actions underway during the current year to address areas for improvement, but does not include all developments which have taken place since 31 March 2021: these will be addressed in the AGS for 2021/22.
- 4.3 Consequently, the AGS notes the Council's decision to hold a referendum on its governance model in October 2021: the implications of the outcome of the referendum for the Council's governance will be addressed in the 2021/22 AGS.
- 4.4 The draft AGS has been shared with the Chief Executive and Leader in recognition that they will be required to sign the final version of the AGS.
- 4.5 It is proposed to bring a report back to the Committee at the end of the financial year to provide an update on progress in implementing the AGS action plan.
- 4.6 The Council's Code of Governance (Appendix 2) describes the systems and processes in place to ensure good corporate governance. It sets out the Council's governance arrangements against each of the core principles of good corporate governance identified in the CIPFA/ SOLACE framework 'Delivering good governance in Local Government' (2007). The Code has been reviewed and revised as part of the process of preparing the AGS: where gaps have been found, they have been identified in the AGS and its action plan.
- 4.7 The opportunity has been taken, informed by the process of developing the AGS for this year, to revise the process of obtaining statements of assurance from directors to inform the AGS for 2021/22. Directors will be asked to complete a fuller statement than in previous years, giving detail of work planned to address areas for improvement. These statements will then be reviewed and counter-signed by the relevant Corporate Directors to ensure appropriate challenge and oversight of improvement actions. The statements will be used to inform an assessment of the effectiveness of the Council's governance for 2021/22.

## **5. CONSULTATION**

- 5.1 The Council's external auditors, Grant Thornton, have been given the opportunity to comment on the draft AGS prior to its consideration by the Committee.

## **6. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 6.1 There are no direct financial implications arising from the Annual Governance Statement in its own right. However, there are a number of issues highlighted in the statement which could and will have significant implications for the council.

Approved by: Richard Ennis, Corporate Director of Resources and s151 Officer.

## **7. LEGAL CONSIDERATIONS**

- 7.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Legal Services and Deputy Monitoring Officer that in accordance with The Accounts and Audit Regulations 2015:
- a. The Council shall be responsible for ensuring that the financial management of the Council is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk; and
  - b. The Council shall each financial year conduct a review of the effectiveness of its system of internal control and shall publish an Annual Governance Statement with its statement of accounts.
- 7.2 The Regulations require that the findings of the review of the system of internal control must be considered by a committee of the Council, or by members of the Council meeting as a whole and approve the Annual Governance Statement by resolution of a committee of the Council or by members of the Council meeting as a whole.
- 7.3 The preparation and publication of an Annual Governance Statement in accordance with the 2016 CIPFA / SOLACE Framework meets the statutory requirement set out in the Regulations for authorities to prepare a statement of internal control in accordance with "proper practices".

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

## **8. HUMAN RESOURCES IMPACT**

- 8.1 There are no immediate HR impacts arising from this report. Any matters arising will be dealt with under the appropriate Council procedures.

Approved by: Gillian Bevan, Head of HR, Resources and Assistant Chief Executive

## **9. EQUALITIES IMPACT**

Approved by: Denise McCausland Equality Programme Manager

## **10. ENVIRONMENTAL IMPACT**

10.1 There is no environmental impact arising from this report.

**11. CRIME AND DISORDER REDUCTION IMPACT**

11.1 There is no crime and disorder impact arising from this report.

**12. DATA PROTECTION IMPLICATIONS**

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

No.

**12.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

No.

Approved by: Richard Ennis, Corporate Director of Resources

**13. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

13.1 General Purposes and Audit Committee has a responsibility to provide independent assurance on the adequacy of the risk management framework and the internal control and reporting framework, including the Annual Governance Statement. It is also good practice for the Committee to be provided with information and assurance regarding the status of actions identified to address areas for improvement in the AGS.

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**CONTACT OFFICER:** Heather Wills, Governance Improvement Adviser;  
[heather.wills@croydon.gov.uk](mailto:heather.wills@croydon.gov.uk)

**APPENDICES TO THIS REPORT:**

**1: Draft Annual Governance Statement 2020/21**

**2: Code of Governance**

**BACKGROUND PAPERS:** None

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## **ANNUAL GOVERNANCE STATEMENT (AGS) 2020/21**

### **Summary**

This statement reflects the Council's assessment of its governance arrangements as at 31 March 2021 and identifies actions underway and planned which have been identified to address areas of weakness.

During the course of 2020/21, further significant issues relating to the Council's governance have been identified:

- Croydon Council's external auditors published on 23 October 2020 a 'Report in the Public Interest'. The report set out serious concerns about the Council's financial situation, its financial decision-making and governance and made 20 recommendations.
- An independent strategic review of Brick by Brick, Croydon Affordable Homes LLP and the Council's Revolving Investment, Asset Investment and Growth Zone Funds was conducted by PWC in November 2020. The review found that Brick by Brick significantly underperformed against its 2019/20 business plan, there was an absence of company-wide cash flow and forecasting arrangements and the company's ambitious strategy of development had placed the Council at risk in relation to loans. Governance of all of these companies and funds and oversight by the Council required significant improvement.
- The accounting treatment of Croydon Affordable Homes and Croydon Affordable Tenures is under review and any financial implications will be dealt with appropriately. These could be very significant.
- Following an adverse qualification in the external auditor's conclusion on value for money for 2018/19, work on the 2019/20 Audit Findings report has not yet been completed. The accounts for 2019/20 and 2020/21 are in draft and some significant issues are still to be resolved.
- Significant overspending in relation to the refurbishment expenditure at Fairfield Halls is currently under review by the Council's external auditors.
- The Council issued 2 'Section 114 reports' in November and December 2020. This required the Council to identify actions in order to achieve a balanced budget: these actions included seeking a capitalisation directive from MHCLG in December 2020. Significant work remains to achieve a sustainable Medium Term Financial Strategy over the next 3 years.
- The Ministry of Housing, Communities and Local Government (MHCLG) commissioned a non-statutory 'rapid review' (completed in November 2020) and appointed an Improvement and Assurance Panel which issued its first report in February 2021.
- The Annual Report of the Head of Internal Audit for the year ending March 2020/21 provided only Limited Assurance that the system of internal control accorded with proper practice. A number of internal audit reports have nil or limited assurance.

These issues demonstrate that there is still significant work to be done to embed good practice in financial management, project, programme and risk management and other associated good governance in the Council. Actions underway and planned during

2020/21 to deliver this work are set out in Table 2.

## **Background**

During 2020/21 the Council fully recognised the scale and significance of issues to be addressed, and the systemic change required. In December 2020 it adopted actions to address areas for improvement identified by the RIPI within the Croydon Renewal Plan, a major programme to deliver savings, strengthen governance and financial practices, and embed new ways of working to put the borough on a more sustainable financial footing.

The Improvement and Assurance Panel, appointed in January 2021 and which first reported in February 2021, provides external advice, challenge and expertise to the Council and assurance to the Secretary of State as the Council continues to deliver the Croydon Renewal Plan.

The Panel will report to MHCLG on a quarterly basis and provide support, advice and challenge to the Council on the delivery of the Croydon Renewal Plan. In addition to substantial input from the Improvement and Assurance Panel, support has been sought from a number of different sources including the Local Government Association and a review of the Council's scrutiny arrangements informed by the Centre for Governance & Scrutiny.

In order to balance the 2020/21 budget, borrowing of up to £70m for the financial year 2020-21 was sanctioned by the MHCLG in March 2021 under a 'Capitalisation Direction'. This agreement was and continues to be conditional on the Council delivering its renewal plans at pace and the provision of regular progress updates by the Improvement and Assurance Panel to MHCLG.

In addition to these developments, in March 2021 the Council launched an investigation into the condition of its housing stock following complaints and national press coverage of conditions at Regina Road, South Norwood. An independent report commissioned by Croydon from the ARK consultancy has made a number of far-reaching recommendations to significantly change the arrangements and management of Croydon Council's housing stock.

The Council has worked to deliver the necessary and significant governance improvements arising from the events outlined above during the latter part of 2020/21 and into 2021/22. Consequently, governance arrangements continue to be subject to change. This Statement sets out both the position as at the end of 2020/21 and, given the timing of this report, the actions continuing into 2021/22 to complete those improvements.

The Annual Governance Statement for 2019/20, originally agreed by General Purposes and Audit Committee in October 2020, has been revised to reflect the various external reports received in 2020 and 2021 which related to the Council's governance during that year. Improvement actions referred to in the revised 2019/20 statement are included and updated in this statement and in the action plan at Table 2.

## **Scope of responsibility**

Croydon Council is responsible for ensuring that its business is conducted in



accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Croydon Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Croydon is responsible for putting in place proper arrangements for the governance of its affairs, and for facilitating the effective exercise of its functions.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the *Delivering Good Governance in Local Government: Framework* (CIPFA / SOLACE 2016), ('the framework'). The code has not been reviewed and updated since 2017/18: a review is underway in 2021/22 for completion in November 2021.

The Annual Governance Statement (AGS) explains how Croydon Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6 (1), which requires all relevant bodies to prepare and approve an annual governance statement. Table 1 sets out progress in addressing significant areas for improvement in the 2019/20 AGS and Table 2 shows further actions to address areas of weakness identified in this statement. The Council is committed to ensuring that all identified activities in the AGS action plan are rigorously applied and monitored during the course of the year as part of its recovery plan and accountability is assigned for each specific identified risk and control measure.

The AGS has been reviewed in draft form by each directorate, the Executive Leadership Team (ELT), and the General Purposes and Audit Committee.

The Committee on Standards in Public Life report dated January 2019 made a best practice recommendation regarding separate bodies created by local authorities and how such bodies should be referenced in the Council's AGS together with the transparency expected from those bodies: '*Councils should report on separate bodies they have set up or which they own as part of their annual governance statement, and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness, and publish their board agendas and minutes and annual reports in an accessible place*'.

Croydon Council acknowledges that it has an 'arm's length' interest in the following organisations:

1. Croydon Council owns a 100% stake in the development company Brick By Brick Croydon Limited, which was established to deliver housing across a number of Council owned sites in the Borough. Activity in 2020/21 has continued, and group accounts have been prepared with Brick By Brick Croydon Limited. The Council took a decision in February 2021 to trade out 23 sites to completion and dispose of all of its remaining sites. It is anticipated that this process will be completed in 2023/4.
2. The Council has a 99% membership of LBC Holdings LLP which itself holds 10% holdings of the other LLPs in the structure. An independent charity, Croydon Affordable Housing, holds a 90% membership in each of the LLPs (other than LBC

Holdings LLP). The Council has entered into 80 year leases and 40 year loan transactions (amongst other agreements) with Croydon Affordable Homes LLP ('CAH') and Croydon Affordable Tenures LLP. A review of the financial accounting position in respect of CAH LLP is currently underway to address specific concerns raised by the Council's external auditor, utilizing the technical team at PWC, and is necessary as part of finalising the draft accounts for 2019/20 and 2020/21. Any financial reporting and financial implications arising from this will be analysed following this review and reported appropriately.

3. Croydon Council holds 40% of control of the board of Octavo Partnership Limited, which was created to deliver school improvement services across the Borough of Croydon and beyond and sells discretionary support services to schools directly whilst delivering statutory services on behalf of Croydon Council. Financial activity in 2020/21 was not considered material.
4. Croydon also owns a 100% stake in Croydon Enterprise Loan Fund Limited, which is a growth programme designed to support businesses in Croydon to access finance in order to start or grow a business. Group activity is not judged to be material.
5. Croydon owns a 100% stake in YourCare (Croydon) Ltd, a company that will carry out sales of aids to daily living equipment to the public. Turnover and balances are not considered material. Group accounts are not being prepared for Croydon Care Solutions Ltd, Croydon Equipment Solutions Ltd and Croydon Day Opportunities Ltd, as these companies have not traded during 2020/21, and any sums are immaterial.

In July 2021 Cabinet agreed the establishment of a Croydon Companies' Supervision and Monitoring Panel, chaired by the s151 Officer, to ensure good governance of the Council's external entities. The Panel will formally report at least biannually to Cabinet, making recommendations as appropriate.

### **Organisational structure and key responsibilities**

The Council employs statutory officers to discharge specific functions. These include:

- The Head of Paid Service (the Chief Executive). This role was held on an interim basis from September 2020: a permanent appointment to the role was made in July 2021.
- The Monitoring Officer (the Council designated the role of the Executive Director of Resources as the Monitoring Officer in accordance with the Section 5 of the Local Government and Housing Act 1989). The Monitoring Officer role was covered by an interim Deputy Monitoring Officer from March 2021 following the absence on sickness leave of the postholder from February 2021.
- The Chief Financial Officer: the Council designated the Director of Finance, Investment & Risk (and Section 151 Officer) as the Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972. This role was held on an interim basis from February 2021, following the resignation of the previous postholder. As at October 2021, the s151 Officer is the Corporate Director of Resources and reports directly to the Chief Executive.

Each has the power to refer certain matters to the Council. During 2021/22 a regular meeting of the statutory officers has been established, chaired by the Chief Executive, to discuss current issues and liaise regularly between meetings on matters affecting the governance of the authority. The statutory officers ensure the provision of professional advice on all decision-making reports to ensure legal, financial, risk management and equality implications are addressed, including compliance with the Public Sector Equality Duty. Going forwards the terms of reference for the meeting will be reviewed to ensure that declarations of interest are managed and any conflicts are routinely declared and to enable an overview of significant contractual arrangements, ensuring that appropriate documentation and compliance is in place.

The Council has also appointed officers with statutory responsibilities for adults and children, public health and scrutiny.

The Council's Executive Leadership Team includes all officers reporting directly to the Chief Executive: in February 2020 5 of the team were suspended and subsequently 4 officers resigned. During the latter half of 2020/21 these posts were all held by interim officers. The post of interim Assistant Chief Executive was added to the structure to build corporate capacity and to support the delivery of improvement actions. In February 2021 the Ethics Committee agreed a Statutory Chief Officer Disciplinary Procedure that is the JNC Model Disciplinary Procedure, for adoption by the Appointments Committee.

As part of the council's response to the Report in the Public Interest and the MHCLG Rapid Review a far-reaching review and consultation on the management structure of Croydon Council was launched in December 2020: the new organisational structure was approved by Full Council in July 2021 and will be implemented by November 2021. The new structure is designed to ensure the Council can deliver more effectively on its business strategy, address the significant service quality improvements and workplace culture changes required by having focused and sufficient management capacity and ensuring a more consistent, corporate and effective internal control system. The structure is a fundamental part of implementing the Croydon Renewal Plan.

## **Decision making and governance**

The Council's arrangements for decision making and conduct of its statutory functions are set out in the Constitution. It contains rules for the conduct of decision-making meetings and the roles and responsibilities of members and officers.

There has been no systematic review of the Constitution in recent years: a comprehensive review is underway in 2021/22, informed by a member-led Constitution Working Group.

The Council's policy and decision making is conducted through the Leader and Cabinet governance model, with the exception of non-executive matters and the Policy framework, which is set by Full Council. Members are accountable for strategic and major policy decisions and hold officers to account for delivery against agreed outcomes. The annual revenue and capital budgets are consulted upon prior to consideration and approval by Full Council in March each year. This sets the level of Council Tax and capital investment for the forthcoming financial year.

The Council's meetings are open to the public, except where personal or confidential matters are being discussed.

The Chief Executive (and Head of Paid Service) and senior officers make decisions under their relevant Scheme of Authorisations and the financial scheme of delegation. The Chief Executive is responsible for ensuring the Council's overall governance and the organisational structure are fit for purpose to deliver the Council's intended outcomes.

The Council publishes a Forward Plan that details the key decisions to be made by the Leader, Cabinet, Committees or officers in relation to executive matters.

In February 2021, Council decided that a referendum should be conducted on its governance arrangements, the ballot to be held on 7<sup>th</sup> October 2021, and voters asked to choose between the current and mayoral models of governance.

The General Purposes and Audit Committee is responsible for discharging the functions of an audit committee, including reviewing the risk management process, the performance of Internal Audit and agreeing the external audit plan. The appointment of an independent chair of General Purposes & Audit Committee during 2021/22, as a recommendation of the MHCLG rapid review, is designed to enhance the Committee's effectiveness as a source of independent assurance. The Committee's Terms of Reference will be reviewed as part of the wider review of the Constitution.

The Chief Executive chairs a weekly meeting of the Executive Leadership Team to consider key items of business and ensure the organisation is delivering against the Administration priorities. The Executive Leadership Team meeting is attended by all Executive Directors, plus the Head of Communications and Director of HR.

Each Executive Director holds weekly Departmental Leadership Team meetings. These are used to support internal control processes (e.g. budget and risk management, monitoring of complaints, corporate performance) as well as key business within the department.

Directors are then responsible for cascading information down to Heads of Service (and vice versa) to ensure effective delivery of Council services and decision making in accordance with the scheme of delegation.

## **Overview and scrutiny**

The role of scrutiny is to scrutinise the decisions of the executive and to contribute to policy review and development.

During 2020/21 the Centre for Governance and Scrutiny conducted a Scrutiny Improvement Review: their recommendations, to be implemented during 2021/22, will assist in strengthening the effectiveness of scrutiny.

## **Codes of Conduct**

The Council has adopted a Code of Conduct for Members (including Co-opted Members): all Members are required to undertake to observe the Code of Conduct when they accept office as Councillors or are appointed to a Committee.

A review of the Members' Code of Conduct and arrangements for handling complaints on member conduct is underway during 2021/22, informed by recommendations by the Committee on Standards in Public Life and the new national Model Member Code of Conduct.

Details of Members' interests are published on the Council's website.

The Council has determined that its Ethics Committee shall be responsible for receiving and considering reports on matters of probity and ethics and to consider matters relating to the Members' Code of Conduct. The Monitoring Officer conducts investigations into complaints on Member conduct and, where appropriate, convenes meetings of the Hearings Panel.

The Council has appointed several Independent Persons who are consulted on investigations on Member conduct complaints and may advise on other standards matters.

The Council also has a Code of Conduct for Officers: all staff are given their own copy as they are inducted into the organisation. This Code will also be reviewed in 2021/22 to ensure consistency of arrangements for reporting interests, gifts and hospitality for Members and Officers.

The Codes are supported by Protocols such as the Protocol on Staff Councillor Relations and the Planning Code of Good Practice: these are all contained within the Constitution and will be reviewed as part of wider work on its review.

In addition, a 'Guardians programme' is being implemented in 2021/22 and promoted via a series of webinars, to provide staff with a safe space to share concerns about behaviour or the culture at Croydon and be signposted where appropriate to mechanisms within and outside the Council where they can get advice about situations that cause them concern – such as perceived bullying or inappropriate behaviour. This is an approach which is recognised as contributing to the development of an open culture.

### **The Croydon Renewal Plan**

The Croydon Renewal Plan is an umbrella term that covers the financial recovery plan, the submission to the Ministry of Housing, Communities and Local Government for a capitalisation direction and actions to respond to the Report in the Public Interest (RIPI).

Updates are provided regularly to General Purposes and Audit Committee on progress in addressing the RIPI action plan and Internal Audit provides independent assurance of completed actions.

In November 2020 the Council adopted new Council Priorities and ways of working (replacing the Council's Corporate Plan 2018-2022) and this now forms part of the Council's policy framework. The focus of the new Priorities and Ways of Working is on practicing sound financial management, being transparent about spending and what the Council can afford by concentrating on core services, and a small number of evidence-based outcomes. Delivery of these priorities is supported by new ways of working:

becoming a more transparent, open and honest council, involving residents in decision making and being clear about what the council can do, and what it can't.

The savings projects within the Medium Term Financial Strategy have been prioritised in 2020/21 and in 2021/22 and beyond. Every project and action within the Croydon Renewal Plans has a clearly identified senior accountable officer (SAO) and a named project manager responsible for delivery. A Corporate Programme Management Office (PMO) is in place and works with the SAO and project managers to monitor progress against each project and to capture and report regular updates through a tracker system.

Each month, as part of the budget monitoring process, the PMO provides updates and insights on savings delivery which is then compared against service forecasts to identify any anomalies requiring further investigation. The Chief Executive chairs monthly savings assurance meetings to hold the SAO to account and to identify any risk areas, mitigating actions and savings.

During 2020/21 a Programme Steering Group was established to oversee delivery of key projects and programmes within the Croydon Renewal Plan. As these plans have developed and projects have mobilised, programme governance structures are under review with the intention to launch new arrangements in Autumn 2021.

During 2022/23 preparations will be made for the development of service plans for the year 2022/23, clearly linked to financial plans.

### **Performance and risk management**

The RIPI identified signs that basic systems and controls were not in place, including a lack of appropriate performance management. From January 2021, work has been undertaken to rebuild the Council's performance and risk framework.

The performance management system sets key targets and produces performance monitoring reports for Cabinet and Scrutiny. The framework includes measures of the quality of services for users, use of resources and value for money. The corporate performance team supports benchmarking activities for services and key performance indicators (KPIs), drawing on sector wide data sets from various organisations including the Local Government Association.

The Council's risk management process is designed to identify, assess and manage significant risks to the Council's objectives including risks associated with delivering the Croydon Renewal Plan. The process includes a risk management policy statement, corporate and departmental risk registers, and appropriate staff training delivered to risk owners (Heads of Service and above).

Since January 2021, the Council has started to work towards an approach to risk management including actions consistent with the 'Three Lines of Defence' model recognised by the Institute of Internal Auditors and HM Treasury 'Orange Book' standards, as good practice. The first 'line of defence' is implemented by the risk owners (the Council's departments, Executive Directors, Directors and Heads of Service) to ensure an effective control environment, implement risk management policies in relation to their roles and responsibilities, being fully aware of the risk factors to be considered in every decision and action. The second line of defence is the

maintenance of a risk management framework and compliance functions, in supporting structured risk management implemented by risk owners. The third line of defence is implemented by both internal and external audit who take an independent view of the application of risk management, reviewing and evaluating the design and implementation of risk management and the effectiveness of the first and second lines of defence. Work is now required to ensure that this approach is embedded consistently across the Council.

Key corporate risks are reviewed quarterly by the Divisional and Departmental Management Teams, Executive Leadership Team and General Purposes and Audit Committee (GPAC). This has been strengthened in 2020/21 with the agreement that risk management 'deep dives' on individual risks (attended by Cabinet Members to discuss mitigation actions) will take place at GPAC in addition to a monthly review of corporate 'red' risks by ELT.

The action plan in response to the RIPI includes actions to increase ownership of and capability for risk management across the Council, including risks of non-delivery of financial savings. This includes:

- An externally-led review of the Council's financial risk appetite with Members and Officers to ensure that the council's financial capacity for managing risk is fully understood.
- A development session for Cabinet on risk management, to be followed up during 2021/22.
- 1-1 training sessions for relevant Officers on the identification of risks and use of risk management software, to be extended to all Directors and Corporate Directors in the new council structure from October 2021.
- During 2021/22, reporting on finance, performance and risk will be combined into one reporting function to enable a corporate overview, with monthly reports to Cabinet.
- Ensure risk considerations are identified at the outset of all new decisions, both for the individual decision and its impact on the whole of the Council by way of the risk and financial impact sections of Member reports.
- All new programmes of work will be subject to sign off at a Programme Steering Group to ensure appropriate consideration of risk.
- Terms of reference for GPAC and Scrutiny and Overview Committee are being reviewed as part of a wider review of the Constitution, to ensure clarify of roles and responsibilities in relation to risk.

### **Systems, policies and procedures**

A new process was begun in June 2020 to develop a new three-year Medium Term Financial Strategy (MTFS) which is updated annually supporting the Council's strategic objectives. The financial strategy has been designed to ensure the economical, effective and efficient use of resources including a financial management process for reporting the Council's financial standing. There is still significant work required to balance the MTFS over the three years.

An independent review of the Council's financial management arrangements was commissioned in May 2020, focused on medium to long term financial management, the annual budget setting process and financial performance monitoring. An action plan has been developed and implementation is underway. Since the Section 114 reports were issued, a Spending Control Panel meets daily to ensure compliance with the

requirement to cease all non-essential spending. An essential element of the improvement plan is for all budget managers to have training in finance for non-finance managers.

A Procurement Board meets weekly with director-level attendance to ensure compliance with the Council's Contract and Tender Regulations, holding managers to account and providing challenge to ensure that the use of waivers is minimised. Internal Audit identified a number of improvements required to tender evaluations, contract frameworks, systems and documentation. These are being addressed in a contracts improvement plan to be approved in 2021.

The Council identified a need to develop a more strategic overview of the pipeline of commissioning and contracts and in 2021 has set up a Board to achieve this.

While the Council's capacity in relation to project and programme management has been strengthened through the establishment of the PMO, significant underspends on capital projects continue and considerable work is still required to ensure robust management of capital projects, including financial appraisal skills for those leading projects.

The Council's formal complaints policy sets out how complaints can be made by the public, what should be expected in terms of response and how to appeal. Lessons learned from complaints are reported in an annual report to directorate leadership teams and ELT.

The Local Government and Social Care Ombudsman issued one public report about the Council during 2020/21: the Council accepted the Ombudsman's final report and recommendations and the Ombudsman confirmed their satisfaction with the actions taken.

The Council has an anti-fraud and corruption policy and strategy, led by the Council's head of anti fraud, which is being reviewed in 2021/22. This is supported by the whistleblowing policy which enables staff, partners and contractors to raise concerns of crime or maladministration confidentially. This has been designed to enable referrals to be made without fear of being identified and is supported by a whistle blowing hotline supported by a third sector partner. The policy and associated training is being reviewed in 2021/22.

Responsibility for health and safety ultimately rests with the Chief Executive. To ensure this responsibility is discharged effectively across the Council the Corporate Health and Safety Panel and departmental subgroups are established: their role includes monitoring of statistics, safety audit reports and trends of accidents, dangerous occurrences and notifiable diseases and making recommendations for and monitoring progress on corrective action on unsafe and unhealthy conditions and practices. The Panel also monitors the effectiveness of health and safety training and communications and escalating any issues to ELT as appropriate. The Panel is chaired by an executive director and attended by departmental representatives, the corporate health and safety team and trade union representatives. During the COVID pandemic routine safety checks, a review of the Council's health and safety policy and terms of reference of the Panel were delayed. These reviews and actions to address the backlog are scheduled for 2021/22.



The Information Management Steering Group (IMSG) leads the Council's strategic approach to governance of information management. Chaired by the Council's Chief Information Officer and Senior Information Risk Owner (SIRO), its membership includes the Caldicott Guardian, Data Protection Officer, Information Manager and key service leads. The Group's role is to support the Council to ensure compliance with Data Protection, Freedom of Information (FOI) and Caldicott requirements and assist in making good Information Management (IM) part of the culture of the Council. The Group provides advice to the Executive Management Team in respect of IM issues/incidents and has an overview of the Council's compliance with policies, procedure and guidance and commissions reviews of policies, procedure and guidance as appropriate.

The Council is not meeting targets for responses to FOIs and Subject Access Requests. There are plans to move the Information Management service to a new directorate and improve the management of the process and reporting in 2021/22.

The Report in the Public Interest highlighted a number of gaps in information which may have contributed to poor decision making. Work is underway to ensure that the Information Management team is appropriately structured and staffed, and to develop a programme of improvement work in relation to document retention, data protection and associated training.

The Council's approach to safeguarding both in relation to vulnerable adults and children is led by executive directors for adult social care and children's families and education respectively and also subject to the relevant statutory inspections. The Croydon Safeguarding Adult Board and Children's Safeguarding Practice Review and Quality Improvement Group are all chaired independently, as is the Children's Improvement Board.

### **Learning and organisational development**

Members' induction training is undertaken after each local government election. In addition, an ongoing programme of training and awareness is available for Members with formal and informal events each year, including all major changes in legislation and governance issues. The development of the programme is overseen by a member-led Member Development Panel: the programme for 2021/22 includes training identified as a requirement by the Report in the Public Interest.

Staff developmental needs are identified through the Council's Appraisal Scheme. The Council's Learning & Organisational Development service delivers and/or commissions a suite of elective and mandatory courses, children's and adult social care specialisations in a variety of formats including e-learning through a centralised learning management system. Work is underway in 2021/22 to revise and reintroduce the corporate virtual induction programme, 'Welcome to Croydon', to be delivered to all new staff joining the Council, supplemented by department specific elements.

### **Working in partnership**

Many of the Council's services are delivered in partnership with commercial organisations and, increasingly, with other local public sector organisations. Internal Audit has identified areas for improvement in relation to contracting with the NHS which are being addressed in a contracts improvement plan.

The One Croydon alliance is a partnership between the local NHS, the Council and Age UK Croydon, seeking to offer more coordinated support for people's physical and mental health and wellbeing.

The Local Strategic Partnership (LSP) supports partners to coordinate priorities and actions across Croydon. The Partnership is led by a board made up of the Leader, relevant Cabinet Members, relevant Chief Executives or equivalent from a wide range of key partners and stakeholders.

The thematic partnerships undertake a range of consultation exercises to enable all residents and customers to contribute to; and shape the strategic themed plans such as the Health and Wellbeing Strategy and the Safer Croydon Partnership Community Safety Strategy. In addition, the Council undertakes surveys with a representative sample of its residents who provide the Council with reliable feedback on important issues that help improve services as part of establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

The LSP has a number of sub-groups coordinating activity along particular themes:

- Safer Croydon Partnership
- Health & Wellbeing Board
- Children and Families Board
- Sustainable Croydon Economic Renewal Board

The LSP had one priority in 2020/21 – the COVID-19 pandemic response. The LSP is considered to have functioned very effectively during the 2020/21 year. It met much more frequently than usual, at times weekly. The LSP supported partnership work in Croydon in sharing the latest information, issues and priorities in responding to the pandemic.

It is clear that the impact of the pandemic will result in long-lasting changes for communities in Croydon, and the LSP will make Covid recovery its key focus going forward. Therefore the focus of the LSP will be reviewed in 2021/22. This review will also include the current Community Strategy (which has not been withdrawn formally). Croydon's recovery plan (social and economic) internal and external will have a connection with the LSP.

## **Internal audit**

The Council maintains an Internal Audit service delivered by Mazars as part of 'The Apex Framework' providing local authorities including Croydon with internal audit resources in a tried and tested framework that operates in accordance with the Public Sector Internal Audit Standards. The Council's assurance arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit* (2019). The Council's contract with Mazars is cliented by the Executive Director of Resources.

Internal audit is responsible for monitoring the quality and effectiveness of the Council's governance, risk management and controls. An internal audit plan is compiled annually for the work to be undertaken, which is submitted to the General Purposes and Audit Committee for review and approval. The plan is informed by the results of the previous

year's audit and follow-up work by Internal Audit, the Council's risk registers and discussions with senior managers, directors and members of the Council's Executive Leadership Team.

The outcome of the internal audit risk-based work is reported to all relevant Executive Directors and Directors and regularly to the General Purposes & Audit Committee. Implementation of recommendations is monitored and progress reported to General Purposes and Audit Committee at each meeting.

In addition to the quality assurance processes in place, the Internal Audit function is reviewed annually by the external auditors and every five years by an external body to assess compliance with the Public Sector Internal Audit Standards (this is next due for Croydon in 2022).

As required by the Accounts and Audit (England) Regulations, the Director of Finance, Investment & Risk (& Section 151 Officer) reviewed the effectiveness of the Internal Audit service during the year and reported this to the General Purposes & Audit Committee which concluded that the Internal Audit service is satisfactory and fit for purpose. This undertaking is part of the core functions of the General Purposes & Audit Committee, as set out in CIPFA's *Audit Committees: Practical Guidance for Local Authorities* and applied in the Council.

The Annual Report of the Head of Internal Audit for the year ending March 2020/21 provided only Limited Assurance that the system of internal control accorded with proper practice. 56% of the overall audits undertaken had 'Limited' or 'No' assurance, with 71% of internal audits of systems falling into these categories. The following internal audits from the 2020/21 internal audit plan had limited or no assurance:

- Payments to schools (limited)
- Overtime payments (limited)
- Service based budget monitoring across the organisation (limited)
- Staff expenses (no)
- Clinical governance (limited)
- Disabled facilities grants (limited)
- Public health grants contracts management (sexual health) (limited)
- Temporary accommodation: standards in private sector (limited)
- Overtime payments- parking services (limited)
- Special Educational Needs Transport- safeguarding (limited)
- Right to work checks (limited)
- Procurement card expenditure (under COVID-19) (no)
- Cyber security (limited)

During the year, Internal Audit identified:

- Issues with contract letting, monitoring and management across the Council;
- Instances where privacy notices relating to the collection of personal data were missing or were no longer fit for purpose;
- General compliance issues in basic areas of governance and control;
- A number of schools in deficit.

The Council has action plans to address these issues and Internal Audit will be involved in further audits of these areas. In 2021/22 ELT is starting to review on a monthly basis the management actions arising from internal audits, ensuring that historic and current actions are implemented and improvements to systems and controls are made as

appropriate.

### **External audit**

The Council's external auditors are Grant Thornton. During 2020/21 they issued a Report in the Public Interest in relation to the Council's financial situation, its financial decision-making and governance and made 20 recommendations. Actions to address those recommendations are referenced throughout this Statement.

The external audits of the Council's accounts for 2019/20 and 2020/21 are ongoing.

The annual audit letter is compiled in accordance with the National Audit Office (NAO)'s Code of Audit Practice which reflects the requirements of the Local Audit and Accountability Act 2014. Grant Thornton complies with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

### **Reviewing the effectiveness of the governance framework**

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled as well as the activities through which it accounts to, engages with and leads its communities. The framework enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The Statutory Officers and Directors with responsibility for the development and maintenance of the Council's governance keep the effectiveness of the Council's governance framework under review. The processes which maintain the effectiveness of the governance framework include:

- The Council's Constitution, which sets out how decisions are made and the procedures that are followed to evidence open and transparent policy and decision making, ensuring compliance with established policies, procedures, laws and regulations.
- The Council's internal management processes, such as performance monitoring and reporting, the staff performance appraisal framework and monitoring of policies such as corporate complaints and health and safety policies;

A 'Re-Induction' of all managers to focus on key accountabilities and corporate objectives as part of the appraisal process is planned for the forthcoming year as part of changing and improving the culture of the Council;

- The financial management of the Council is conducted in accordance with the Financial Regulations set out in the Constitution (4H). The Council's financial management arrangements conform to the requirements of the CIPFA statement on the role of the Chief Financial Officer in Local Government (2013);
- Review by the executive and departmental leadership teams of departmental and corporate risk registers;
- The annual report of the Head of Internal Audit, the opinion of the external auditors in their reports and annual letter;

- Findings from fraud and whistleblowing investigations;
- The work of Overview and Scrutiny Committees and General Purposes and Audit Committee;
- Other review agencies, through their inspection arrangements, such as the Care Quality Commission and Ofsted.

The 2019/20 Annual Governance Statement has been revised to reflect weaknesses which were identified in the Council's governance framework during 2020/21. A financial governance review identified 75 recommendations which have been accepted by the Council and the action plan to address them is reported on to GPAC. A Finance Review Board has operated throughout 2020/21, and control arrangements on some of the Council's partly or wholly owned companies are being strengthened.

In 2020/21, work to improve the Council's governance framework has been further informed by the Rapid Review, the Report in the Public Interest and the Scrutiny Improvement Review. A review of the Council's assurance framework, informed by the NAO's Three Lines of Defence model, will be conducted in 2021/22.

In future years the Annual Governance Statement will also be underpinned by Corporate Director Assurance Statements, as have been used in the past. These have not been sought for the 2020/21 year due to the significant level of improvement actions addressed by external reviews and work underway to address them. A review of the approach to assessing and recording assurance statements will take place in 2021/22 in preparation for the next Annual Governance Statement.

### **COVID-19 Pandemic Response**

In addition to the other issues raised in this statement the COVID-19 pandemic necessitated an adaptation to Croydon's governance approach and in the application of many of its frameworks, with a shift of resources to support the ongoing delivery of 'life and limb' Priority 1 services during the 2020/21 year. 2021/22 has seen a gradual return to normal systems of governance, for example return to physical meetings dealing with council business, in line with the Government's roadmap to recovery.

### **Significant governance issues**

In **Table 1**, there is an update on progress in addressing issues identified in the 2019/20 Annual Governance Statement.

**Table 2** lists actions underway to address areas for improvement identified in 2020/21, including governance-related recommendations in the RIPI, the non-statutory 'rapid review', the governance review and scrutiny improvement review.

*DRAFT*

**Table 1- update on significant governance issues identified in 2019/20:**

The review process to support the production of the Annual Governance Statement for 2020/21 has provided updates on significant governance issues identified in 2019/20:

<b>Control area</b>	<b>Governance issue</b>	<b>Action taken</b>	<b>Responsible owner for subsequent action</b>
Budget management	A high risk that the 2020/21 budget is not managed within allocated resources	<p>The Finance Review Panel was established to help manage the in-year budget and plan the Medium Term Financial Strategy (MTFS), meeting until July 2021 until its work was incorporated into Business as Usual activity.</p> <p>The agreed MTFS has established a balanced and deliverable budget for 2021/22 and has recognised the level of further savings required in 2022/23 and 2023/24 to balance those years' positions. Work has commenced corporately to identify options to deliver further savings or additional income sources to address this identified gap whilst at the same time identifying the position for 2024/25 as part of the next MTFS refresh.</p> <p>The Croydon Companies' Supervision and Monitoring Panel has been established to ensure good governance of the Council's external entities.</p>	<p>Cabinet Member for Resources &amp; Financial Governance.</p> <p>Interim Director of Finance, Investment &amp; Risk (&amp; Section 151 Officer).</p>
Budget management	Internal audit work during the year identified a number of issues relating to financial	<p><u>Adult social care:</u> New ContrOCC system to support contract and budget management went live in September 2020.</p>	Cabinet Member for Children, Young People & Learning.

Control area	Governance issue	Action taken	Responsible owner for subsequent action
	management within the adult and children's social care teams.	<p>A spend control panel meets daily to consider all new and reviewed package of care requests.</p> <p>All budget holders report monthly on spend and forecast, reviewed by the senior management team as a whole and the Executive Leadership Team, with a briefing to the Cabinet Member, enabling timely and appropriate action/ escalation.</p> <p>All new proposed financial efficiencies must be validated by the head of finance in terms of their achievability before projects can be progressed for corporate sign off.</p> <p><u>Children's social care:</u> Monthly reconciliation of placements made, purchase orders receipted and payments made completed.</p> <p>The DfE- appointed Financial Adviser challenged and validated the P9 and P11 placements forecasts, making recommendations that will be incorporated into financial procedures in 2021-22. The Care Panel and Care Review Panel continue to meet, challenging entry to care and agreeing the support needed to secure reunification where it is safe to do so.</p> <p>All payments for placements for children looked after are now made through the ContrOCC</p>	<p>Cabinet Member for Families, Health &amp; Social Care.</p> <p>Executive Director / DCS Children's, Families &amp; Education.</p> <p>Executive Director / DASS Health, Wellbeing &amp; Adults.</p> <p>Director of Early Help &amp; Children's Social Care.</p> <p>Director of Operations (ASC).</p>

Control area	Governance issue	Action taken	Responsible owner for subsequent action
		system, with plans to move all children with disability payments onto the system by September 2021.	
Procurement	During the course of internal audit work during 2019/20, a number of issues were identified with contract letting, monitoring and management.	<p>An accurate up-to-date contracts register/pipeline is now in place</p> <p>Legacy arrangements have been reviewed and actions are underway in response</p> <p>New governance has been designed and being implemented in Quarter 2 2021/22.</p> <p>New practice related to electronic scoring is being embedded</p> <p>A Contracts Improvement Plan is in place, being reported to Cabinet Members and Executive Leadership Team.</p>	<p>Cabinet Member for Resources &amp; Financial Governance.</p> <p>Executive Director for Resources &amp; Monitoring Officer.</p> <p>Director of Commissioning &amp; Procurement.</p>
Data protection/ GDPR	Internal audit identified a number of instances where privacy notices relating to the collection of personal data were missing or were no longer fit for purpose, and that agreements with 3 <sup>rd</sup> parties did not always address this issue adequately.	<p>The intranet has been further reviewed with a view of making further changes in 2021/22 to make information simpler and easier to find.</p> <p>A review of service-specific Privacy Notices across the council is underway.</p> <p>The Council's legal team reviews all service requests for new Privacy Notices.</p> <p>The introduction to GDPR training remains a compulsory requirement for all new starters: 1,067</p>	<p>Cabinet Member for Resources &amp; Financial Governance.</p> <p>Executive Director for Resources &amp; Deputy Monitoring Officer.</p> <p>Interim Director of Law &amp; Governance.</p> <p>Statutory Data Protection Officer.</p>



Control area	Governance issue	Action taken	Responsible owner for subsequent action
		staff members have completed the GDPR mandatory course. Since January 2021 731 staff members have completed the refresher course on GDPR.	

**Table 2 – Significant governance issues identified in 2020/21:**

*This table includes new job and team titles introduced in November 2021.*

Control area	Governance issue	Action	Responsible owner	Timescale
Access to information for members	Improvements required to access to information for Members	Adopt Access to Information Protocol	Corporate Director of Resources	January 2022
		Commence publication of Forward Plan		December 2021
Anti-fraud, corruption, whistleblowing	Review of anti-fraud and corruption policy overdue	Review and revise anti-fraud and corruption policy and strategy	Corporate Director of Resources	November 2021
Anti-fraud, corruption, whistleblowing	Review of whistleblowing policy and training overdue	Review and revise whistleblowing policy and implement training programme	Corporate Director of Resources	December 2021
Audit	Strengthen the effectiveness of General Purposes and Audit Committee as a source of independent assurance.	Recruit Independent Chair for General Purposes and Audit Committee	Corporate Director of Resources	COMPLETED - September 2021
Audit	Rapid review recommendation to produce a more robust	Benchmark the Council's assurance framework against the National Audit	Corporate Director of	March 2022

Control area	Governance issue	Action	Responsible owner	Timescale
	assurance framework	Office 'Three Lines of Defence' model	Resources	
Audit	Ensure appropriate corporate ownership of and engagement with the Annual Governance Statement	Develop new process for 2021/22	Corporate Director of Resources	March 2022
Audit	Ensure senior oversight of delivery of internal audit management actions	Monthly reviews at ELT of management actions arising from internal audit reports	Corporate Director of Resources	September 2021
Financial management	Recommendations arising from independent review of the Council's financial management arrangements	Implement Croydon Finance Review Finance training for non-finance managers	Corporate Director of Resources	March 2022 March 2022
Capital finance management	Recommendations arising from independent review of the Council's financial management arrangements	Establish Capital Board  Review capital programme, establish monthly capital monitoring and strengthen capital project management  Financial appraisal skills training for project leads	Corporate Director of Place  Corporate Director of Resources	July 2021  March 2022  March 2022
Governance	Code of governance not reviewed since 2015/16	Review Code of governance alongside Annual Governance Statement	Corporate Director of Resources	November 2021
Governance	Review of Constitution overdue	Review Constitution, informed by Constitution Working Group and wider engagement as appropriate, supporting development of member/ officer	Corporate Director of Resources	March 2022

Control area	Governance issue	Action	Responsible owner	Timescale
		awareness of good governance and clarify senior officer ownership		
Governance	RIPI requirement to strengthen governance of the Council's external entities	Croydon Companies Supervision and Monitoring Panel established	Corporate Director of Resources	COMPLETED - July 2021
Health and safety	Review of effectiveness of health and safety arrangements overdue	Review effectiveness of Health and Safety Board and implement actions arising	Corporate Director Place	March 2022
Information Management	Review of record retention policy and procedures overdue  Staff training required to ensure consistent implementation of policies  Appropriate capacity required to deliver improvement work	Restructure Information Management team and complete recruitment  Develop and implement programme of work to ensure all policies and training are updated and backlogs addressed.	Assistant Chief Executive	March 2022
Leadership	Executive Leadership Team postholders all on temporary/ interim contracts	Appointment of permanent Chief Executive  Implementation of senior management restructure	Leader of the Council  Chief Executive	COMPLETED - July 2021  November 2021
Leadership	Assure compliance in relation to the largest/ highest risk contracts	Establish quarterly statutory officers meetings  Review terms of reference to include review of compliance and potential conflicts of interest	Chief Executive	COMPLETED - June 2021  November 2021
Member/ officer	RIPI requirement to review	Review and adopt new Member Code of	Corporate	October 2021

<b>Control area</b>	<b>Governance issue</b>	<b>Action</b>	<b>Responsible owner</b>	<b>Timescale</b>
conduct	Member and Officer Codes of Conduct (and to reflect recommendations of Committee for Standards in Public Life)	Conduct  Review and adopt new Officer Code of Conduct  Review and adopt new Councillor Officer Working Protocol	Director of Resources	October 2021  March 2022
Member/ officer conduct	Provide signposting for staff to take action in situations causing them concern in the workplace	Introduce Guardians programme	Assistant Chief Executive	COMPLETED - July 2021
Member skills and development	Requirement for member development programme to address recommendations of RIPI	Implementation of member development programme, linked to scrutiny improvements and budget scrutiny	Corporate Director of Resources	March 2022
Officer skills and development	Officer induction programme currently paused	Revise and reintroduce officer induction programme	Assistant Chief Executive	November 2021
Performance management	RIPI action to introduce regular reporting of performance and risk to Cabinet and Scrutiny	Develop and publish a corporate performance report for review by Cabinet and Scrutiny	Assistant Chief Executive	COMPLETED - October 2021
Procurement	Develop strategic commissioning and ensure appropriate oversight	Establish Strategic Commissioning and Contracts Board and contracts and commissioning pipeline  Maintain Board and pipeline ongoing	Assistant Chief Executive  Corporate Director of Resources	June 2021  Ongoing
Procurement	Address areas for improvement in procurement and contracting identified by Internal Audit	Adopt Contracts Improvement Plan  Maintain improved practice ongoing	Assistant Chief Executive  Corporate	COMPLETED - September 2021

Control area	Governance issue	Action	Responsible owner	Timescale
			Director of Resources	Ongoing
Risk management	Ensure all CMT and directors understand their roles and responsibilities in relation to risk management	CMT to review 'red' risks monthly 1:1 refresher training for all CMT and directors, update risk management guidance.	Corporate Director of Resources	April 2021 March 2022
Risk management	Benchmark against best practice standards in public sector risk management (in particular HM Treasury 'Orange Book')	Implement actions arising from RIPI relating to risk Implement further actions arising from benchmarking	Corporate Director of Resources	March 2022
Scrutiny	Areas for improvement in the scrutiny function	Adoption and implementation of scrutiny improvement programme, including budget scrutiny	Corporate Director of Resources	March 2022
Service planning	Lack of service-level plans linked to Croydon Renewal Plan	Develop process and approach to service planning for 2022/23	Assistant Chief Executive	March 2022
Transparency	Publication Scheme information not current	Establish and implement processes to ensure Publication Scheme appropriately updated	Assistant Chief Executive	March 2022

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. The Cabinet will also be identifying new ways of addressing the above matters. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed.....  
**Katherine Kerswell**

Signed.....  
**Hamida Ali**

**Chief Executive**

Date.....

**Leader of the Council**

Date.....

## **Corporate code of governance**

### **Introduction**

*“Governance is about how organisations ensure that they are doing the right things, in the right way, for the right people in a timely inclusive, open, honest and accountable manner. In the case of local authorities, it comprises of the systems and processes for the direction and control through which they account to, encourage with and lead their communities.”*

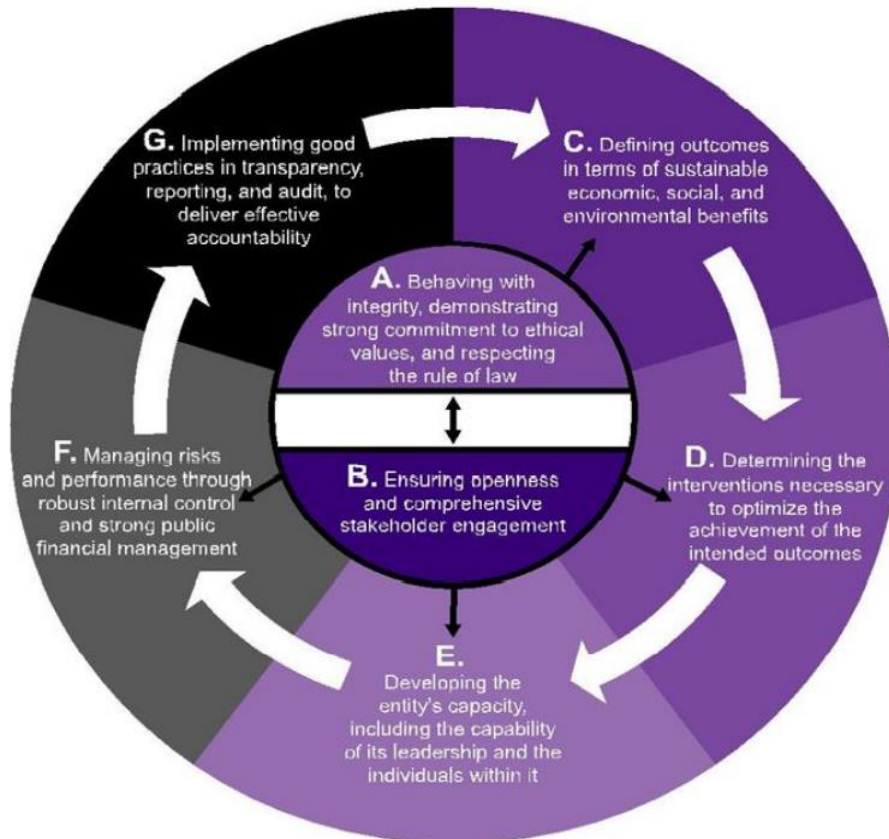
*‘CIPFA/SOLACE, Delivering Good Governance in Local Government – 2007’*

Croydon Council has chosen to define Governance as “Doing the Right Thing”.

This Code of Governance sets out the Council’s commitment to work to uphold the highest possible standards of good governance. These standards are designed to ensure that we conduct our business in accordance with the law and that public money is properly accounted for, as we work to achieve the best outcomes for our residents.

Croydon Council will annually review its Code of Corporate Governance to help ensure that it matches our evolving corporate strategies, policies and procedures. Where practice is found to have fallen short, our Annual Governance Statement will identify this and the action being taken to put it right. The General Purposes and Audit Committee is responsible for overseeing compliance with the standards and policies set out in this code and the implementation of improvement plans related to good governance.

**Achieving the Intended Outcomes While Acting in the Public Interest at all Times.**



The diagram above, taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the 'International Framework'), illustrates the various principles of good governance in the public sector and how these relate to each other.

The International Framework notes that:

*Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.*

The Council's Governance Framework is the set of systems, rules, processes, procedures and values by which the Council is directed and controlled and through which it is accountable to, engages with and, where appropriate, leads the community. The Framework enables the Council to monitor the achievement of its strategic objectives and consider whether those objectives have led to the delivery of appropriate and cost-effective services.

This Code identifies the component parts of Croydon's Governance Framework, as set against the principles of good governance in the International Framework.



## **Principle A**

### **Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.**

The Council supports Principle A in the following ways:

#### **Behaving with integrity.**

- The **Constitution** sets out a clear statement of the respective roles and responsibilities of members and key officers individually and collectively whilst defining the organisation's approach putting this into practice. This includes the role of **Monitoring Officer**, who is responsible for promoting and developing high standards of conduct Council wide.
- The **Whistle-blowing Policy** and associated training supports all members and officers (including temporary staff and contractors) to report concerns about malpractice on a confidential basis to the Council.
- Members are required to register interests and gifts/ hospitality: the **register of members' interests and gifts/ hospitality** is published on the council's website and members are required to declare their interests at meetings. Officers are required to submit declarations of interests and a register is published on the council's website on a quarterly basis of gifts and hospitality offered to officers.
- The **Members Code of Conduct** and **Officer Code of Conduct** detail required standards of behaviour that all members and officers are required to comply with.
- The Council has a zero tolerance policy towards bribery and has introduced an **Anti-Bribery Policy** to ensure compliance with the Bribery Act.
- The Council has adopted an **Anti-Fraud and Corruption Policy** to help ensure a robust approach to investigating and combating fraud and corruption.
- The **Member Development Programme** includes training for Members on their roles and responsibilities in relation to integrity and conduct.

#### **Demonstrating strong commitment to ethical values.**

- Croydon Council has an agreed set of **5 Corporate Values** which all officers and members are expected to adhere to. Croydon has also adopted the Seven Principles of Public Life (**the Nolan Principles**).
- Croydon Council has an **Equality Policy Statement** detailing our commitment to equality and our expectations of all colleagues, members and relevant 3rd parties. The **Equality Strategy 2020 to 2024** sets out the actions the Council will take to tackle and address inequality. The **Equality and Inclusion Programme Manager** provides expert advice and guidance in relation to the Council's Public Sector Equality Duty and other requirements of equalities legislation.

#### **Respecting the rule of law.**

- The Council's **Monitoring Officer** is responsible for advising on the correctness and propriety of the Council's decisions and the Director of Legal Services provides advice to ensure that council decision-making follows relevant regulations and legal processes.
- Croydon Council's **Scheme of Financial Delegation** lays out the responsibility and accountability of officers for financial matters. The Council also delegates non-financial decisions through a series of schemes of delegation and management.

- The Council's Constitution includes a set of **Financial Regulations** and **Tenders and Contracts Regulations** to help ensure that the authority operates within a prudential financial framework. Underlying financial procedures are set out in the **Financial Procedures**.
- The statutory roles of the Head of Paid Services, Section 151 Officer and Monitoring Officer are clearly defined within the Constitution.
- Croydon has a professionally qualified **Chief Financial and Section 151 Officer (CFO)**, whose core responsibilities include those set out in the CIPFA's Statement on the Role of the CFO in Local Government. The CFO reports directly to the Chief Executive and is a member of the Corporate Management Team (CMT).
- The CFO is responsible for ensuring that budget calculations are robust, reserves adequate and in accordance with CIPFA guidance. The CFO also has a line of professional accountability for finance officers within the Council and is responsible for ensuring that appropriate management accounting systems, functions and controls are in place and kept under regular review.
- The **Council's Health and Safety Policy** sets out aims, roles and responsibilities and performance standards. Each department details individual responsibilities and arrangements for implementing the policy.

## **Principle B**

### **Ensuring openness and comprehensive stakeholder engagement.**

The Council supports Principle B in the following ways:

#### **Openness.**

- Reports and decisions of the Cabinet, Council and its committees are **published online**. Executive decisions are subject to the call-in process by backbench councillors to enable them to raise any concerns they may have. Council, Cabinet and Committee meetings are webcast and an archive of meetings is available for reference.
- **Freedom of Information and Environmental Information Regulations** processes allow the submission of Freedom of Information requests.
- The Council publishes a **Forward Plan** of key decisions which are due to be made in the month ahead.
- The **Constitution** sets out the Council's governance and decision-making arrangements and is published online.
- Croydon Council actively publicises its purpose, vision, objectives and intended outcomes in the **Croydon Renewal Plan**.
- The **Annual Accounts Report** provides the financial backdrop to the past achievements of the Council, future plans and forward strategy. As part of this document, the Council publishes its accounts to communicate the authority's activities, achievements, its financial position and performance.
- The **Medium Term Financial Strategy (MTFS)** sets out the Council's financial objectives, assumptions and plans over the medium term.
- The Council's **Scrutiny and Overview Committee** produces an annual report on its work.

- The Scrutiny and Overview Committee and its sub-committees and the General Purposes and Audit Committee (GPAC) **co-opt independent members** who are residents with relevant knowledge onto their committees: GPAC additionally appoints an independent Chair for its audit functions.
- The **Croydon Observatory** provides data and information about Croydon: it is an information sharing, mapping and reporting website that can be used by anyone.
- Croydon Council's **Equalities Strategy 2020 – 2024** and **Equalities Policy Statement** sets out the Council's commitment to equality and its aims and objectives. An **Equalities Impact Analysis** is also completed to inform service design and decision-making whenever a new policy, procedure, project, strategy, function or savings proposal is considered or a change is proposed, which will impact on people with one or more characteristics as defined by the Equality Act 2010.

#### **Engaging comprehensively with institutional stakeholders.**

- Croydon's **Local Strategic Partnership** supports partners to coordinate priorities and actions across the borough.
- The **Health and Wellbeing Board, One Croydon Partnership** and **Safer Croydon Partnership** support strategic partnership working in health/ wellbeing and community safety services.

#### **Engaging with individual citizens and service users effectively.**

- Croydon Council undertakes a **Budget Consultation** exercise each year which gives residents and businesses the opportunity to shape the annual budget.
- The Council works to ensure all corporate communications are readily available to those that require them. The Council's website is designed and written to exceed legal accessibility standards and to facilitate assistive technologies and tools in order to provide information in ways to suit our diverse customer base.
- The Council's '**Get involved**' platform hosts all of the Council's consultation and engagement activities and prompts services to ensure that consultees are informed about the outcomes of consultation exercises. The Communications and Engagement team ensure that consultations posted on the platform are appropriately designed and publicised.
- Croydon provides an interpreting and translation service when required.
- The Council has a **Corporate Complaints Procedure** and annual reports to Scrutiny demonstrate improvements made in response to complaints received. The Council also learns from feedback from the Local Government Ombudsman.

### **Principle C**

#### **Defining outcomes in terms of sustainable economic, social and environmental benefits.**

The Council supports Principle C in the following ways:

#### **Defining Outcomes.**

- The Council undertakes annual budget challenge sessions as part of the budget setting process. This is linked to departmental objectives and service planning.

- The Council has an **Equalities Strategy** and Equality Policy Statement which sets out the Council's commitment to equality, its aims and objectives. An **Equalities Impact Analysis** is also completed to inform service design and decision-making whenever a new policy, procedure, project, strategy, function or savings proposal is considered or a change is proposed, which will impact on people with one or more characteristics as defined by the Equality Act 2010.

#### **Sustainable economic, social and environmental benefit.**

- Reports brought to Cabinet, Council and its committees for decision are required to identify any **environmental implications** arising from the proposal.
- The **Social Value Policy 2019-23** sets out how social value is embedded in the commissioning process and includes measures to be used in contract specifications. The **Contract and Tender Regulations** include a requirement that a minimum of 10% of quality evaluation criteria assessments must be allocated for social value.
- The Council's **Local Plan** sets out the spatial vision for the borough and, supplemented by planning policies, gives the framework for the Council's work with stakeholders to shape the built environment to deliver economic, social and environmental outcomes identified within the Council's plans
- The Council has a **Performance Management System** which sets key targets and produces performance monitoring reports for Cabinet and Scrutiny. This is published online and includes performance quality measures, use of resources and value for money.

#### **Principle D**

#### **Determining the interventions necessary to optimise the achievements of the intended outcomes.**

The Council supports Principle D in the following ways:

#### **Determining interventions.**

- All reports brought to Cabinet, Council and its committees include consideration of legal and finance comments, and all require legal and finance clearance before publication.
- The **Croydon Renewal Plan** outlines our priorities and high level objectives over a five year period.
- Through the **Council's Constitution** we have set out a clear statement of the respective roles and responsibilities of the Council's Cabinet, the members individually and of the other committees of the Council.
- The Council recognises Unison, GMB and Unite for the purposes of representing the workforce. The Council's formal consultation arrangements are set out in the **Staff Consultation and Trade Union facility arrangements**.

#### **Planning interventions.**

- The Council's **performance management system** sets key targets and reports on performance monitoring to Cabinet. It sets standards for performance management within directorates and teams.
- The **Programme Management Office** monitors delivery of key transformation programmes and projects, including savings targets within the approved budget and MTFS to enable action to be taken against non-delivery where required.

- Croydon has prepared contingency arrangements including a disaster recovery plan, business continuity plan and arrangements for delivering services during emergency situations such as adverse weather conditions.

#### **Optimising achievement of intended outcomes.**

- Council, Cabinet and committees receive regular reports on **performance monitoring** to demonstrate the level to which intended outcomes are being achieved and any interventions planned to address non-performance
- The Council's **risk management processes and procedures** are designed to help ensure that risks to delivery of intended outcomes are appropriately mitigated.
- **Internal audit** monitors and reports on the quality and effectiveness of the Council's governance, risk management and controls and General Purposes and Audit Committee provides independent assurance of the risk management framework and associated controls, informed by the reports of external audit.

#### **Principle E**

#### **Developing the entity's capacity, including the capability of its leadership and the individuals within it.**

The Council supports Principle E in the following ways:

#### **Developing the entity's capacity.**

- The **Workforce Strategy** sets out the Council's actions to attract, recruit and retain talent, improving equality, diversity and inclusion and developing leaders and managers.
- The Workforce Strategy also includes arrangements to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council. Approximately 45% of full-time members of the workforce are from the local community.
- The Council's **Appraisal scheme** is used to set stretching objectives for officers that are linked to team, departmental and Corporate objectives. The Appraisal process is also used to assess the skills and competencies needed by officers to enable them to fulfil their roles fully.
- It is mandatory for all new starters to complete the **Council Induction Programme** (Inspire) which has been tailored to meet individual needs: this is supported by a manager's dashboard and checklist to ensure all required induction elements are addressed.
- Croydon Council has a **Member Development Programme** which includes arrangements for member induction and supports members to take control of their own learning and development. Mandatory training is provided for members of regulatory committees.
- Both Members and officers can access the **Croydon Learning Pool** which provides access to e-learning and other development resources.

#### **Developing the capability of the Council's leadership and other individuals.**

- Croydon Council has a **Member Development Programme** which includes arrangements for Member induction and supports Members to take control of their own learning and development.

- A Learning and Development Board supervises the expenditure of centralised training budgets to ensure that resources are targeted towards statutory responsibilities and delivery of the Croydon Renewal Plan.
- Staff networks for Racial Equality, Disability, LGBT+ allies, Mental health and wellbeing, Women and Working carers are sponsored by members of the leadership team and others, providing network members with personal and career support.

## **Principle F**

### **Managing risks and performance through robust internal control and strong public financial management.**

The Council supports Principle F in the following ways:

#### **Managing risk.**

- The **General Purposes & Audit Committee** scrutinises arrangements for the internal control and risk management environment within the organisation. It receives reports relating to whistleblowing, anti-fraud and corruption and oversees the work of internal and external audit.
- The Council's **Risk Management process** is designed to identify, assess and manage significant risks to the Council's objectives. The process includes corporate, departmental and project risk registers and appropriate training delivered to risk owners.
- The Corporate Management Team reviews the corporate risk register on a monthly basis and GPAC reviews the 'red' risks on the corporate register every second meeting.
- The Council's **Resilience Team** and **Corporate Resilience Board** are focused on emergency planning, business continuity preparedness and response capability in line with the Civil Contingencies Act and associated guidance. The Council also chairs the statutory multi-agency **Borough Resilience Forum**.

#### **Managing performance.**

- The Council's **performance management system** sets key targets and reports on performance monitoring to Cabinet. It sets standards for performance management within directorates and teams.
- Compliance with the **Members Code of Conduct** is monitored under the direction of the Council's Ethics Committee.
- The Council's **Appraisal** system enables the consistent setting and monitoring of performance against individual targets.

#### **Robust internal control.**

- The Statutory Officer Board provides a forum for the Council's statutory officers to share concerns and risks related to potential serious issues affecting the Council's governance or financial performance and their statutory roles.
- General Purposes and Audit Committee is responsible for providing independent assurance of the Council's control environment.
- The Scrutiny and Overview Committee is responsible for holding the Executive to account.

- **Internal Audit** routinely assesses the adequacy of the Council's governance, risk management and controls. This assessment is fed back to Services and Divisions and responded to as required.
- The Council's **Whistle-blowing Procedure** allows officers to anonymously raise concerns about malpractice.
- The Council's Governance arrangements give the Chief Financial Officer and the Head of Internal Audit direct access to the General Purposes and Audit Committee and External Audit.

#### **Managing data.**

- Croydon's Council has an internal **Information Management Team (IMT)** whose practices are overseen by Croydon's Chief Information Officer and Senior Information Risk Owner (SIRO). This team manages and maintains appropriate Policies, Guidance, security measures etc.
- An **Information Management Steering Group (IMSG)**, chaired by the Chief Information Officer and SIRO, oversees the management of risks associated with information and data management and delivery of plans for training and improvement. The Group also oversees the development of information security and information management policies, reporting to the Corporate Management Team.
- As part of Croydon's new starter induction there is a mandatory Information Management training course and officers are required to complete a refresher on an annual basis.
- When introducing new processes or amending a current procedure a **Privacy Impact Assessment** must be completed, which has IMT's oversight. Reports to Cabinet, Council and its committees are required to identify whether the proposal has any implications for processing personal data and/or any data protection implications.
- Croydon's Information Management Steering Group meets Bi-Monthly to review and discuss any appropriate concerns.
- The Council uses industry leading technologies to protect its data, with security solutions modelled on ISO/IEC27001, the international standard for information security management.
- The Officer Code of Conduct states that failing to observe data protection requirements may amount to a disciplinary offence, which will be dealt with under the Council's disciplinary procedure.

#### **Strong public financial management.**

- Croydon has a professionally qualified **Chief Financial and Section 151 Officer (CFO)**, whose core responsibilities include those set out in the CIPFA's Statement on the Role of the CFO in Local Government.
- The **Finance Review Board** oversees all expenditure decisions.
- The **Strategic Contracts and Commissioning Board** provides strategic direction for all procurement and commissioning activities across the Council and the **Procurement Board** oversees daily activity.
- The **Financial Regulations and Financial Procedures** give a clear transparent framework for managing the Council's financial affairs, and **Contract and Tender Rules** ensure compliance with procurement legislation.
- The Cabinet receives monthly **budget monitoring reports**.

- **Scrutiny and Overview Committee** scrutinises budget proposals in terms of their deliverability and impact on the Council's objectives. The Committee also routinely receives budget monitoring reports.
- All proposals considered by Cabinet, the Council and its committees include a statement of financial implications, cleared by the Chief Finance Officer.
- **General Purposes and Audit Committee** is responsible for considering the Council's arrangements for financial management and to recommend any actions accordingly. It receives regular reports such as internal audit plans and risk management arrangements and it approves the Council's Statement of Accounts and Treasury Policy.

## Principle G

### **Implementing good practices in transparency, reporting and audit to deliver effective accountability.**

The Council supports Principle G in the following ways:

#### **Implementing good practice in transparency.**

- The Council's **Constitution** publishes how its affairs will be conducted and how residents can get involved. It includes rules on access to information.
- The Council webcasts its public meetings.
- The Members' and Officers' **Codes of Conduct**, supported by **Declaration of Interest Guidance** provide arrangements for members and officers to declare any potential or actual conflicts of interests.
- The **Annual Governance Statement** provides an annual report on the Council's arrangements for financial and internal control as well as managing risk and identifies areas for improvement and associated actions. This is published on the Council's website.
- The Council publishes **all payments over £500 and procurement card transactions monthly**, and the remuneration details of the Corporate Management Team and directors in the annual Statement of Accounts and on its website.
- The Council publishes a **Forward Plan** of key decisions which are due to be made in the month ahead and its scrutiny workplan.
- The Council's **Pay Policy** and **gender pay gap** are published on its website.

#### **Implement good practices in reporting.**

- Cabinet and Scrutiny and Overview Committee receive regular reports on budget, performance and risk.
- Annual reports from the independent chairs of adults and children's safeguarding boards are considered by Cabinet.

#### **Assurances and effective accountability.**

- The **Officer Code of Conduct** and the **Members Code of Conduct** define the standards of conduct and personal behaviour expected of members and officers.
- The **HR Handbook** includes all HR-related policies and procedures, including appraisal, probation, discipline, capability and absence management.
- The organisation can be seen to be encouraging openness and honesty within the **Whistle-blowing Procedure**, this allows officers to anonymously raise concerns about



malpractice. This is supported by a programme of **Guardians** who provide staff with a safe space to share concerns about behaviour or culture at the Council.

- **Internal Audit** provides independent assurances to management on the effectiveness of the Council's internal control, governance and risk arrangements. The Head of Internal Audit attends departmental leadership team meetings regularly to report on the latest internal audit reports and any outstanding actions from previous audits.

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<b>REPORT TO:</b>	<b>GENERAL PURPOSES AND AUDIT COMMITTEE 25 NOVEMBER 2021</b>
<b>SUBJECT:</b>	<b>USE OF THE POWERS AVAILABLE UNDER THE REGULATION OF INVESTIGATORY POWERS ACT 2000 AND INVESTIGATORY POWERS ACT 2016 - YEAR ENDING 31 DECEMBER 2020</b>
<b>LEAD OFFICER:</b>	<b>RICHARD ENNIS, INTERIM CORPORATE DIRECTOR OF RESOURCES &amp; S151 OFFICER</b>
<b>CABINET MEMBER:</b>	<b>COUNCILLOR MANJU SHAHUL- HAMEED, CABINET MEMBER FOR COMMUNITIES, SAFETY AND BUSINESS RECOVERY</b>
<b>WARDS:</b>	<b>ALL</b>
<b>PUBLIC/EXEMPT:</b>	<b>PUBLIC</b>

**SUMMARY OF REPORT:**

Monitoring compliance with the Regulation of Investigatory Powers Act and Investigatory Powers Act 2016 to support the Council's approach to corporate governance.

**COUNCIL PRIORITIES 2020-2024**

Monitoring compliance with the Regulation of Investigatory Powers Act and Investigatory Powers Act 2016 to support the Council's approach to corporate governance.

**FINANCIAL IMPACT:**

Implementation of the recommendations contained in this report have no financial implications.

**RECOMMENDATIONS:**

The Committee is asked to note (1) the use of the Regulation of Investigatory Powers Act 2000 and the Investigatory Powers Act 2016 by the Council during 2020 and (2) the outcome of the inspection by the Investigatory Powers Commissioner's Office.

**1. BACKGROUND**

- 1.1 The purpose of this report is (1) to inform the Committee how the powers available to the Council under Regulation of Investigatory Powers Act 2000 (RIPA) and Investigatory Powers Act 2016 (IPA) have been used over the last calendar year and (2) to provide information regarding the inspection undertaken by the Investigatory Powers Commissioner' Office (IPCO).

## 2. DETAILS

- 2.1 RIPA legislates for the use by local authorities of covert methods of surveillance and information gathering to assist the detection and prevention of crime in relation to an authorities core functions. Evidence obtained by any covert surveillance could be subject to challenges under Article 8 of the European Convention on Human Rights (ECHR) - the right to respect for private and family life. However, properly authorised covert surveillance under RIPA makes lawful what might otherwise be a breach of Article 8 of the ECHR and protects the Council from any civil liability.
- 2.2 A public authorities “core functions” are the specific public functions it undertakes when providing services, in contrast to the “ordinary functions” which are those undertaken by all authorities (e.g. employment issues, contractual arrangements etc.). Therefore a public authority may only engage in the use of RIPA/IPA when in performance of its “core functions”.
- 2.3 Using RIPA/IPA, but only for the purpose of investigating crime and disorder, the Council is able to:
- Carry out covert directed surveillance;
  - Use covert human intelligence sources; and/or
  - Acquire data relating to communications (e.g. telephone subscriber information).
- 2.4 ‘Covert’ in this context means carried out in a manner calculated to ensure that those subject to the surveillance are unaware that it is or may be taking place. It usually involves personal observation, the use of CCTV, or accessing communications data such as mobile phone number subscriber or website details. However, even using these powers, the Council cannot carry out intrusive surveillance, such as putting a hidden camera in a suspect’s home to observe them, or listening to or obtaining the contents of telephone call or emails; such intrusive surveillance can only be carried out by the Police and government security services.
- 2.5 Further, even where the covert investigations are for the purpose of preventing crime and disorder, the Council must also show that the surveillance is necessary and proportionate and can be balanced against an individual’s right to their private and family life.
- 2.6 Covert Human Intelligence Sources (CHIS) are individuals who by the nature of their situation are able to provide information in a covert manner to aid an investigation. The use of CHIS is very tightly controlled under RIPA and historically the Council has not made use of this aspect of RIPA.
- 2.7 Local Authorities require judicial approval from a Court for the use of covert directed surveillance and CHIS.
- 2.8 Access to communications data must now be authorised by a designated Head of Service and obtained via the Council’s ‘Single Point of Contact’ who

are National Anti-Fraud Network (NAFN). However rather than seeking the approval of the Magistrates Court the request is passed by NAFN to the Office for Communications Data Authorisation, who then scrutinise and the application and if they are satisfied approve the request.

- 2.9 Overall supervision of the Council's use of RIPA/IPA lies with the Executive Director of Resources including day to day monitoring of and advice on authorisations, to ensure that the issues of necessity and proportionality are fully considered and to ensure that all applications meet the necessarily high standard that is required.
- 2.10 As a result of recent organisational changes the Officers Authorised to approve requests, has been revised; Authorisations are approved by Head of Insurance, Anti-Fraud & Risk.
- 2.11 Once these organisational changes have been finalised, they will be reflected within a revised Policy Document which will be considered by the Committee at their next meeting.

### **3. USE OF THE POWERS AVAILABLE**

- 3.1 The occasions and outcomes where the use of the powers available under RIPA to aid the following investigations listed below were authorised during 2020.

**Directed Surveillance** - None; and

**Communications Data Requests** - Environmental Enforcement; Single request to cover a series of linked fly-tips offences. Enquiries resulted in fixed penalty notices, and likelihood of further investigations by other regulatory bodies.

### **4. INSPECTION BY INVESTIGATORY POWERS COMMISSIONER'S OFFICE**

- 4.1 The Council's use of these powers, its policy and procedures are subject to inspection and audit by the Investigatory Powers Commissioner's Office. During these inspections, individual applications and authorisations are closely examined and Authorising Officers are interviewed by the inspectors.
- 4.2 The Council's use of these powers was inspected by the IPCO on 1 July 2020.
- 4.3 The Inspector commented that *"The information provided has demonstrated a level of compliance that removes, for the present, the requirement for a physical inspection."*; and that *"... the revised Council policy underpinning the use of RIPA is suitably comprehensive, providing the necessary detail to practitioners who may contemplate the use of directed surveillance and CHIS."*

- 4.4 The Inspector also suggested helpful addition information to be included within the Council Policy document and the process regarding the retention of records.

## **5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 5.1 There are no direct financial implications arising from this report.

(Approved by: Matt Davis, Interim Director of Finance)

## **6. LEGAL CONSIDERATIONS**

- 6.1 The Head of Litigation & Corporate Law comments on behalf of the Director of Law and Governance that, there are no direct legal consequences arising from the contents of this report beyond those set out in the body of the report.

Approved by Sandra Herbert, Litigation & Corporate Law on behalf of the Director of Law and Governance & Deputy Monitoring Officer

## **7. HUMAN RESOURCES IMPACT**

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

Approved by: Gillian Bevan, Acting Head of HR - Resources and Assistant Chief Executives

## **8. EQUALITIES IMPACT**

- 8.1 That whilst undertaking these duties the Council will ensure that they comply with the Section 149 of the Equality Act (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.

Approved by: D.McCausland - Equality Programme Manager

## **9. CRIME AND DISORDER REDUCTION IMPACT**

- 9.1 The correct use by the Council of its powers under the Regulation of Investigatory Powers Act 2000 and the Investigatory Powers Act 2016 will ensure investigations are conducted in a transparent and legally compliant manner and will contribute to ensuring relevant/associated crime and disorder problems are effectively and successfully dealt with.

Approved by Sandra Herbert, Litigation & Corporate Law on behalf of the Director of Law and Governance & Deputy Monitoring Officer

## **10. DATA PROTECTION IMPLICATIONS**

- 10.1** Yes, the personal data relates to the identities of those who may be subject to the use of these powers including victims and other third parties who may be referred to within the authorisations and court records.

The processing of the data used is subject to the strict controls arising from RPIA, IPA, and the Judicial Authorisation procedure. Further this is supported by Home Office Guidance and that of the IPCO who are the regulatory body with oversight of the use of the powers available. This processing will be recorded within a DPIA and the revised Policy document.

Approved by Sandra Herbert, Litigation & Corporate Law on behalf of the Director of Law and Governance & Deputy Monitoring Officer

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**CONTACT OFFICER:** Howard Passman, Legal Services

**BACKGROUND DOCUMENTS:** Exempt

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<b>REPORT TO:</b>	<b>GENERAL PURPOSES AND AUDIT COMMITTEE</b> <b>25 November 2021</b>
<b>SUBJECT:</b>	<b>Implementation of Mayoral governance model</b>
<b>LEAD OFFICER:</b>	<b>Katherine Kerswell, Chief Executive</b>
<b>WARDS:</b>	<b>All</b>

## **FINANCIAL IMPACT**

Changing the Council's governance model will necessitate changes to the Council's expenditure on Members. At this stage the following issues have been identified:

- The costs of running a mayoral ballot in addition to existing elections will need to be incorporated into the budget;
- The Scheme of Members' Allowances needs to be reviewed;
- Support costs may change.

Work outlined in this report will inform the identification of detailed financial implications to be factored into the Medium Term Financial Strategy.

## **RECOMMENDATION**

General Purposes and Audit Committee is recommended to:

1. Note actions underway to implement the Mayoral governance model.
2. Identify any further issues which require consideration and/or action by the Programme Board.

## **1. EXECUTIVE SUMMARY**

- 1.1 A programme of work is underway to ensure effective implementation of the Mayor/ cabinet model of governance from 9<sup>th</sup> May 2022.

## **2. BACKGROUND**

- 2.1 At its meeting on 11<sup>th</sup> October 2021, Council approved proposals to move to a directly elected Mayor/ Cabinet model of governance. This approval was required by the Local Government Act 2000 (as amended) following the outcome of the referendum held on 7<sup>th</sup> October 2021 in favour of a change to the Mayor/ Cabinet model.
- 2.2 The meeting noted that a report will be brought to a future meeting of Full Council with the proposed constitutional and governance amendments to enable operation of the new governance model from 9<sup>th</sup> May 2022, following the first election for the Directly Elected Mayor taking place on 5<sup>th</sup> May 2022.

### 3. UPDATE ON WORK TO IMPLEMENT THE NEW GOVERNANCE MODEL

3.1 The Chief Executive has convened and chairs a Programme Board to oversee work to prepare for the implementation of the new model. The programme of work is designed to ensure that work to implement the new model:

- is planned to ensure decisions are made as required in a tight timescale;
- is closely coordinated across multiple Council teams;
- informs and engages Members, staff and external stakeholders and partners as appropriate;
- is contained within available resources;
- enables effective operation of Council services and delivery of the Mayor's priorities in the weeks following the election.

3.2 The following workstreams have been identified within the programme:

- a) **Constitution review and revision:** the Constitution Working Group has been reconvened to inform this workstream which will include:
  - enabling increased understanding of the statutory requirements of the new model, the range of options for the Council to decide and those which will be made by the Mayor when they come into post;
  - preparation of proposals for consideration by the Committee for recommendation to Council to ensure a lawful constitution with effect from 9<sup>th</sup> May 2022;
  - preparation of proposals for consideration by the Committee for recommendation to Council in relation to the Scheme of Member Allowances;
  - coordination with the preparation of other constitutional revisions required;
  - development and implementation of plans for Member briefing and development, including support for both existing and new Members.
- b) **Access to the Council:** in preparation for an anticipated increase in the volume of people contacting the Council/ Mayor's office, the effectiveness and capacity of the Council's complaints, Members' Enquiries and other mechanisms will be further reviewed as part of the current improvement programme.
- c) **Support arrangements:** this workstream will focus on ensuring that there are appropriate arrangements in place to support both the directly elected Mayor and the ceremonial Mayor and that these are closely linked to and supported by services across the Council.
- d) **Culture change and staff development:** the change of governance model will not only require a good understanding of the role of the Mayor and how this relates to other Members and officers, but also some changes in organisational culture, building on the wider culture change programme already underway.

- e) **Partnerships:** preparatory work to enable the development of effective working relationships between the Mayor and the Council's partners in the borough and beyond.
  - f) **Communications and engagement:** the implications of the new model for the Council's approach to communications and engagement will be reviewed and a comprehensive internal and external communications plan will be developed and implemented.
- 3.3 The programme will be informed throughout by best practice and learning from other local authorities which have the Mayor/ Cabinet governance model, facilitated by the Local Government Association.
- 3.4 The Programme Board is currently meeting fortnightly to ensure close coordination of activity and timely action to address any issues. An update from each meeting is reported to the Corporate Management Team. A detailed risk register is being compiled and will be reviewed at each meeting. Any significant risks will be escalated to the corporate risk register and reported to the Committee.
- 3.5 The Council has asked the Local Government Association to conduct an assessment of the Council's readiness to implement the new governance model: it is currently anticipated that this will take place early in the New Year.
- 3.6 The Committee is asked to suggest any other issues or challenges which require attention as part of work to implement the Mayor/Cabinet governance model.

#### **4. CONSULTATION**

- 4.1 The work described in this report are designed to put into effect the outcome of a borough-wide referendum on the Council's governance model.

#### **5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 5.1 Approved by: Matt Davis, Interim Deputy s151 Officer.

#### **6. LEGAL CONSIDERATIONS**

- 6.1 The report asks the Committee to note the programme of work that is and has been taking place subsequent to the referendum on the proposed change in governance that took place on 7<sup>th</sup> October 2021.
- 6.2 The Local Authorities (Elected Mayors) (Elections, Terms of Office and Casual Vacancies) (England) Regulations 2012 ('Elected Mayor Regulations') set out the date when the first election should take place, the length of time the directly elected mayor will remain in office for, along with when they actually come into office, which is the fourth day after the election at which he or she was elected.
- 6.3 The Local Government Act 2000 requires the Council to prepare and keep up to date the Council's constitution. As such, in readiness for the change in governance that is taking place on 9<sup>th</sup> May 2022, the Council is working on

revising the constitution so that it reflects the governance arrangements that will be in place in May 2022.

- 6.4 There are no further legal considerations arising from this report that require comment at this stage.

Approved by: Doutimi Aseh, Director of Legal Services.

## **7. HUMAN RESOURCES IMPACT**

- 7.1 Staffing arrangements to support both the directly elected Mayor and ceremonial Mayor will follow appropriate Council policies and procedures.
- 7.2 There are no further immediate Human Resources impacts arising from this report for Council staff and employees.

Approved by: Gillian Bevan, Head of HR Resources and Assistant Chief Executive.

## **8. EQUALITIES IMPACT**

- 8.1 Implementation of these arrangements will be in line with s149 of the Equality Act 2010.

Approved by: Denise McCausland, Equality Programme Manager

## **9. ENVIRONMENTAL IMPACT**

- 9.1 There is no environmental impact arising from this report.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 There is no crime and disorder impact arising from this report.

## **11. DATA PROTECTION IMPLICATIONS**

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

No.

- 11.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

No.

Approved by: Katherine Kerswell, Chief Executive

## **13. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

13.1 To inform General Purposes and Audit Committee of work underway to bring forward proposals for changes to the Constitution required to implement the outcome of the governance referendum held on 7<sup>th</sup> October 2021.

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**CONTACT OFFICER:** Heather Wills, Governance Improvement Adviser;  
[heather.wills@croydon.gov.uk](mailto:heather.wills@croydon.gov.uk)

**APPENDICES TO THIS REPORT:**

None

**BACKGROUND PAPERS:** None

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<b>REPORT TO:</b>	<b>GENERAL PURPOSES AND AUDIT COMMITTEE</b> <b>25 November 2021</b>
<b>SUBJECT:</b>	<b>GPAC Member development</b>
<b>LEAD OFFICER:</b>	<b>Richard Ennis, Corporate Director Resources (interim)</b>
<b>WARDS:</b>	<b>All</b>

## **FINANCIAL IMPACT**

All training delivered or proposed has been at zero cost to the council. Any further training will either be on the same basis, or contained within the existing Member Development budget of £21,000.

## **RECOMMENDATION**

General Purposes and Audit Committee is recommended to:

1. Note training delivered and planned for the Committee
2. Suggest any further training required for the Committee during 2021/22 or as part of Member induction in 2022.

## **1. EXECUTIVE SUMMARY**

- 1.1 This report provides an update on training delivered and planned for members of the General Purposes and Audit Committee.

## **2. DEVELOPMENT SUPPORT FOR COMMITTEE MEMBERS**

- 2.1 On 22<sup>nd</sup> November a learning and development session was scheduled to take place for members of the General Purposes and Audit Committee. Led by the Local Government Association, the session was designed to address training requirements identified in the Report in the Public Interest, and to include:
  - Roles and responsibilities of the Committee (and officers reporting to it)
  - Understanding the control system
  - Risk management
  - Appropriate challenge and escalation.
- 2.2 It is further proposed to schedule a session for the Committee to meet with Scrutiny Members to develop a shared understanding of the respective responsibilities of scrutiny and audit committees. This will be facilitated by the Centre for Governance and Scrutiny and the Local Government Association.
- 2.3 Both of the above sessions are being provided by the Local Government Association with Government funding, at no cost to the Council.

- 2.4 Members of the Committee are asked to advise of any further training requirements at this time.
- 2.5 Work is underway to plan the induction programme for Members from May 2022 onwards and it is intended to repeat the sessions above for the new intake of Committee members. Members are asked to advise if any additional training should be provided, or any adjustments made.
- 2.6 This training is provided as part of a wider programme of Member learning and development.

### **3. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 3.1 The proposed training is delivered to the Council at nil cost. Any further training needs which may be identified as required will be met from existing budgets.

Approved by: Matt Davis, Interim Deputy s151 Officer.

### **4. LEGAL CONSIDERATIONS**

- 4.1 The Head of Litigation and Corporate Law comments on behalf of the interim Director of Law and Governance that training and development is important for all councillors, both those who are new and those who are more established, to enable them to be effective in their roles, to understand the specific requirements of local governance and to protect the Council from legal challenge, particularly in relation to regulatory decision making.
- 4.2 The Chartered Institute of Public Finance and Accountancy's publication Audit Committees: Practical Guidance for Local Authorities and Police (2018 edition) provides a specific knowledge and skills framework for members of an audit committee.
- 4.3 The Members' Code of Conduct and the constitution adopted by the Council also sets out training for councillors which is mandatory.

Approved by: Sandra Herbert on behalf of the Director of Law and Governance and Deputy Monitoring Officer.

### **5. HUMAN RESOURCES IMPACT**

- 5.1 There are no immediate Human Resources impacts arising from this report for Council staff or employees.

Approved by: Gillian Bevan, Head of HR Resources and Assistant Chief Executives

### **6. EQUALITIES IMPACT**

- 6.1 Approved by: Denise McCausland, Equality Programme Manager



**7. ENVIRONMENTAL IMPACT**

7.1 There is no environmental impact arising from this report.

**8. CRIME AND DISORDER REDUCTION IMPACT**

8.1 There is no crime and disorder impact arising from this report.

**9. DATA PROTECTION IMPLICATIONS**

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

No.

**9.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

No.

Approved by: Richard Ennis, Corporate Director Resources

**10. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

10.1 To inform the development of further training for members of General Purposes and Audit Committee.

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**CONTACT OFFICER:** Heather Wills, Governance Improvement Adviser;  
[heather.wills@croydon.gov.uk](mailto:heather.wills@croydon.gov.uk)

**APPENDICES TO THIS REPORT:**

None

**BACKGROUND PAPERS:** None

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<b>REPORT TO:</b>	<b>GENERAL PURPOSES AND AUDIT COMMITTEE</b> <b>25 November 2021</b>
<b>SUBJECT:</b>	<b>ACTION TRACKER</b>
<b>LEAD OFFICER:</b>	<b>Stephen Rowan, Head of Democratic Services and Scrutiny</b>
<b>ORIGIN OF ITEM:</b>	The Chair has requested a Tracker to enable the Committee to monitor progress in delivery of actions agreed at Committee meetings.
<b>BRIEF FOR THE COMMITTEE:</b>	To consider the proposed format for the Tracker and confirm that this should be added for the Committee's reference at all ordinary meetings of the Committee.

## 1. EXECUTIVE SUMMARY

- 1.1. This agenda item presents a proposed format for a Tracker to be presented at ordinary Committee meetings to enable progress against actions agreed in Committee to be monitored.

## 2. ACTION TRACKER

- 2.1. The draft Tracker is designed to assist the Committee to monitor progress in delivery of agreed actions and to readily identify actions which have not progressed as intended.
- 2.2. As minutes of Committee meetings are brought forward for approval, minuted actions will be added to the Tracker. When the Committee has reviewed the Tracker showing a completed action, that item will not appear on the Tracker presented to future meetings of the Committee.
- 2.3. It is not intended that each Committee will receive a detailed update on previously agreed actions, but that the Tracker may prompt the Committee to require such an update at a future meeting if required.
- 2.4. The proposed format of the Tracker appears at Appendix 1.

## 3. RECOMMENDATIONS

- 3.1 The Committee is recommended to review and agree the format of the Action Tracker.

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**CONTACT OFFICER:** Michelle Ossei-Gerning  
Democratic Services and Governance Officer – Council and Regulatory

020 8726 6000 x84246

**BACKGROUND DOCUMENTS:** None.

**APPENDIX 1:** Action Tracker for the General Purposes and Audit Committee

**GENERAL PURPOSES AND AUDIT COMMITTEE ACTION TRACKER**

Committee date	Subject	Action	Owner	Update

**KEY:**

**Committee date:** date when the action was agreed by the Committee.

**Subject:** the item title on the Committee’s agenda; the subject being considered.

**Action:** the action recorded in the minutes, including any agreed deadline for completion.

**Owner:** the Member or officer responsible for implementation of the action, as recorded in the minutes.

**Update:** progress update as at the deadline for agenda dispatch.

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<b>REPORT TO:</b>	<b>GENERAL PURPOSES AND AUDIT COMMITTEE</b> 25 November 2021
<b>SUBJECT:</b>	<b>WORK PROGRAMME 2021-22</b>
<b>LEAD OFFICER:</b>	<b>Stephen Rowan,</b> <b>Head of Democratic Services and Scrutiny</b>
<b>ORIGIN OF ITEM:</b>	The Work Programme is scheduled for consideration at every ordinary meeting of the General Purpose and Audit Committee.
<b>BRIEF FOR THE COMMITTEE:</b>	To consider any additions, amendments or changes to the agreed work programme for the Committee in 2021/22.

## 1. EXECUTIVE SUMMARY

- 1.1 This agenda item details the Committee's proposed work programme for the 2021/22 municipal year.
- 1.2 The Committee has the opportunity to discuss any amendments or additions that it wishes to make to the work programme.

## 2. WORK PROGRAMME

### 2.1 The work programme

The proposed work programme is attached at **Appendix 1**.

Members are asked to consider the work programme in the context of the Committee's terms of reference and whether the proposed items will support the Committee in meeting its delegated responsibilities.

### 2.2 Additional Items

Members of the Committee are invited to suggest any other items that they consider appropriate for the Work Programme. However, due to the limited time available at Committee meetings, Members are strongly encouraged to not propose meeting agendas that contain more than three hours of substantive business in order to allow full consideration of the items on any given agenda.

The Committee should also be mindful that the Council is operating under both very restricted resources and, while no longer formally subject to section 114 spending restrictions, the Council has resolved to continue to operate in accordance with such restrictions. To that end, Members should be mindful that requests for additional reports will need to be considered in the wider context of demand for Council resources and the requirement for the Council to only incur expenditure on statutory functions.

### 2.3 **Participation in General Purpose and Audit Committee**

Members of the Committee are also requested to give consideration to any persons that it wishes to attend future meetings to assist in the consideration of specific agenda items. This may include Cabinet Members, Council or other officers or representatives of partner organisations where the Committee feels that attendance would support their ability to fully consider specific items of business.

## 3 **RECOMMENDATIONS**

- 3.1 The Committee is recommended to agree the Work Programme 2021/22 with any agreed amendments.

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**CONTACT OFFICER:** Michelle Ossei-Gerning  
Democratic Services and Governance  
Officer- Council and Regulatory  
020 8726 6000 x 84246

**BACKGROUND DOCUMENTS:** None

**APPENDIX 1:** Work Programme 2021/22 for the  
General Purpose and Audit Committee.



## General Purposes and Audit Committee

**Chair:** Dr Olu Olasoda

**Committee Members:** Karen Jewitt (Vice-Chair), Stephen Mann, Nina Degrads, Paul Scott, Chris Clark, Joy Prince, Stuart Milson, Tim Pollard, Jan Buttinger and Steve Hollands.

### 2021-2022 Municipal Year

Meeting Date	Agenda Items	Report Lead
30 June 2021	<ul style="list-style-type: none"> <li>- Report in the Public Interest Action Plan – Progress Update</li> <li>- Corporate Risk Register</li> <li>- Grant Thornton Oracle Audit</li> <li>- Anti-Fraud Update Report</li> <li>- Update on Council Whistleblowing</li> <li>- Update on Independent person for GPAC Chair (to note)</li> <li>- Terms of Reference</li> </ul>	<ul style="list-style-type: none"> <li>- Elaine Jackson</li> <li>- Malcolm Davies</li> <li>- Victoria Richardson</li> <li>- David Hogan</li> <li>- Asmat Hussain</li> <li>- Asmat Hussain</li> <li>- Democratic Services</li> </ul>
8 July 2021	<ul style="list-style-type: none"> <li>- Head of Internal Audit Report</li> <li>- Redmond Review into Local Audit Report</li> <li>- Brick by Brick Audit Report</li> <li>- Audit Findings Report</li> </ul>	<ul style="list-style-type: none"> <li>- Simon Maddocks</li> <li>- Simon Maddocks</li> <li>-</li> <li>-</li> </ul>
16 September 2021	<ul style="list-style-type: none"> <li>- Croydon Finance Review – Phase 1, 2 and 3 Reports – Update on Implementation</li> <li>- Report in the Public Interest Action Plan – Progress Update</li> <li>- Internal Audit Update Report</li> </ul>	<ul style="list-style-type: none"> <li>- Ian O'Donnell</li> <li>- Elaine Jackson</li> <li>- Dave Phillips</li> </ul>

	<ul style="list-style-type: none"> <li>- Anti-Fraud Update Report</li> <li>- Annual Governance Statement 19/20</li> </ul>	<ul style="list-style-type: none"> <li>- David Hogan</li> <li>- Matthew Davis</li> </ul>
14 October 2021	<ul style="list-style-type: none"> <li>- Financial Performance Report</li> <li>- Treasury Annual Review</li> <li>- Presentation on an area of Risk</li> <li>- Presentation on Budget Risk</li> <li>- Audit Progress Report</li> </ul>	<ul style="list-style-type: none"> <li>- Nigel Cook</li> <li>- Malcolm Davies</li> <li>- Matthew Davis</li> <li>- Sarah Ironmonger</li> </ul>
25 November 2021	<ul style="list-style-type: none"> <li>- Treasury Mid-Year Review</li> <li>- Corporate Risk Register</li> <li>- Internal Audit update Report</li> <li>- Anti-Fraud Corruption Strategy</li> <li>- Annual Governance Statement 20/21</li> <li>- Regulation Investigatory Powers Act</li> <li>- Dedicated School Grant Management Plan</li> <li>- Governance Referendum Outcome: Update</li> <li>- Progress of Development</li> <li>- Tracking Actions from the Committee – to see it being followed through</li> </ul>	<ul style="list-style-type: none"> <li>- Nigel Cook</li> <li>- Malcolm Davies</li> <li>- Dave Phillips</li> <li>- Malcolm Davies</li> <li>- Heather Wills</li> <li>- Howard Passman</li> <li>- Shelley Davies</li> <li>- Heather Wills</li> <li>- Heather Wills</li> </ul>
January 2022	<ul style="list-style-type: none"> <li>- Audit Progress Report - Workshop</li> </ul>	<ul style="list-style-type: none"> <li>- Sarah Ironmonger</li> </ul>
13 January 2022	<ul style="list-style-type: none"> <li>- Council Meeting Dates</li> <li>- Presentation on an area of Risk</li> <li>- Dedicated School Grant Management Plan</li> <li>- Internal Audit of Effectiveness</li> <li>- Review of the Draft Budget</li>   <li>- Culture Change</li>   <li>- Treasury Management Statement (tbc)</li> </ul>	<ul style="list-style-type: none"> <li>- Democratic Services</li> <li>- Malcolm Davies</li> <li>- Shelley Davies</li> <li>- Dave Phillips</li> <li>- Matt Davies/Richard Ennis</li> <li>- Elaine Jackson/Heather Wills</li> <li>- Nigel Cook</li> </ul>

<b>3 February 2022</b>	<ul style="list-style-type: none"> <li>- Grant Thornton Reports – Audit Findings</li> <li>- Croydon Finance Review – Phase 1, 2 and 3 Reports – Update on Implementation</li> <li>- Corporate Risk Register</li> <li>- Internal Audit Update Report</li> <li>- Anti-Fraud Update Report</li> <li>- Report in the Public Interest Action Plan – Progress Update</li> </ul>	<ul style="list-style-type: none"> <li>- Sarah Ironmonger</li> <li>- Ian O’Donnell</li>   <li>- Malcolm Davies</li> <li>- Dave Phillips</li> <li>- Malcolm Davies</li> <li>- Elaine Jackson</li> </ul>
<b>3 March 2022</b>	<ul style="list-style-type: none"> <li>- Mazars: Certification Report; External Audit Report</li> <li>- Internal Audit, Charter, Strategy and Plan</li> <li>- General Purposes and Audit Committee Draft Annual Report</li> <li>- Croydon Finance Review – Phase 1, 2 and 3 Reports – Update on Implementation</li> <li>- Presentation on an area of risk</li> <li>- Report in the Public Interest Action Plan – Progress Update</li> </ul>	<ul style="list-style-type: none"> <li>- Dave Phillips</li>   <li>- Dave Phillips</li> <li>- Dave Phillips</li> <li>- Ian O’Donnell</li>   <li>- Malcolm Davies</li> <li>- Elaine Jackson</li> </ul>
<b>21 April 2022</b>	<ul style="list-style-type: none"> <li>- Internal Audit Report</li> <li>- Anti-Fraud Update Report</li> </ul>	<ul style="list-style-type: none"> <li>- Dave Phillips</li>   <li>- Malcolm Davies</li> </ul>

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