

Scrutiny & Overview Committee Agenda



To: Councillors Sean Fitzsimons (Chair), Robert Ward (Vice-Chair), Leila Ben-Hassel (Deputy-Chair), Jade Appleton, Shafi Khan and Joy Prince

Reserve Members: Louis Carserides, Richard Chatterjee, Pat Clouder, Mary Croos, Clive Fraser and Oni Oviri

A meeting of the **Scrutiny & Overview Committee** which you are hereby summoned to attend, will be held on **Tuesday, 7 September 2021 at 6.30 pm. This meeting will be held remotely.**

Asmat Hussain
Executive Director of Resources &
Monitoring Officer (Interim)
London Borough of Croydon
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www.croydon.gov.uk/meetings
Friday, 27 August 2021

Members of the public are welcome to view the webcast both live and after the meeting has completed at <http://webcasting.croydon.gov.uk>

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If you require any assistance, please contact Simon Trevaskis as detailed above.

AGENDA – PART A

1. Apologies for Absence

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

2. Minutes of the Previous Meetings (Pages 5 - 34)

To approve the minutes of the meetings held on the following dates as an accurate record:-

- 9 February 2021
- 15 June 2021 (to follow)
- 6 July 2021
- 17 August 2021

3. Disclosure of Interests

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

4. Urgent Business (if any)

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

5. Scrutiny Improvement Programme (Pages 35 - 46)

The Committee is asked to endorse the proposed approach for delivering the recommendations arising from the Scrutiny Improvement Review.

6. Finance Performance Report (Pages 47 - 76)

The Scrutiny and Overview Committee is asked to:-

1. Note the contents of the Cabinet report considering the Period 3 financial monitoring position and forecasts as set out in the appendices to this report.
2. Considered whether there are any areas of in need of further scrutiny that should be scheduled for later in the year by either the Committee or one of its Sub-Committees.

7. Report in the Public Interest - Quarter 2 Update (Pages 77 - 160)

The Committee is asked to review the second quarterly update, including the outcomes of the initial internal audit, on the work to achieve the recommendations set out in the Report in the Public Interest with a view to satisfying itself that the actions still to be delivered remain on track.

8. Community Safety Strategy

Having held briefings with the partners involved in the development of the new Community Safety Strategy, the Committee is asked to provide its own comments which will be fed into the final strategy when it is considered later in the year. (Report to follow)

9. Cabinet Response to Recommendations from the Scrutiny & Overview Committee (Pages 161 - 166)

The Scrutiny & Overview Committee is asked to review the response given by the Cabinet to recommendations made by the Committee and consider whether any further action is necessary.

10. Scrutiny & Overview Work Programme 2021-22 (Pages 167 - 170)

The Scrutiny & Overview Committee is asked to:-

1. Note the current position of its Work Programme for 2021-22,
2. To consider whether there are any other items that should be added to the work programme.

11. Membership of the Health & Social Care Sub-Committee (Pages 171 - 172)

The Scrutiny & Overview Committee is asked to:-

1. Approve the addition of a co-optee from the Croydon Adult Social Services User Panel (CASSUP) to the membership of the Health

& Social Care Sub-Committee.

2. To confirm the appointment of the Vice-Chair from CASSUP to fill this co-optee role for the remainder of 2021-22.

12. Update on the Town Centre Task & Finish Group

To receive an update on the Town Centre Task and Finish Group set up by the Committee (Report to follow).

13. Exclusion of the Press and Public

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.”

Public Document Pack Agenda Item 2

Scrutiny & Overview Committee

Meeting held on Tuesday, 9 February 2021 at 6.30 pm
This meeting was held remotely and can be viewed on the Council's website

MINUTES

Present: Councillor Sean Fitzsimons (Chair), Councillor Robert Ward (Vice-Chair) and Councillor Leila Ben-Hassel (Vice-Chair), Jerry Fitzpatrick, Oni Oviri and Joy Prince

Also Present: Councillor Hamida Ali, Sue Bennett, Simon Brew, Sherwan Chowdhury, Jason Cummings, Stuart King and Callton Young

PART A

9/21 **Disclosure of Interests**

There were no disclosures of interest made at the meeting.

10/21 **Urgent Business (if any)**

There were no items of urgent business.

11/21 **Review of Brick by Brick Croydon Ltd**

The Scrutiny & Overview Committee considered a Cabinet report setting out the findings of a review conducted by PwC on possible options for the future of Brick by Brick. The Leader introduced the report, during which the following was highlighted:

- The options that were due to be put before Cabinet were set out as two sets of detailed analysis by PwC.
- Progress had been made since the first phase of the review was provided in November 2020, with the appointment of non-executive directors with significant financial experience. The directors had made significant progress since being appointed, with significant work underway to review the loan agreement.
- The second phase of the review, due to be brought to Cabinet, was designed to support the organisation on how best to move forward with Brick by Brick. This included a detailed options analysis, which was based upon the fundamental principle of minimising the potential loss to the public.
- The first phase of the review had set out seven options and following the second phase, an additional option had emerged which would allow the Council to conclude its relationship with Brick by Brick by October 2021.

This involved completing work on most of the sites that were due to be completed by October 2021 and marketing the remaining sites for sale

- It was emphasised that Brick by Brick was a matter for public concern and while much of the discussion could be held in public, any discussion of commercially sensitive information had to be taken in private, hence why there are Part A and Part B elements of this meeting.

Following the introduction by the Leader, the Committee had the opportunity to ask questions on the report. The first question was a request for further clarification as to why there were part B elements to the meeting. Officers advised that this was due to the sale option, outlined in the report, which was commercially sensitive information. Had the information set out in the restricted papers been made public, it may allow a potential purchaser to make a lower bid, if they were aware of the figures reported in the paper. The decision to only make this information available in Part B had been reviewed and supported by legal, as it was important to protect the Council's interest and minimise any potential loss.

There was a concern about access to information rights and whether these were being interpreted in a liberal manner. It was questioned whether the Council could commit to releasing the information into the public domain, once the sale option was concluded. Officers confirmed that once considerations that led to the information to be considered as Part B ceased, further consideration would be given to whether it could be made publically available.

It was question whether the same recommendations set out in the report would be made at another local authority that did not have the same financial challenges as Croydon. Officers advised that in line with the Wednesbury Principle, all local authorities had to ensure they acted in a reasonable manner in terms of their finances and the processes surrounding that. When borrowing funds, local authorities had to give careful thought to what would happen in the event it could not afford to pay back its debt.

It was highlighted that there were a number of words used in report which could lead to misunderstanding about the main points of learning from the situation and as a result, clarification was sought on three areas that had not been included in the report.

It had not been said that there was inadequate consideration given to the transfer of land between Brick by Brick and the Council. Officers noted that in the report from PwC, published in November 2020, it made clear that in their view there had been no breach of the Council's statutory duty under the Local Government Act 1972 to obtain best consideration for its land.

It had not been said that the idea of an arm's length company, set up by a local authority, to deliver housing was a bad concept. However, in this instance the management of Brick by Brick had not been adequate. Officers confirmed that the concept of an arm's length company was perfectly lawful and in this particular case it had not been best executed.

Contrary to what was occasionally said, there was no suggestion in any of the report that there had been any financial corruption involved. It was confirmed that PWC had found no evidence of corruption during its investigation.

It was clarified for the benefit of residents, that there was three areas of learning from the Council's experience with Brick by Brick. Firstly, the financial governance had been at best insufficient and at worst poor. Secondly, the narrative as presented by Brick by Brick lacked the necessary objectivity, with risks not being sufficiently highlighted as they should have been. Finally, the culture of decision making at the company had been unsatisfactory in terms of financial sustainability.

It was questioned whether the Council's experience with Brick by Brick had led to any further consideration of its risk appetite going forward or the need to allocate sufficient resources to manage the risk appetite framework, to ensure good governance going forward. It was confirmed that risk appetite was being reviewed as part of the wider governance improvement in the Croydon Renewal Plan. Risk had to be central to how an organisation delivered its services. It was important for an organisation not act without sufficient regard for its risk appetite. Risk had to be a key part of the management culture and this was a big change, which was being reinforced through management dialogue and training. Risk had been flagged in Brick by Brick reports to Cabinet with mitigation identified, but they had not been acted upon.

The Leader added that there had been a lot of reflection by Cabinet on the Council's risk appetite. This included training on risk management to identify changes to be out in place, with consideration being given to how the Cabinet will manage risk going forward.

It was highlighted that although the Cabinet had received training and risk management would be a Council wide, year round consideration, it was essential that Scrutiny was given evidence to provide assurance that this was the case. It was advised that assurance would be provided through the annual governance statement. A request was made for the Cabinet to formally write up its yearly review of risk management, so that an assessment could be made on accountability. Officers said that the Annual Governance Statement was an important document that should describe the Council's internal controls, workforce issues, and performance management. The Cabinet Member for Finance and Resources agreed that officers should explore a cycle of presenting the risk register on a regularly basis and that the quality of the register needed to improve and provide more clarity.

The Leader added that it was essential to evidence how the Council's risk management was improving and further consideration would be given to evidencing changes by addressing structural and behavioural changes that needed to be made. This would be the challenge at the Croydon Renewal Action Board and charted through the Improvement Plan.

Clarity was sought on how the valuations and costings in the report had been reached. It was confirmed that independent valuation advice had been sought from external sources such as local estate agents, as they were aware of the

market in Croydon. Independent advice was also sought from quantity surveyors to review the costs on a number of schemes and in both cases officers were satisfied that the costings provided by Brick by Brick were reasonable estimates. For the shared ownership and affordable housing valuations, there was a view that at present some of the estimated for these elements were at the high end of what was achievable.

It was questioned what level of confidence could be given that the Council would achieve an adequate return on sites developed. It was confirmed that there was confidence in the cost figures and the estimates given were similar to PwC's prediction. However, it was impossible to predict the housing market over the next few months and the return provided would be dictated by the market.

Further information was sought to confirm how two scenarios as set out in paragraphs 3.4 to 3.9 of the report had been chosen. It was confirmed that the scenarios were chosen out of the original options presented, as detailed in Appendix three of the report, and three requisites had been used in narrowing the choice. Some scenarios were ruled out due to cost of delivery which would have meant the Council having to borrow a lot more money. Consideration had been given to the possibility of a management buyout, but as further evidence of the ability to do so had not been forthcoming, this was also ruled out. Consideration was then given to the possibility of building out site, which was how the Council ended up with its two options. Risks were involved in either option, with the main risk being the financial ability to enable delivery.

It was explained that at present, the build out proposal was for Brick by Brick to build out the 29 sites that were already under construction. All sites previously identified for developed, had not yet been transferred to Brick by Brick and as such it would remain a Council decision on what to do with these. Some may be suitable for sale, some for social housing in HRA and some not suitable for anything. The Council would need to take a view and report on this at the appropriate time.

It was highlighted that both proposals being put forward would still leave a substantial loss to the Council's finances, with a legacy of debt to manage and would have revenue implications for the Council for years to come. Reassurance was sought that the Council would not walk away with additional debt once Brick by Brick was closed down. It was confirmed that it was very unlikely that Brick by Brick would be in a position to pay back all its debt owed to the Council.

It was highlighted that one of the options was the sale of Brick by Brick as a single entity, with the Council having been approached by someone that may want to make an offer for the company. It was asked why the Council should entertain this approach, when going to the market was ruled out as an option. It was advised that PwC had ruled out this approach due the time it would have taken for marketing the company, comparing bids and completing the sale. This process would also have taken capital resource that the Council did

not have, so there would have been issues with both timing and resources if the Council had gone to the market.

As a follow-up, it was questioned why length of time and resources ruled out selling Brick by Brick, but did not rule out testing some areas of the market. It was highlighted that selling individual sites was a task for Brick by Brick, while selling the company would be the responsibility of the Council to complete. The sale of both individual and groups of sites was easier than selling a whole organisation. In some of the other options ruled out, the Council would have needed to keep Brick by Brick going in some form for a number of years in order to be able to deal with ongoing issues that may apply. It was still too early in the process to ascertain which option would be decided upon.

In response to a question about the lack of documentation for the loan agreements with Brick by Brick, it was confirmed that under half of the loan agreements were in a state of incompleteness. In particular, those for smaller sites in the development phase, which was due to come back to the Council and in one instance for a significant site, Fairfield Halls, which had an incomplete/unsigned agreement.

An explanation was sought about the loan arrangements, as the Council had been saying for a number of years that Brick by Brick would run on 75% loan and 25% equity basis and this had not been the case. It was suggested that in doing this, it gave Brick by Brick the opportunity to spend a lot more money because the Council did not enforce the requirement, which as per the agreement was they should be part financing. In response, it was highlighted that from a legal point of view, if a local authority loans money to a private company or one that it owns, it cannot be done on beneficial terms and that applied to interest rates charged and percentage of loan to value or loan to costs.

The initial legal advice was for the local authority to lend up to 75% of the local to value amount, with the other 25% being taken as equity. This meant the Council putting its own cash in as additional shares. The Council had never followed this agreement and following further legal advice, because the Council was trying to protect its investment as the funder, it was reasonable for the Council to put in 100% funding and no equity. If Brick by Brick was still trying to expand, that would be unreasonable, but as the organisation was in a scenario where in the near future it would cease trading, restructuring the loan as 100% loan and no equity had been advised by lawyers as a reasonable course of action.

Concern was raised about the possibility of providing Brick by Brick additional funding, due to the company's history of being unable to manage its cash flow. It was agreed that these concerns were understandable and would be taken into consideration. There was confidence that the cost estimate and modelling was accurate in that the figures provided by Brick by Brick were very similar to PWC in terms of monthly costing for bills and overheads.

In response to a question about the potential options if selling the sites, it was advised that any sale of individual sites or of the company would necessitate

sites having to be built out in line with planning permission approvals. There was concern that the percentage of the site allocated to social housing would change from what was originally granted, if the sites were sold.

A question was raised about the number of units that would be sold for outright sale and how many would be bought by either the Council or a housing association for affordable rent or shared ownership. It was confirmed that the split between the total number of units available for social rent could be as high as 187, the split between the three tenures was not available at present but would be made available to the Cabinet.

Reassurance was sought from the Leader that the structure of the business plan would be more robust than in previous years and that all necessary steps would be taken to prevent accounts being invalidated. The Leader welcomed feedback on what should be expected to be seen in the business plan, which would be communicated to the shareholders in her position as Chair of that Board.

Clarification was sought on the current position of College Green site and Fairfield Hall. It was confirmed that as per the information in the report, £59m had been lent to Brick by Brick for work on Fairfield Hall and College Green. There were no definitive figures on how much had been spent on the physical refurbishment at this time. The Council's external auditor, Grant Thornton, were currently conducting a value for money review of the Fairfield Halls refurbishment, which would provide greater clarity. It was confirmed the value of College Green would be insufficient to cover the £59million.

It was questioned whether there was capacity to use the Housing Revenue Account (HRA) to buy or build council housing on any of the sites and whether there was funding or expertise available to do this. It was advised that the HRA could buy what Brick by Brick was building if the rent covers the interest and managements and maintenance costs. Going forward, this should be the basic underlying principle when decided to build social housing within the HRA account. There was capacity to buy the units and there was a good development team, but it would take considerable time and resources for this to be brought to fruition. Consideration needed to be given to affordability of this option and currently the Council could not afford to place additional stress on its HRA to build houses when the rent did not cover the cost of building.

It was agreed that the rest of this item would take place under Part B to allow for discussion of the information provided in that part of the report.

Chris Buss was thanked for all his answer to questions and for the two additional informal meetings that took place where he provided detailed information to ensure understanding of all the intricate details of the situation.

Conclusions

At the end of this item the Scrutiny and Overview Committee reached the following conclusions:-

1. The Committee commends the work of the consultant, Chris Buss, in preparing the report and was satisfied that an appropriate level of due diligence had been carried out to identify the preferred options outlined in the report
2. The Committee was satisfied that the approach proposed in the report represented the best way forward for the Council, in light of its reduced risk appetite, and would deliver the best value for the public purse.
3. Although the report identified that a loan of less than £10m to Brick by Brick was required to deliver the preferred option, the Committee recognised that there was still risks that may impact upon the amount of money required. Should a loan exceeding the identified £10m or a further loan be required, there needed to be a mechanism in place to allow additional scrutiny.
4. The Committee welcomed the reassurance that work was underway to embed risk management processes throughout the Council, but questioned how this could be evidenced going forwards.
5. The Committee recognised that there would be considerable public interest in the financial details set out in the confidential section of the Review of Brick by Brick report and felt that the releasing this information should be reviewed, once it was no longer considered to be commercially sensitive.
6. As a key learning point from the experience of the Council with Brick by Brick, the Committee felt that a process should be put in place to review any external companies owned by the Council at regular intervals, to ensure that they were achieving their intended outcomes and remained fit for purpose.
7. The Committee retained a concern about the past lending arrangements with Brick by Brick and felt that further investigation was required to understand the arrangements and to ensure that any such lending was legally compliant.

Recommendations

The Scrutiny and Overview Committee agreed to submit the following recommendations to the Leader of the Council at the next Cabinet meeting, for further consideration:-

1. That a mechanism be put in place to ensure additional scrutiny of any further lending to Brick by Brick, above and beyond that identified in the review of future options for the company.
2. That consideration is given to how the Executive team will track and evidence that risk management processes are being embedded across the Council.
3. That a mechanism is put in place to review the confidential information set out in the report, to allow it to be publically released once appropriate to do so.
4. That a regular review be undertaken of all Council companies, with the outcomes from this review reported to Scrutiny.

5. That a review be undertaken of past lending to Brick by Brick to provide greater clarity over the arrangements and to ensure that the arrangements were legally compliant.

12/21 **Interim Asset Disposal Strategy**

The Scrutiny and Overview Committee considered a Cabinet report which set out an Interim Asset Investment Strategy. The Committee was asked for its feedback on the report, which would be report to the Cabinet during its consideration of the item. The Deputy Leader & Cabinet Member for Croydon Renewal and the Interim Director of Homes and Social Investment introduced the item during which the following was noted:

- The paper reflects that the Council accepted the need to review all of its assets and undertake an assets disposal programme, in order to reduce its borrowing requirements and allow for a greater focus on its core business. Any asset disposal would be done with robust governance arrangements in place and in a controlled manner.
- The strategy would sit together with a new Asset Corporate Plan, which was being created, and to complement the Medium Term Financial Strategy.
- The Strategy would ensure that best consideration was given by balancing the economic climate against the timing of any disposals.
- This was an Interim Asset Disposal Strategy, which sought to set the scene and provide a framework for managing the initial proposals. It would lead to the creation of a stronger framework for future years.
- It was emphasised that retention of any assets past their reasonable life was not good asset management practice and the strategy sought to address this in order to reduce costs, which particularly needed given the Council's current financial circumstances.
- Delivery of a successful strategy would be contingent on the use of professional resources, that would need to be brought in to handle specific matters of around the sale and some sites would require public consultation.

Following introductions, the committee was provided the opportunity to ask questions on the content of the report. The first question concerned the Council assets that had been reviewed in the creation of the strategy as it did not appear to have taken account of all Council assets. It was confirmed that the strategy had only looked at property assets as this was the brief given.

As a follow-up, it was questioned why other assets had not been explored, as the ones listed in the report seemed to be those that were easier to review. It was advised that any assets not included would be part of the wider asset management plan, which would be worked on in the coming months. The interim Strategy placed an emphasis on assets that were either costly or difficult to maintain, were easily marketable, had a low value to the Council and had many reputational risks and holding costs. The Committee agreed

that further clarification was needed in the report as this criteria could not be clearly identified.

A commitment was given that the wider Asset Management Plan, exploring future and broader assets not included in this interim plan, would be presented to Scrutiny and Overview Committee for feedback prior to any consideration by Cabinet.

It was highlighted that the list of assets under consideration for disposal was set in the restricted Part B of the report. It was understood that the valuations attached to the list could not be made public due to commercial sensitivity, but it was questioned why the list of assets could not be made public. It was advised that there was several reasons for this, including that some of the buildings being considered were still in use and staff had yet to be consulted.

The Deputy Leader added that he welcomed this challenge and shared the desire for the list of assets, without the estimated receipt value, to be placed in public domain. However, decisions about whether information should be restricted or not was rightly a judgement for officers.

The Interim Chief Executive added that if a developer was watching who had the list, regardless of whether valuation were included or not, they would be gaining valuable market insight to enable them to ensure that they tried to obtain a deal that was in their interest rather than the Council's interest. Some of the reasons why things were kept in private was to protect the Council's interest and it would be helpful for this to be considered more broadly by Members.

It was questioned which stakeholders would be involved in writing the business case and whether the report would include any qualitative aspects to justify the business case. In response, it was advised that the Asset Management estate team would be responsible for writing the business case which would be signed off by the Executive Director. The report would contain qualitative and quantitative aspects to justify each business case for disposal and Members would be sighted as early as possible in the process.

In response to a question about the criteria identified from an organisational point of view to assess the consideration it was advised that an independent valuation was sought which would set the true value of the asset. Other factors which would be taken into consideration, such as the state of the economy, would be included in the business case. In certain cases, assets may not be sold for the highest valuation, due to other considerations such as environmental or regeneration factors.

It was asked when the full asset strategy was put forward there would be further information on potential safeguards, which were thought to be lacking in the Interim Strategy. It was confirmed that detailed governance processes covering every element of asset disposal would be included. These processes would be subject to several stages of approval including the Capital Board before being signed off by the Executive Leadership Team (ELT).

There was a concern that when a property was identified for the first time a Cabinet Member would only be sighted in final stages of disposal when it was too late to affect the decision. It was confirmed that Cabinet Members would be consulted prior to sign off by ELT.

There was a concern that the whole process appeared to be very officer led until final decision stage. As such it was questioned what the framework for access to information on disposals would be for councillors. It was advised that officers would work within the current Access to Information Procedure Rules, which would include consultation with Ward Members.

It was questioned whether properties would be sold with planning permission attached, as this may increase their value. In response, it was advised that there would be a mixture of existing assets with existing planning permissions attached, along with smaller sites put forward unconditionally. In relation to whether the Croydon Park Hotel would be sold with planning permission, in order to achieve its best value, expert advice would be sought on best course of action on this asset.

It was highlighted that the current climate of the covid-19 pandemic may result in a decline in commercial property values. As such it was questioned whether this had been taken into consideration. It was confirmed that potential reduced demand for office or retail space had been taken into account. Any decision to sell an asset would explore the marketability, cost of retaining and the potential benefits of selling.

It was highlighted that it did not appear to be clear at which point in the process value could be added and it would be useful to have specific point address this. It was confirmed that any decision would look at options to bring best value in all instances.

The Chair made a statement, which was supported by the other members of the Committee, that he was not confident the information presented in the strategy would enable a judgement to be reached on whether the disposal of the Croydon Park Hotel was the right decision or not. The Committee would support recommendations where full evidence was provided, but information setting out other, less viable options, had not been provided.

The Deputy Leader acknowledged the Committee's position and gave reassurance that upon discussing the matter in detail with officers, he was confident that due diligence had been taken on this matter and suggested that the section covering the viability of other options should be expanded prior to its inclusion on the Cabinet agenda.

A discussion of the restricted information supporting this item, can be found in the Part B section of the minutes.

The Chair thanked Cabinet Member and officers for their engagement with the Committee and the open responses to their questions.

Conclusions

At the end of this item the Scrutiny & Overview Committee reached the following conclusions on the report:-

1. Although the Committee was satisfied with the approach proposed in the Interim Asset Disposal Strategy, it was felt that there was not enough information included within the report to reach any conclusions on the identified options for the Croydon Park Hotel.
2. The Committee recognised that there would be considerable public interest in the list of assets identified for disposal, set out in the confidential appendix to the report, and felt that further consideration was needed over how this information could be brought into the public domain.
3. The Committee highlighted a concern that consultation with Ward Councillors about decisions on assets in their local areas had in the past been intermittent at best.

Recommendations

The Scrutiny and Overview Committee agreed to submit the following recommendations to the Cabinet Member for Croydon Renewal for consideration at the next meeting of the Cabinet:-

1. That further information be included within the report, for when it is considered by Cabinet, on the potential options for the Croydon Park Hotel to allow a more informed judgement to be made on the best way forward.
2. That the information set out in the in confidential section of the report be reviewed to establish whether it would be possible to make public the list of assets identified for disposal and if not, further clarity on the reasons should be added to the report.
3. That the process for consulting and informing Ward Councillors about decisions to be taken on assets in their local area be reviewed, to ensure it was fit for purpose.

13/21 Feedback on the Equalities Strategy

This item presented the feedback from an informal meeting of the Committee, which looked at a draft of the new Equalities Strategy. The Chair asked if any of the Members wanted to make comments prior to approval of the feedback notes.

Reference was made to a paragraph in the paper which stated that 'it was noted that the Children and Young People's Sub-Committee had discussed the potential of increasing the number of children in the borough with access to computers or the internet and would like to have this incorporated into the strategy. It was asked that that this be expanded to include the context that consideration be given to the disproportionate impact of covid-19 on some children in the Borough and in order to achieve equality of opportunity it would take a number of years of major educational catch-up.

Resolved: The Scrutiny and Overview Committee agreed that the notes, as amended, be agreed.

..... 14/21 **Exclusion of the Press and Public**

The following motion was moved by Councillor Fitzsimons and seconded by Councillor Ben Hassel to exclude the press and public:

“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.”

The motion was put and it was agreed by the Committee to exclude the press and public for the discussion of the restricted information on the ‘Review of Brick by Brick Croydon Ltd’ and ‘Interim Asset Disposal Strategy’ reports.

15/21 **Review of Brick by Brick Croydon Ltd**

The minute for this item is restricted and set out separately in a Part B version of the minutes.

16/21 **Interim Asset Disposal Strategy**

The minute for this item is restricted and set out separately in a Part B version of the minutes.

The meeting ended at 10.45 pm

Signed:

Date:

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Public Document Pack

Scrutiny & Overview Committee

Meeting held on Tuesday, 6 July 2021 at 6.30 pm.

This meeting was held remotely and a recording can be viewed on the Council's website

MINUTES

Present: Councillors Sean Fitzsimons (Chair), Robert Ward (Vice-Chair), Leila Ben-Hassel, Shafi Khan, Oni Oviri and Joy Prince

Also Present: Councillors Hamida Ali, Stuart King and Callton Young

PART A

50/21 **Minutes of the Previous Meeting**

The minutes of the meetings held on 17 November 2020, 8 December 2020, 21 December 2020 and 7 January 2021 were agreed as a correct record.

It was agreed that the minutes of the other meetings listed on the agenda would be considered at the next meeting of the Committee.

51/21 **Disclosure of Interests**

There were no disclosures of interest made at the meeting.

52/21 **Urgent Business (if any)**

There were no items of urgent business.

53/21 **Ongoing Review of Brick by Brick Croydon Ltd and the Future of the Company.**

The Committee considered a report on the ongoing review of Brick by Brick Croydon Ltd and the future of the company, which set out a number of recommendations due to be considered by the Cabinet at its next meeting on 12 July 2021. The report had been included on the agenda to give the Committee the opportunity to provide feedback on the recommendations before Cabinet made its decision.

The Leader of the Council, Councillor Hamida Ali and the Council's Interim Section 151 Officer, Chris Buss, were in attendance at the meeting to introduce the report and answer the Committee's questions.

During the introduction to the report by the Leader, it was noted that there was two guiding principles underpinning the Council's decision making. The first

was reducing the Council's risk appetite and the second was maximising the return on public investment. In this instance, the two principles came into conflict as there would be less risk in pursuing the sale option, but this would mean accepting a lower financial return. Due to their professional expertise, PwC and Savills had been commissioned to prepare reports on the two options, which were listed in the confidential Part B section of the agenda. This advice, along with a huge amount of work undertaken by council officers since the Strategic Review of the Council's Companies was completed in November 2021, had led to the conclusion that completing the build out on the 23 Brick by Brick sites already in development and selling the remaining six sites represented the best return for the Council.

Following the introduction, the Committee was given the opportunity to question the Leader of the Council and the Section 151 Officer on the content of the report and the rationale for the recommendations made. The Chair advised that the questions of the Committee would focus on three key areas, which were officer confidence in the valuations provided, an evaluation of the risks to the Council presented by the two options outlined and whether there were any alternate options that needed further exploration.

The first questions of the Committee focussed on areas where further clarification needed on information provided in the report. From these questions it was noted that the 'Client side' referred to in the report meant the Council. It was also noted that there was an earmarked reserve of £500,000 set aside in the Council budget for Brick by Brick.

It was noted that the Medium Term Financial Strategy (MTFS) had set aside £31m to write off loans made to Brick by Brick. As such the potential impact upon the General Fund from opting for the build out option was questioned. It was confirmed that the build out option was the least worst in terms of minimising the potential loss to the Council. In the best case scenario outlined in the report, the return delivered would actually mean the write-off would be less than £31m budgeted in the MTFS. The build out option was the only one which would allow the Council to keep in line with the budget and MTFS agreed in March 2021.

It was questioned whether Section 123 of the Local Government Act 1972 had been a consideration, as this placed a requirement on Council's to deliver value for council tax payers. It was confirmed that Section 123 only applied to land disposal and as such was not applicable to this decision. However, it was the view of both the professional advisors and the Section 151 officer that building out the 23 sites was the least worst option. It was emphasised that in reaching the recommendations set out in the report as much opinion as possible had been taken into account, to identify the best outcome for council tax payers.

As there were a range of other Council owned sites that had been due to be transferred to Brick by Brick for development, before it had been decided to pause further transfers pending a review of the company, it was questioned what was planned for these sites. It was advised that the Cabinet had already decided in February to review these sites for future use, with the College

Green site already being marketed. If the Council decided to sell these sites, then the capital receipt could be used to reduce the deficit.

It was highlighted that a Councillor had stated during the Council meeting on 5 July, that a town centre site had already been sold for £20m. It was questioned whether this sale had been completed as this statement suggested. It was confirmed that two town centre sites were being marketed, with £20m being the minimum value placed on them. At present neither site had been sold.

Given that the cash flow of Brick by Brick would have been taken into account to reach the valuations in the report, having had varying figures from the company in the past, it was questioned how robust these figures were. Reassurance was given that Brick by Brick had strengthened its financial management since the Strategic Review in November, with greater certainty and accuracy in the figures provided. The figures had also been externally validated by Savills, when preparing their valuations.

In response to a question about the uncertainty range on the property valuations in the report, it was advised that Savills had used recent comparable sales as a benchmark. 20% had been discounted from the comparable average to take into account the various risks and costs associated with development.

As there had been reports in the media about the cost of materials and a shortage of builders, it was questioned how these risks may impact upon the Council. It was advised that as design and build contracts had been used, there was a fixed price for the developments. The contracts also had a fixed term for delivery, so if completion slipped the Council would be able to claim damages for non-delivery.

There was concern raised based on the ongoing Grant Thornton value for money review of the Fairfield Halls refurbishment, particularly the possibility that the work delivered did not meet the expected standard, and whether there could be similar issues on other sites. It was confirmed that similar issues would not be expected as housing units were being delivered, which were fairly standard for contractors. Conversely, the Fairfield Halls was not a standard refurbishment.

Given the uncertainty in the property market, it was questioned whether any level of confidence could be taken from the valuations provided in the report. In response it was highlighted that a reasonable level of certainty could be taken on 21 of the 23 sites as these were due to be completed within the next six months. Unless there was a major, unforeseen change in the property market, these valuations should be achievable. The other two sites were due to take longer to deliver, so there was a greater degree of uncertainty on these valuations.

As a follow-up, it was challenged whether allowance should have been made for another company to provide a separate valuation report, to support the valuations provided. It was confirmed that another company had been

approached for this reason, but they were not able to provide figures in the timescales available to deliver the report. The Section 151 Officer advised that based on the methodology used and the reputation of the company involved, it was unlikely that another organisation would produce figures that were vastly different from those provided.

In response to a question about the role of the Improvement and Assurance Panel in the decision, it was advised that the recommendations had been drafted after the Savills and PwC reports had been received. The draft report was then submitted to the Panel, who broadly concurred with the recommendations.

As the report outlined that additional support would be acquired to assist Brick by Brick with the delivery of the remaining sites, it was questioned what this would cost the Council. It was confirmed that there would be no direct cost to the Council, although the figures provided in the report made allowance for Brick by Brick taking on additional technical and management support. The cost for additional support for Brick by Brick meant there would be less money returned to the Council upon completion, but this mitigation was needed to ensure the sites could be delivered.

It was questioned whether there were any other bids made for Brick by Brick in addition to the one outlined in the report, which it was recommended to turn down. It was confirmed that there had been a number of expressions of interest, but the Council had been unable to take these forward as the bidder had asked for a period of exclusivity, which was not unreasonable given the cost involved. In reaching the recommendation to turn down the bid for Brick by Brick, consideration had been given to the time it would take to evaluate any further bids for the company, which would not likely be completed until October by which point most of the sites would have been delivered. It was also confirmed that no bids had been received on individual sites.

As the majority of the units being developed were flats, it was questioned whether this was a risk given the preference for housing in the property market. It was acknowledged that this was a risk, but at present it was not one reflected in the housing market. The price for flats was not increasing as quickly as those for housing, but equally the prices was not going down.

In response to a question about the risk of Brick by Brick requiring further lending from the Council, it was highlighted that the £10m lending facility agreed by Cabinet in May 2021 had not been used to date. If sales did not proceed as anticipated then it was available to enable Brick by Brick to manage its cash flow, but it was hoped that by the end of the year the Council would start to receive money back from Brick by Brick. In total the Council had lent £161m to Brick by Brick, not including the additional £10m that was available.

As a follow-up, it was questioned what controls were in place to manage the cash flow at Brick by Brick. It was explained that ELT received regular reports on the cash flow of the company and the Council's finance officers met with their equivalents at Brick by Brick on a weekly basis to monitor the cash flow

on a more granular level. Any income generated through sales was placed in a holding account controlled by the Council and released to Brick by Brick as needed.

As the report outlined that should the build out option be chosen, the risk would remain with the Council, it was questioned whether these risks could be effectively managed. It was advised that it would not be possible to give a total guarantee, as there were always unforeseen risks that could go wrong. However, there was a clear recommendation in the report that Brick by Brick needed additional management and technical support to manage the risks involved with the build out option.

It was confirmed that progress on delivering the remaining sites would be reported to the Council on a monthly basis. However, if there were any specific issues affecting delivery, there was an expectation that Brick by Brick would notify the Council immediately.

To minimise the risk from the loss of corporate knowledge as staff left Brick by Brick, the Council was in close discussion to ensure that this knowledge was safeguarded as far as practicable. The question of whether any remaining staff at Brick by Brick would be transferred to the Council had still to be resolved, with a report due to come forward later in the year.

In response to a question about whether there was any possible way to mitigate the cost of external support, it was highlighted that if this support was not contracted it was likely the financial return to the Council would be lower than estimated. By appointing a third party with the right expertise, it would help to mitigate against the risks raised from running down the company.

It was questioned whether it was the right option for the Council to concentrate on the sites being targeted for completion. In response it was highlighted that there had been a report in February which presented a range of different options, including building out all the sites identified for development. In order to pursue this option it would mean the Council borrowing an extra £300m, which was not something that could be considered given the financial challenges the Council was facing.

In response to a number of questions about how the completed housing would be managed, it was confirmed that a further report to confirm the approach would be coming to the Cabinet later in the year.

It was questioned whether there had been any assessment of the cost to the General Fund for the provision of temporary accommodation and whether it would be of greater financial benefit in the longer term to retain some of the housing for use as temporary accommodation. In response it was highlighted that given the Council's challenging financial situation it was preferable to sell the housing when completed to generate a capital receipt. If the housing was retained for temporary accommodation it may be at least two to three years before any financial benefit was realised, which would not help the Council in its current financial predicament. It was also marginal whether the housing

would meet the Council's test of being cost neutral, when acquiring housing for the Housing Revenue Account.

It was confirmed that internal financial controls at Brick by Brick were now much more robust than prior to November 2021 and there was no significant cost expected that the Council was aware of at the time of the meeting. As there was concern about the legal compliance of Brick by Brick it was questioned whether this had been reviewed. It was confirmed that this may be covered in the value for money review being conducted by the Council's external auditor, Grant Thornton. It was acknowledged that in an ideal situation the Council would take the time to learn lessons from what had happen with Brick by Brick, but staff capacity to deliver any such review was limited.

Confirmation was requested that the Council, in pursuing this decision, could be said to have acted reasonably under the Wednesbury Rules. It was confirmed that based upon legal advice given, the Section 151 Officer was satisfied that the Council would meet the reasonableness test in making the decisions outlined in the report.

Although it was accepted by the Committee that five of the six sites identified for sale should be sold, it was agreed that the sale of the Belgrave and Grosvenor site should be placed on hold pending the completion of the stock survey being undertaken in adjoining council buildings, as this would keep options open for the sale of a wider redevelopment site.

It was confirmed that the Lion Green Road site had been given its own appendix as it was the largest site due to be completed. As the development would continue for another year, it was considered to be prudent to review all options for the site. The possibility of building out the site by bringing it back in house had been considered, but it was concluded this was not something the Council was in a position to do. This option would have also created legal issues for the Housing Revenue Account as the development included private housing. The possibility of selling the site to someone else to develop had also been discounted as it would result in the Council losing more money. Therefore allowing Brick by Brick to build out the site was the best option.

Regarding which option presented the greatest risk, it was confirmed that the build out option carried the greatest risk, but it was the only one that gave the Council the possibility of delivering a return. The other options would incur varying degrees of cost. It was advised that a significant seven figure sum had been built into the cost calculation for the build out option to take account of any potential cost escalation. It was confirmed by the Section 151 Officer that based on the professional advice received and the Council having the appropriate controls in place, it was worth the additional risk to pursue the build out option.

Following the opportunity to ask questions on the content of the report, the Committee moved on to considering their conclusions on the report and whether they wanted to submit any recommendations for the Cabinet's consideration.

At the conclusion of this item the Chair of the Committee thanked both the Leader of the Council and the Section 151 Officer for their attendance at the meeting, which had aided the Committee's consideration of the report.

Conclusions

Following consideration of the report, together with the information gathered from questioning during the meeting, the Scrutiny & Overview Committee reached the following conclusions:-

1. The Committee was broadly supportive of the recommendations set out in the report, which would be considered by the Cabinet on 12 July 2021.
2. The Committee agreed that the Cabinet report supporting the recommendations had been well written, informative and clearly presented the case for the decision under consideration.
3. It was noted that a quarterly report would be prepared for the Cabinet setting out the progress made on the build out of the remaining Brick by Brick sites. It was agreed that it would be useful for this information to be shared with the members of the Scrutiny & Overview Committee.
4. Although the Committee was supportive of the disposal of five of the six development sites highlighted in the report, it was agreed the Cabinet should give further consideration to pausing the disposal of the Belgrave and Cosgrove site until the completion of the stock survey on the adjoining council buildings.

54/21 Scrutiny & Overview Committee Work Programme 2021-22

The Committee considered a report setting out its work programme for the year ahead. It was noted that the content of the work programme was subject to change and at present there was two main items on the Committee's agenda for the next meeting on 7 September 2021. The two items were the annual report from the Head of Paid Service and an opportunity to scrutinise an early draft of the updated Community Safety Strategy.

Concern was raised that there was an ever increasing trend of reports being published late, which made it very difficult for Members to fully digest the content. The Chair agreed that this was not acceptable and he would report this concern to officers.

Resolved: That the Scrutiny & Overview Committee Work Programme is noted.

55/21 Scrutiny Recommendations: Cabinet Response

The Committee considered a report which provided the Cabinet's response to recommendations made by the Scrutiny and Overview Committee. The Committee was asked to review the responses and highlight any particular concerns.

It was noted that the Cabinet had rejected a recommendation from the Committee that a 'review be undertaken of past lending to Brick by Brick to provide greater clarity over the arrangements and to ensure that the arrangements were legally compliant'. This raised concern as there was a view that it was important to learn from what had happened with Brick by Brick, to ensure any mistakes made would not be repeated.

It was agreed that until the Value for Money Review of the Fairfield Halls refurbishment by the Council's external auditor, Grant Thornton, it was difficult to make a judgement on the rejection of this recommendation. As such it was agreed that any formal response would be deferred until after the review had been delivered.

Resolved: That the response given by the Cabinet to the recommendations of the Scrutiny & Overview Committee are noted.

56/21 **Scrutiny Information Requests - Brick by Brick & Fairfield Halls**

The Committee considered a report which provided a response to a formal request for information made by the Committee at its previous meeting held on 15 June 2021. The response was provided for the Committee to note the current availability of the information requested.

It was noted that the provision of the information was being hindered by a lack of a document management system, which meant that historic information was difficult to locate. It was agreed that the need for a robust document management process would be picked up with the Chief Digital Officer, when the Digital Strategy was reviewed by the Committee in the autumn.

Councillor Robert Ward, who had originally requested the information as part of a call-in request considered by the Committee on 27 May 2021, confirmed that he had received five of the 18 documents requested so far. There was concern about the availability of the Mott McDonald report that had been requested, as only a summary had been provided to date. It was confirmed that the full report had still to be located. It was requested that the Council should contact Mott McDonald to request a copy, rather than delay provision searching for it internally.

There was concern raised that the Scrutiny & Overview Committee may have been misled by the information it was provided when it considered a report on the Fairfield Halls refurbishment on 31 October 2017. It was agreed that until the information requested had been located and shared it was important to reserve judgement on any potential outcome. It would be a matter for the Scrutiny Chairs in consultation with the Monitoring Officer to decide how best to take any further consideration of this forward.

It was noted that the value for money review being undertaken Council's external auditor, Grant Thornton, was looking at decision making on the refurbishment of Fairfield Halls, and once the outcome had been delivered may answer many of the concerns about the refurbishment. It was confirmed that once the review had been completed it would be considered by the General Purposes and Audit Committee in the first instance.

Resolved: That the response given to the formal information request be noted.

57/21 **Exclusion of the Press and Public**

This motion was not required.

The meeting ended at 9.25 pm

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Date:

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Public Document Pack

Scrutiny & Overview Committee

Meeting held on Tuesday, 17 August 2021 at 6.30 pm

This meeting will be held remotely and a recording can be viewed on the Council's website

MINUTES

Present: Councillor Sean Fitzsimons (Chair), Councillor Robert Ward (Vice-Chair), Leila Ben-Hassel, Jade Appleton and Joy Prince

Also Present: Councillors Hamida Ali, Oliver Lewis and Callton Young

Apologies: Councillor Shafi Khan

PART A

58/21 **Minutes of the Previous Meeting**

The minutes of the previous meetings held on 4 February, 16 February, 23 March, 30 March, 20 May and 27 May 2021 were agreed as a correct record. Agreement of the minutes for the meeting held on 9 February was deferred until the next meeting of the Committee to allow the information provided to be double checked.

59/21 **Disclosure of Interests**

There were no disclosure of interest made at the meeting.

60/21 **Urgent Business (if any)**

There were no urgent items of business for consideration by the Scrutiny & Overview Committee at this meeting.

61/21 **CALL-IN: Novation of building works and profession services contracts from Brick by Brick for Fairfield Halls**

The Scrutiny & Overview Committee considered a call-in request of the key decisions set out in the 'Novation of building works and professional services contracts from Brick by Brick for Fairfield Halls' Cabinet report. The decisions taken in this report were made by the Cabinet at its meeting held on 26 July 2021.

The Chair of the Committee explained the process for considering a call-in, confirming that the Committee needed to agree whether to review the decision or not and if it was decided to proceed, to confirm how much time it wished to allocate for the discussion of the item. The Committee agreed that it would review the decision and allocated two hours minutes for its consideration.

The Chair went on to explain that there were three outcomes the Committee could reach as a result of its review. These were:-

1. That no further action was necessary and the decision could be implemented as originally intended.
2. To refer the decision back to the Cabinet for reconsideration, outlining the nature of the Committee's concerns
3. To refer the decision to Council, if the Committee considered that the decision taken was outside of the Budget and Policy Framework.

At the outset of the item an opportunity was given to the Committee lead on the call-in, Councillor Robert Ward, to outline the grounds for its submission. It was highlighted that both Brick by Brick and Fairfield Halls were of significant importance to the Council and as such before the decision on contract novation was made, it was important for the Scrutiny & Overview Committee to seek reassurance on a number of areas of concern.

Given there had been a significant cost increase over the lifespan of the refurbishment project, reassurance was sought that potential future costs arising from novation were both understood and under control. It was noted that an alternative option was to keep the contract with Brick by Brick, as such further explanation was sought on why this option had been rejected. As the contractual arrangements with Brick by Brick had previously been described as unusual and with the outcome from the Grant Thornton value for money review still awaited, reassurance was sought that there would not be an increased risk by proceeding with novation at this stage. Finally assurance was sought that the Council had the requisite skills in place to manage the closure of the Vinci contract going forward.

Due to the complexities of novation, it was debated whether the Committee should be asking the Cabinet to delay the implementation of its decision until after the external auditor had delivered its value for money review. The Chair of the Scrutiny & Overview Committee highlighted that as it was not yet clear when the value for money review would be finalised, it was difficult to recommend delaying the decision. Due to the potential sums involved in the novation it was important for the Committee to review the decision taken by the Cabinet in order to gain reassurance that it would deliver the best outcome for both the Council and council tax payers.

Following this introduction, the Leader of the Council, Councillor Hamida Ali, the Cabinet Member for Culture & Regeneration, Councillor Oliver Lewis and the Executive Director for Place, Sarah Hayward, were given the opportunity to explain the reasons for proceeding with the contract novation. It was highlighted that the decision should be considered within the context of the other decisions taken by the Cabinet since November 2020 to address the governance issues highlighted in the Strategic Review of the Council's Companies and other reviews. As the sole shareholder of Brick by Brick it was important to maximise the return to council tax payers and by bringing the contracts for the refurbishment of Fairfield Halls into the Council it allowed Brick by Brick to focus on its housing delivery programme. Novation also gave the Council full control over the Fairfield Halls venue, allowing it to move

forward with the completion of the Vinci contract and identify any further work required to deliver a first class venue.

Prior to the Committee having the opportunity to ask questions about the decision, concern was raised by Councillor Robert Ward about what was felt to be an ongoing pattern of not providing Scrutiny with the information it required to fulfil its role effectively. In response the Council's Interim Monitoring Officer, Asmat Hussain, advised that there had not been a refusal to provide information, but due to officer capacity to locate the information requested, there had been a delay in providing some of the information requested. It was agreed that the Councillor Ward would meet with the Interim Monitoring Officer outside of the meeting to discuss these concerns.

At this stage of the meeting the Chair of the Committee proposed a motion that as part of the information provided was restricted due to commercial sensitivity it would be sensible to move into a Part B session to allow discussion of this information before returning to the public meeting to conclude the item. This motion was approved by the Committee.

Having completed asking questions about the information set out in the confidential section of the Cabinet report, the Committee meeting returned to a public session. Before continuing their questioning on the decision, the Chair of the Committee summarised the discussion held in private, which included questioning of the potential additional costs to the Council, the total refurbishment cost, the process for transferring the contracts and the likely challenges for the Council as a result of completing the novation of the contracts.

As concern had been highlighted in the call-in request about the potential risks presented by the unusual contractual arrangements used by Brick by Brick for the refurbishment, further detail on this was requested. It was advised this related to the mechanism for letting the contract and the licensing agreement, both of which were being looked at as part of the external auditor's value for money review. Further work was needed on the review and as such confirmation could be given on when it would be completed at this stage.

It was accepted by the majority of the Committee that the decisions flowing from the original decision to wind-up Brick by Brick, meant that the novation of the contracts for the refurbishment of Fairfield Halls was the next logical stage in the process. In doing so it would also allow Brick by Brick to focus on completing its housing building programme. It was suggested that the Cabinet report could have made it clearer that a benefit of novation was enabling Brick by Brick to focus on house building.

In response to a question about any potential tax liability falling to the Council as a result of novation, it was confirmed that tax was unlikely to have a material impact. The Council was able to claim back VAT and as Brick by Brick had not been making a profit, there was no tax issues in that regard. In relation to other liabilities it was confirmed that the liability of the contractor would still remain with the contractor after novation and any insurance in

place for this would continue to run. As the Fairfield Halls was owned by the Council, any other liabilities would remain with the Council.

The key risks to proceeding with contract novation were questioned, with it confirmed that as the contract with Vinci was still in dispute, there was uncertainty about any further sums that would need to be paid. There was also a need to ensure that the process was properly resourced going forward. However, if the contract was left with Brick by Brick there was a risk that additional work would be required once the contract had been closed and by leaving it with Brick by Brick it would mean it took longer to complete the work. On balance it had been decided it was preferable to move the contract within the Council's control.

As the value for money review had not yet been completed, it was questioned whether there was an increased risk by proceeding with novation before the outcome was known and should there be any illegality found, how it would impact upon the Council. It was confirmed that the Council had checked with the auditor about the proposal to novate the Fairfield Halls refurbishment contracts, who had confirmed that they did not have an issue with novation. It was also confirmed that the novated contracts did not related to the primary concern of the value for money review, which was related to the tender process and state aid.

In response to a question about whether there was a client management framework in place to manage the process after novation, it was confirmed that the Council was in the process of recruiting a Commercial Director, who would provide additional director capacity. Including the support contracted from the quantity surveyor, Chronos Ltd and MICA architects, there was confidence there was sufficient capacity to manage closing the Vinci contract.

It was confirmed that there was not currently a maintenance schedule in place for Fairfield Halls, but it needed to be completed as soon as possible. Once the contract had been closed, the Council would then be in a position to set out the future asset strategy for the venue.

It was highlighted that the Fairfield Halls refurbishment had previously fallen under the portfolio of the Leader of the Council, Councillor Hamida Ali, as part of Brick by Brick. As the Cabinet report for the contract novation listed the Cabinet Member for Culture and Regeneration, Councillor Oliver Lewis, as the lead member, there was a concern that there may be confusion about political accountability for the project moving forwards. It was agreed that political accountability needed to be clarified as soon as possible.

At the conclusion of the questioning the Chair thanked both the Officers and Members in attendance for their engagement with the questions of the Committee.

The Scrutiny and Overview Committee moved to deliberating on the outcome for the call-in. There was a difference of opinion amongst the Committee on how best to proceed, with two Members of the opinion that the decision should be referred back to the Cabinet with a request to delay the decision

until the outcome of the value for money review was known. The other four members of the Committee agreed that no further action was needed at this stage as it was a greater risk to the Council in leaving the contract with Brick by Brick and the value for money report was not a material consideration to the decision. As the majority of the Committee was in favour of no further action on the call-in this decision was carried. It was also agreed that a number of recommendation that had been noted during the meeting would be submitted to the Cabinet for further consideration.

Information Requests

Under the powers set out in Part 4B: Access to Information Procedure Rules, of the Council's Constitution, the Committee agreed to make the follow requests for additional information:-

1. A summary of the difference between the valuation undertaken by Chronos Ltd in comparison with that of the previous contracted quantity surveyor.
2. A breakdown of the total costs included in the £69m brought into the Council from Brick by Brick as capital expenditure.
3. A copy of the legal advice provided by Gowling WLG to the Council concerning EU State Aid relating to the setting up of and the further public funding of Brick by Brick.

Conclusions

Following its consideration of the call-in request and the subsequent information gathering during questioning at the meeting, the Scrutiny & Overview Committee reached the following conclusions:

1. There was differing views amongst the Committee about the outcome for the call-in request, with some Members of the view that it should be referred back to the Cabinet for further consideration once the Grant Thornton value for money review had been completed. However, the majority of the Committee concluded the review was not a material consideration for decision and as such it could proceed as originally intended.
2. The majority of the Committee concluded that the risk of keeping the Fairfield Halls refurbishment contract with Brick by Brick outweighed the risks of novating the contract to the Council. In particular bring the contract within the control of the Council would help to safeguard the public purse and allow work to be completed on the venue.
3. There was further concern voiced about the provision of information to Scrutiny in a timely manner, which was especially disappointing considering the issue had been raised a number of times before. It was agreed the Vice-Chair of the Committee would meet with the Interim Monitoring Officer to discuss the issue. It was also agreed that the Access to Information Protocol was needed as soon as possible to provide a clear framework for the provision of information.
4. Given the aforementioned concerns about the provision of information to Scrutiny, the Committee agreed that every effort needed to be taken

to correctly catalogue and file any documents handed over to the Council as part of the novation

5. As responsibility for Brick by Brick fell within the portfolio of the Leader of the Council and the lead for the Cabinet report for the contract novation was the Cabinet Member for Culture and Regeneration, there was concern that this may lead to confusion and given the importance of Fairfield Halls it was agreed there needed to be clear political accountability.
6. Although it was accepted that the Vinci contract needed to be closed before an ongoing programme of maintenance could be prepared for Fairfield Halls, it was agreed that this needed to be in place as soon as possible to safeguard the venue for the longer term.
7. There was a concern that the Cabinet report did not clearly state the case for proceeding with the novation of the Fairfield Halls refurbishment contract and had this been the case it may have prevented the need for a call-in. The Committee felt that this was reflective of a wider issue with quality of committee reports and given they helped to inform the public perception of the Council, it was agreed that this should be addressed as part of the governance improvement work.

Recommendations

Having considered the information presented at the meeting, the Scrutiny and Overview Committee agreed to submit the following recommendation for the consideration of the Cabinet:-

1. It is recommended that the political lead from the Cabinet for the completion of the Fairfield Halls refurbishment project is confirmed as a priority, to ensure there is the proper level of accountability.
- 2a. It is recommended that an ongoing programme of maintenance for Fairfield Halls is completed as soon as possible.
- 2b. It is recommended that the programme of maintenance is scheduled for regular scrutiny to provide public reassurance the venue is being maintained to an appropriate standard.
3. It is recommended that work to improve the quality of committees reports, both in terms of training for report authors and ensuring report formats meet best practice standards, is included as part of the ongoing governance improvement work of the Council.
4. The Committee would like to request that the Access to Information Protocol is completed as soon as possible and any consultation on the document should include the Scrutiny Chairs.
5. The Committee would like reassurance that there is sufficient officer capacity and an appropriate document management system in place to ensure that any documents received as a result of the novation are properly catalogued and filed for future reference.

62/21 Exclusion of the Press and Public

The following motion was moved by Committee Chair to exclude the press and public:

“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.”

The motion was put and it was agreed by the Committee to exclude the press and public for the remainder of the meeting.

63/21

CALL-IN: Novation of building works and profession services contracts from Brick by Brick for Fairfield Halls

The held a private session to discuss the confidential information set out in the Part B section of the agenda.

The meeting ended at 10.15 pm

Signed:

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Date:

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Agenda Item 5

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| REPORT TO: | Scrutiny & Overview Committee |
| SUBJECT: | SCRUTINY IMPROVEMENT PROGRAMME |
| LEAD OFFICER: | Simon Trevaskis – Senior Democratic Services & Governance Officer – Scrutiny |
| PERSON LEADING AT SCRUTINY COMMITTEE MEETING: | Councillor Sean Fitzsimons – Chair of the Scrutiny & Overview Committee |
| PUBLIC/EXEMPT: | Public |

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| ORIGIN OF ITEM: | At its meeting on 30 March 2021, the Scrutiny & Overview Committee approved the findings from the Scrutiny Improvement Review conducted by the Centre for Governance & Scrutiny. This report sets out how the new approach based on the recommendations will start to be delivered. |
| BRIEF FOR THE COMMITTEE: | The Scrutiny & Overview Committee is asked to endorse the proposed approach for delivering the recommendations arising from the Scrutiny Improvement Review. |

1. SCRUTINY IMPROVEMENT PROGRAMME

- 1.1. At its meeting on 30 March 2021 the Scrutiny & Overview Committee approved the recommendations arising from the Scrutiny Improvement Review conducted by the Centre for Governance and Scrutiny of the scrutiny function in Croydon. The review was originally commissioned by the Committee in March 2020 and had taken into account the findings of the Report in the Public Interest and other Council reports in making its conclusions
- 1.2. In total there were 13 recommendations set out in the report. These were:-
 - Recommendation 1:** Take action to ensure that scrutiny can play an immediate role in the Council's financial recovery.
 - Recommendation 2:** Secure meaningful commitment to scrutiny from the executive side of the organisation.
 - Recommendation 3:** Determine scrutiny's role within the wider governance framework, particularly with regard to quarterly progress monitoring on the Council's new Action Plan.
 - Recommendation 4:** Establish a Scrutiny Co-ordination Group.
 - Recommendation 5:** Set a more consistent approach to the provision of information to scrutiny councillors.
 - Recommendation 6:** More systematic prioritisation of the work programme.
 - Recommendation 7:** Bring more focus and rigour to scrutiny in committee.
 - Recommendation 8:** Identify and act on short term member and officer training and development needs to address the above.

Recommendation 9: In the medium term, scrutiny needs to be closer to commercial operations.

Recommendation 10: In the medium term, take steps to expand public participation and community involvement in the work of scrutiny.

Recommendation 11: In the medium term, a more robust role for scrutiny in the pre-decision scrutiny process.

Recommendation 12: In the medium term, adopt a Member and Officer scrutiny development and skills programme which embeds learning opportunities into scrutiny's substantive work.

Recommendation 13: Ensure cabinet member advisory committees (CMACs) and Scrutiny are co-ordinated, and that there is also co-ordination with the Council's member audit committee (GPAC).

- 1.3. When these recommendations were agreed by the Committee, it was also agreed that recommendations 1, 5 and 6 would be the initial priorities for delivery, along with recommendation 8 to ensure that the appropriate training was included to embed the new approach.
- 1.4. It was agreed that the Centre for Governance & Scrutiny would be asked to work with the Council on the delivery of these recommendations. A Scrutiny Improvement Reference Group made up of six Scrutiny Councillors was set up to provide its insight on the proposals as they were developed.
- 1.5. The Reference Group has met on three occasions, initially in May and June to help shape the thinking on the proposals and again on 25 August to review the final report from the Centre for Governance and Scrutiny setting out the new approach, which is attached at Appendix A. The Reference Group welcomed the proposals and agreed to recommend its endorsement to the Scrutiny & Overview Committee.
- 1.6. Recognising that it was equally important to have the buy-in from the officer side of the Council, the report was also review by the Executive Leadership Team on 24 August 2021, with the approach set out in the paper receiving their endorsement.
- 1.7. Providing the proposal is endorsed by the Committee, the next steps with be to move ahead at pace with its delivery, with it anticipated that a training session on the new approach will be held for Councillors by the end of September, providing a convenient date can be found in the Council calendar. Appendix A provides further information on the delivery of the new approach.

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APPENDICES

Appendix A: Centre for Governance & Scrutiny proposal for a new approach to Scrutiny

NOTE FOR SCRUTINY & OVERVIEW COMMITTEE ON THE NEW APPROACH TO SCRUTINY

1. Introduction and background

This paper is designed to set out new ways of working for scrutiny – in particular, the operation of new systems for members to bring focus and prioritisation to their work. This new approach to work programming will be supported by member training and a more targeted system for sharing information with councillors, which is itself being complemented by work to draft a Protocol on Members’ access to information.

This follows two sessions with Scrutiny Improvement Reference Group earlier in 2021. At these sessions the findings of the CfGS “scrutiny improvement review” (SIR) were discussed, and there were discussions about the steps that should be taken in response.

The recommendations of the SIR, which members agreed to take forward, were as follows. Following conversations with members and officers CfGS suggested (and Reference Group agreed) that Recommendations 1, 5 and 6 needed to be taken forward as a matter of priority (with training and development support alongside, as covered in Recommendation 8), and this paper focuses on those matters specifically.

Short-term recommendations

- 1: Take action to ensure that scrutiny can play an immediate role in the Council’s financial recovery.
- 2: Secure meaningful commitment to scrutiny from the executive side of the organisation
- 3: Determine scrutiny’s role within the wider governance framework, particularly with regard to quarterly progress monitoring on the Council’s new Action Plan [now the Renewal Plan].
- 4: Establish a Scrutiny Co-ordination Group.
- 5: Set a more consistent approach to the provision of information to scrutiny councillors.
- 6: More systematic prioritisation of the work programme.
- 7: Bring more focus and rigour to scrutiny in committee.
- 8: Identify and act on short term member and officer training and development needs to address the above

There is also a handful of recommendations designed for the medium term.

Following councillors’ discussions, proposals were taken forward to the council’s Executive Leadership Team of senior officers (ELT) to secure buy-in. ELT are now moving to put in place the support arrangements needed for the new system to work.

It is suggested that a version of this paper is submitted to the scrutiny committee meeting due to be held on 7 September.

2. The overall focus of the new system

2.1 Scrutiny needs to become more focused on critical matters where it can make a real difference

CfGS has provided support to a number of councils either under formal intervention, or in receipt of intensive Government/sector support.

The introduction of formal intervention, and the highlighting by external bodies of a council's weaknesses, often leads to a drive to over-scrutinise – to feel a need to review and scrutinise everything. This kind of overcorrection is logically driven but within limited resources, attempts to look at everything end up in the result of not being able to look at anything adequately – scrutiny becomes rushed and superficial. Such scrutiny often ends up being very focused on inputs and outputs – for example, the mechanics of RAG rating and performance management, and the querying of the contents of individual lines on a budget.

A common theme for successful scrutiny under these conditions is the need for an exclusive focus on the core factors that the council needs to act on in order to stabilise and improve. This is explained fully in section 4 of this paper.

2.2 Scrutiny must be carried out in a way that makes best use of limited resources

The changes proposed in this paper have been designed to fit within the resources currently available to carry out scrutiny in Croydon. In doing so, they take account of the need for all officers to provide support to scrutiny and scrutiny councillors – not just officers working in democratic services. Understanding the role of a wider range of officers in supporting scrutiny is an important part of the new system.

Overall the need to operate within existing resources means:

- A **more systematic approach to member/officer discussion** between meetings on what matters committee propose to be investigated, informed by access to high quality information. The Access to Information Protocol (currently under development) will provide further consistency to avoid the need for ad hoc determination of which information may or may not be provided to members;
- Members will need to plan agendas carefully to maximise impact. Part of the plans envisage **six-weekly planning meetings between chairs and workstream leads** (with a single planning meeting covering all four committees) where members make practical judgements about the organisation of agendas and the work programme subject to the rules we discuss above. These would not be places where scrutiny is conducted;
- Each committee meeting will need to be limited to **two substantive items per agenda (alongside an assumption that each item would take 1 hour / 1 hour 15 mins to effectively consider)**. Processes for identifying these matters are discussed in more detail below. This approach will limit the volume of preparation required from officers and members as well as focusing more time where it really matters. It will also make it easier for scrutiny committees to focus, where necessary, on holding executive members to account, as well as posing questions to officers;
- Task and finish work will continue in the medium term, to accommodate the need to establish the other scrutiny arrangements covered in this paper, and to reflect the need for a short term focus on the Renewal Plan.

The work programming approach described in this paper has been designed to allow the scrutiny function to add significant value to the council improvement journey, in particular the implementation of the Renewal Plan.

3. Training and support in the new system

The process described in this paper will require that both councillors (chairs and committee members) and officers are provided with support to understand their roles, obligations and responsibilities. Training and development is an important part of the improvement process – it will help councillors and officers to master their roles and responsibilities in new systems, and ensure that they have the skills and expertise to further develop the scrutiny function in the future.

Councillor-facing activity

Councillors themselves need to play a part in developing and agreeing sustainable, robust development arrangements. As such, we welcome members’ views on the below development plans.

Traditional training and development sessions

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| The fundamentals of scrutiny | Covering scrutiny’s legal powers and providing introductory information on the new approach to scrutiny at Croydon set out in this paper, including the need for focus to ensure effective scrutiny. |
| Scrutiny of the Renewal Plan | Explanation of how practical scrutiny of the Renewal Plan will work in detail, informed by the systems that underpin the plan. |
| Scrutiny and information | Covering the main types of information that councillors are likely to see in the information digest and how to interpret it – also covering councillors’ information rights as set out in the Access to Information Protocol / Procedure Rules |
| Scrutiny, audit and oversight of financial management | Session for both scrutiny and audit committee members setting out mutual roles and responsibilities, especially around financial oversight and risk, as set out elsewhere in this paper. |

Self-directed learning

CfGS has a range of written materials on effective scrutiny, some of which will be redrafted to meet the needs of Croydon’s members, to provide manageable opportunities to learn from the experiences of other councils, and to benefit from national research on the value of scrutiny in an improving organisation.

CfGS will identify good practice in other councils and direct Croydon members to webcasts of meetings which will provide good examples to inform members’ development.

We will develop a suite of material based on where gaps might exist elsewhere in the training and development programme, and where councillors express in interest in expanding their knowledge.

Training and development incorporated into the design of scrutiny work

- Skills in topic selection – which will be built into the way that matters are proposed for inclusion on the work programme. We will provide ongoing support on work programming, integrated with the wider proposals in this paper;
- Skills in planning and preparation – focusing on how to achieve constructive, strategic outcomes from scrutiny’s consideration of an issue and setting out an approach to achieve them. This will involve developing more consistent scopes for scrutiny’s involvement in an issue, and assisting with the planning and design of individual scrutiny meetings;
- Team building skills, and questioning skills. This will include creating spaces within and beyond committee meetings where councillors can discuss priorities and objectives – it will be linked to the the need to collectively develop lines of questioning in committee meetings;
- Skills in analysis of information (in particular the kinds of information that councillors will see that relate to the Renewal Plan) – this will also support councillors to be more self-servicing in their use of information;
- Relationship management skills – with those from within and beyond the council. Councillors will be supported to integrate an awareness of partnership working into the way they work – recognising that not only the council will be involved in the delivery of business-critical issues;
- Skills and methods in working with the public (depending on the extent to which scrutiny work in 2021/22 includes plans for public-facing working, or the need to gather evidence directly from local people). In the short term we do not anticipate sustained work with the public, but enhancing members’ capacity will involve being prepared to design new systems, which councillors can lead, for gathering insights and views from local people.

CfGS will also support the preparation of role profiles for scrutiny chairs and workstream leads.

Peer support provided by the LGA

One to one coaching and mentoring will focus on developing the skills of chairs, vice chairs and scrutiny workstream leads. Coaching can focus on:

- Peer observation of committee meetings, and supporting chairs to consider how committee management can be made more effective, in terms of the timing of agendas (and meetings overall) and the management of committee questioning, as well as ensuring that individual items and meetings overall have clear outcomes;
- Scrutiny leadership between meetings – the selection of items for the work programme and the management of relationships between members of the committee, senior officers and Cabinet members;
- Other personal development needs which might be identified.

Officer-facing activity

For senior officers and others preparing reports to members, this will be:

- General support to senior managers to understand and act on the new arrangements, particularly in the first two committee cycles. This support would start as soon as possible and continue through to the end of the year, and would involve one formal workshop (which would explain the fundamentals of scrutiny and the powers of committees) followed by informal, ad hoc support as required.

- Support to link officers for workstreams and committees. We suggest that each committee and workstream should have a single, named executive-side officer to act as a primary source of contact – we would provide these individuals with bespoke support;
- Support to report authors. Where matters are identified through the work programme for committee agendas, identified report authors would benefit from support from CfGS to ensure that the outcomes and objectives of bringing that issue to scrutiny are understood.

Officer support will also include practical support to scrutiny officers to undertake their roles in producing overview reports, and supporting Chairs/ Vice Chairs in meetings to ensure consistent adherence to the new approach.

4. The detail of the new system

4.1 General principles

At their meeting on 15 June, scrutiny councillors agreed the general terms of the new approach to the prioritisation and delivery of scrutiny work to which this paper refers. The changes are informed by several practical principles:

- Scrutiny will focus only on strategic issues relating to **business-critical matters**, and in particular the Croydon Renewal Plan;
- Scrutiny of those matters will relate to a **limited number of areas** where the council is developing policy, and input into matters where **trends** exist which suggest that persistent challenges and weaknesses require that a given issue be escalated for consideration by a committee;
- Scrutiny activity will be **better co-ordinated** between committees;
- Scrutiny will receive **regular advice** from the s151 officer and Monitoring Officer to assist in the development of the work programme and to ensure that scrutiny's work aligns with wider improvement activity;
- Scrutiny's work will be carried out with an awareness of **risk**. The development of the work programme will be informed by an understanding of where areas of risk lie, and as such liaison with GPAC (or its successor committee) will be required. However, scrutiny will not examine risk itself or the authority's management of risk, as these are matters for GPAC;
- The **timely and proportionate** provision of accurate and relevant information will be central to the above.

These principles are also informed by the focus of the Croydon Renewal and Improvement Plan on the creation of new performance management and oversight systems. These plans are designed to align with that activity.

The exclusive prioritisation of scrutiny's work onto business critical activities, including council improvement and recovery, is a critical part of this work. It will involve a reduction of the number of substantive items being considered per meeting, and a reduction in the length of those meetings. At least in the short term, it will involve a reduction in task and finish activity.

4.2 “Business-critical” issues

While there are a wide range of activities in which scrutiny could conceivably be involved, focus and prioritisation are critically important.

It has already been agreed that business critical activities will be divided into three workstreams, as follows.

Workstream 1: Corporate recovery (led by the Scrutiny and Overview Committee)

- Proportionate oversight of the delivery of council’s plans for improvement – primarily the delivery of the Renewal Plan;
- Oversight of the delivery of a balanced budget for 2020/21 and a sustainable balanced budget for 2021/22 alongside a robust MTFs.

Workstream 2: Ensuring that scrutiny understands and acts on the impact that strategic risks may have on the delivery of the Renewal Plan (led by the Scrutiny and Overview Committee)

- Understanding where risks lie, and how they are being managed, to ensure that scrutiny uses these insights to inform its wider work. It is important for scrutiny to understand strategic risks facing the authority because it helps the function to understand how those risks will impact the delivery of the Renewal Plan.
- The RIPI and Rapid Review both highlighted councillors’ lack of awareness of risks. This workstream will involve liaison with GPAC to ensure a distinct role for scrutiny. This will be about ensuring that the scrutiny function is aware of ongoing and emerging risk matters, consideration of which can inform its wider work programme;

Workstream 3: Supporting local people and keeping them safe (split between CYP, HSC, SEH)

- Oversight of the safety and effectiveness of services in relation to:
 - Adult social care, with particular reference to oversight of the Council’s response to the diagnostic review being undertaken by the LGA;
 - Children’s services, and particularly services provided to unaccompanied asylum seeker children (UASC);
 - Economic recovery post-pandemic with particular reference to the Growth Zone.

Councillors have agreed that each workstream will have a **scrutiny lead member** responsible for keeping a watching brief on emerging information and issues relating to that workstream and taking an active role alongside scrutiny committee Chairs. The identity of these lead members has yet to be designated. This will provide more leadership responsibilities on scrutiny for a wider range of members, aiding in member development and Chair succession planning.

In future the work programme will comprise of a mix of matters relating directly to this list, which meet one of the following two criteria:

- **anticipated some time in advance** (and likely to relate to longer-term policy development). Councillors will be supported to identify a limited, proportionate number of areas relating to critical business, where the council is planning to overhaul, evolve or refine its policies, and where the involvement of scrutiny would add clear value.

- **matters escalated** using the systems described in the “proposed workflow for work programme” below. We anticipate that only a small number of matters will be escalated in this manner. Matters escalated this way would relate to trends – where medium term challenges and pressures exist – rather than individual points of data which might cause concern. In this way, escalation to scrutiny provides a backstop to the other improvement and oversight systems currently being put in place.

In doing this it is proposed that separate, general, standalone items for Cabinet member questions do not continue, and that Cabinet members be instead invited to attend to give evidence and answer questions on substantive agenda items.

5. Ensuring access to information for scrutiny

A new approach to the prioritisation and focus of scrutiny’s work overall requires a new approach to the provision to scrutiny of information held by the authority.

As a baseline, information provision must meet statutory requirements and Government guidance, which says that “scrutiny members should have access to a regularly available source of key information about the management of the authority”.

Any new approach must recognise resource limitations and the need for member scrutiny to focus on business-critical activity (as noted above).

5.1 How should information be made available?

The primary means of sharing information will be by way of a regular information digest whose contents are focused on the council’s wider improvement activity, and consistent with the requirements of statutory scrutiny guidance. Members would receive, initially, training and support to understand this information. The exact method by which it would be shared is explained in the section below on workflow (section 5).

The information which will form part of this digest includes:

- The CRP performance report;
- Digest of savings proposals delivery;
- The organisational health dashboard;
- Summary Complaints data;
- The Forward Plan;
- GPAC forward plan / work programme;
- Departmental performance, finance and risk reports, by exception only;
- PMO reports (RAG rated and providing information by exception, if available).

ELT have signed up to this approach, and the first of these information digests is currently under development.

We expect that information production cycles will mean that not all of the information set out above will be available in the same way at the same time. This is unlikely to present significant problems – the purpose of the exercise is to allow councillors to identify and act on trends in the data, rather than individual data points. We have several expectations of how this information will be used:

- It will allow members to identify and understand cross-cutting issues evidenced by data from multiple sources, and performance and improvement trends (rather than individual points of data or individual reports);

- It will frame scrutiny’s engagement with critical matters which are high profile and where political oversight, and input, are likely to be especially useful to the authority and the community at large;
- It will result in a significant reduction in the volume of direct requests for information from councillors to officers. The way that such direct requests will be managed will form part of the subject of the council’s member access to information protocol, currently under development.

6. Next steps

The below timetable is set out as an illustration of how we consider this process might be managed in the coming weeks and months.

Until new arrangements are in place we anticipate a process of transition where committee chairs use emerging information to put in place changes to the work programmes of their committees.

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| Late August | <p>Agreement of these plans with the council’s senior leadership and with Scrutiny Improvement Reference Group.</p> <p>Begin collation of first information digest</p> |
| 7 September | <p>Committee takes report setting out:</p> <ul style="list-style-type: none"> • this new approach overall, providing an opportunity to confirm explicit member ownership of the new process. • agreement of workstreams and workstream leads. • New arrangements for work programming • Training and development arrangements to support this approach. |
| September | <p>First information digest produced; first planning meeting (also to be used to identify opportunities to integrate training and development into scrutiny work).</p> <p>Formal training and development for scrutiny councillors begins, to continue until the end of the calendar year.</p> <p>Internal communications for council officers on the changes; initial workshop for officers.</p> |
| Late November | <p>After the end of the second cycle of ordinary planning meetings, a light touch review by CfGS of the effectiveness of the new system, to identify the need for possible changes (especially in light of the outcome of the October governance referendum).</p> |

Appendix: Proposed workflow for work programming

Information is provided to councillors by way of an information digest on a six-weekly basis



Advice provided by the statutory scrutiny officer in consultation with Chair on what matters arising from the information digest might be escalated to committee – where

- A business-critical matter is affected or involved;
- Performance, finances, or risks relating to that matter, are a cause for concern, and have been a cause for concern for some time (i.e. there is a downward trend or the prospects for improvement appear, on the data, to be uncertain);
- Evidence for that contention can be found across multiple information sources.



A six-weekly meeting for chairs and workstream leads to decide on the appropriate approach for escalation. This meeting will consider potential items for all forthcoming meetings – it will not be a pre-meeting for a single meeting or committee. It would provide an opportunity for councillors to satisfy themselves that scrutiny's involvement in the issues identified would benefit from scrutiny's input. Members would be supported at this meeting by the s151 officer and Monitoring Officer, the Director of Policy, Programmes and Performance, and the Head of Democratic Services.



Notice provided to officers of the need to provide reports and to attend committee. Notice would provide information on councillors' specific expectations in escalating the matter, and would assist officers to ensure that the right person/people will be present to participate in discussion. It would also help officers to determine what additional information might be provided, at committee, to assist member discussions on the issue.



Following the meeting, the relevant Chair to debrief with officers on the effectiveness of debate and discussion, as well as following up on any relevant recommendations.

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Agenda Item 6

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| REPORT TO: | Scrutiny and Overview Committee 7th September 2021 |
| SUBJECT: | Financial Performance Report – Month 3 June 2021 |
| LEAD OFFICER: | Richard Ennis, Interim Director of Finance, Investment and Risk (S151 Officer) |
| PUBLIC/EXEMPT: | Public |

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| ORIGIN OF ITEM: | This report provides the Overview and Scrutiny Committee with details of the last monthly monitoring information provided to Cabinet and noted by them on 16 th August for consideration by this committee. |
| BRIEF FOR THE COMMITTEE: | The Scrutiny and Overview Committee is asked to:- <ol style="list-style-type: none">1. Note the contents of the Cabinet report considering the Period 3 financial monitoring position and forecasts as set out in the appendices to this report.2. Considered whether there are any areas of in need of further scrutiny that should be scheduled for later in the year by either the Committee or one of its Sub-Committees. |

1. FINANCE PERFORMANCE REPORT – MONTH 3: JUNE 2021

- 1.1. The Scrutiny and Overview Committee is provided with a copy of the Month 3 Finance Performance report considered by the Cabinet at its most recent meeting on 16 August 2021. This report has been include on the agenda to ensure the Committee has an overview of the current financial performance in regards to the delivery of the 2021-22 budget.
- 1.2. The report is also provided as a tool for the Scrutiny & Overview Committee to identify whether there are any areas of concern within the report that should be scheduled for further scrutiny later in the year by either the Committee or one of its Sub-Committee.

2. FINANCIAL IMPACT

- 2.1. Monitoring and reporting to Cabinet has been embedded as a monthly process and thus is reported as Period 3 whereas in previous years would have been reported as Quarter 1, the emphasis and importance of managing our budgets and spend on a more regular basis is thus highlighted.
- 2.2. Whilst the overall forecast of a £20k overspend is an improvement of £563k on the month 2 forecast, this is after taking into account the corporate release of £3.451m of covid contingency reserves. Service departments have been issued clear instructions to mitigate all emerging pressures by identifying alternative

mitigations and we expect services to continue to identify future opportunities to improve the current forecast position.

- 2.3. Further risks to the forecast are being monitored and actions identified to mitigate these. Should all risks relating to existing agreed savings as well as newly emergent risks materialise this would increase the potential overspend reported above. However, in addition to potential risks are a number of opportunities which are available to be exploited which may be crystalised to offset the potential level of those risks.
- 2.4. The Housing Revenue Account [*HRA*] is forecasting an overspend of £0.802m – a reduction of £0.793k on the previous Period 2 forecast and would be met from HRA balances brought forward.
- 2.5. Details of capital expenditure for both the General Fund and HRA are also set out in the attached copy of the monitoring report considered by Cabinet and forecast an underspend of £23m and £81m against the respective programmes.

REPORT AUTHOR: Matthew Davis, Deputy Section 151 Officer

APPENDICES:

Appendix A – Cabinet Report – Financial Performance Report – Month 3

Appendix 1 - Service Budgets and Forecasts

Appendix 2 - Capital Budget and Spend

BACKGROUND DOCUMENTS: None

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| REPORT TO: | Cabinet 16 August 2021 |
| SUBJECT: | Financial Performance Report – Month 3 (June 2021) |
| LEAD OFFICER: | Chris Buss, Interim Director of Finance , Investment and Risk (S151 Officer) |

SUMMARY OF REPORT:

This report provides the Council's annual forecast as at Month 3 (June 2021) for the Council's General Fund (GF), Housing Revenue Account (HRA) and the capital programme. The report forms part of the Council's financial management process of publically reporting financial performance against its budgets on a monthly basis.

FINANCIAL IMPACT

The Month 3 position is currently indicating a net overspend of £0.020m against budget – this represents a £0.563m favourable movement against the Period 2 forecast. This is before taking into account further risks and risk mitigations. In total, £10.626m (Month 2 £11.828m) of further risks (of which £2.229m relates to approved savings risks) are identified against which £7.799m (Month 2 £8.748m) of potential opportunities are identified and set out in the body of the report. Section 3 details these risks and risk mitigations and further discusses the impact on the General Fund if these were to materialise.

The HRA is indicating an overspend of £0.802m (Month 2 £1.595m) against budget. This overspend is further detailed within Section 5 of the report.

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

- 1.1 Cabinet are asked to note the General Fund is projecting a net favourable movement of £0.563m from Period 2. Service departments are indicating a £3.471m overspend (Month 2 £4.034m) with this being netted of as in the past two months against release of a one off Covid Grant (£3.451m) confirmed to Croydon Council for 21/22 by MHCLG as part of the Local Government Finance Settlement;
- 1.2 Note that a further number of risks and compensating opportunities may materialise which would see the forecast year-end variance change and these are reported within Section 3 of this report. Should these risks materialise or the mitigations not be effective the Council could overspend by £2.847m (Month 2 £3.676m);

- 1.3 Note the Housing Revenue Account (HRA) is projecting a £0.802m (Month 2 £1.595m) overspend for 2021/22. If no further mitigations are found to reduce this overspend the HRA will need to drawdown reserves from HRA balances;
- 1.4 Note the capital spend to date for the General Fund of £4.372m (against a budget of £138.688m) and for the HRA of £4.061m (against a budget of £183.209m);
- 1.5 Note, the above figures are predicated on forecasts from Month 3 to the year end and therefore could be subject to change as forecasts are refined and new and updated information is provided on a monthly basis. Forecasts are made based on the best available information at this time; and
- 1.6 Note that whilst the Section 114 notice has formally been lifted, the internal controls established as part of the S114, such as the Spend Control Panel remain. However, restrictions have been lifted for ring-fenced accounts such as the Pensions Fund, Housing Revenue Account and Coroner's Costs as these do not directly impact on the financial position of the General Fund. The Spending Control Panel which was set up at the beginning of November 2020 continues to meet on a twice daily basis.

2. EXECUTIVE SUMMARY

- 2.1. This reports sets out the Council's current General Fund revenue budget projected outturn for the full year as at Month 3, June 2021.
- 2.2. The forecast General Fund revenue forecast has improved by £0.563m from an overspend of £0.583m in Month 2. As would be expected, the identification of options to mitigate these service overspends tend to follow from the identification of pressures and it is expected and required that services formulate plans to address these overspends over the coming month.
- 2.3. Further risks and opportunities not yet sufficiently developed to be included in the forecast itself of a net £2.827m have been identified (risks £10.626m and opportunities of £7.799m) if all materialising would increase the forecast overspend to £2.547m, without further drawdown of covid grant related reserves.
- 2.4. The Housing Revenue Account is forecasting an overspend of £0.802m (a reduction of £0.793m on the Month 2 forecast of £1.595m). This projected variance impacts on HRA balances rather than GF reserves.
- 2.5. The capital programme for both the General Fund and HRA is reporting a spend to date of £8.433m against overall budget of £321.897m
- 2.6. This is the third financial monthly Cabinet update report for the 2021/22 financial year. This is the first time the Council is reporting on a monthly basis to Cabinet.
- 2.7. The Financial Performance Report (FPR) which will continue to be presented to each Cabinet meeting provides a detailed breakdown of the Council's

financial position and the challenges it faces. It covers the GF, HRA and capital programme and ensures there is transparency in our financial position, enables scrutiny by both members and the public, and offers reassurance as regards the commitment by chief officers to more effective financial management and disciplines.

- 2.8. The 2020/21 financial year was a very difficult year for the Council. The former Director for Finance, Risk and Insurance (Section 151 Officer) had to issue the Council's very first S114 notice in November 2020.
- 2.9. A further S114 notice was issued on the 2 December 2020 as the Council continued to have an unbalance budget. Since 8th March 2021 the S114 notice has been lifted as the Council received confirmation of a Capitalisation Direction from MHCLG of up to £70m for 2020/21 and £50m for 2021/22.
- 2.10. The Council has had the benefit of a number of recommendations from various stakeholders and scrutiny panels such as the external auditor's Report in the Public Interest. These recommendations have been taken on board and the Croydon Renewal Plan has been developed which will over the medium term financial strategy period restore the Council's finances to balance and develop a more effective system of internal control.
- 2.11. This report forms part of the reporting framework on the delivery of the Croydon Renewal Plan by ensuring the delivery of the council's budget is reported monthly and transparently.
- 2.12. The Council is still working with the external auditors on finalising the 2019/20 audit of accounts however the 20/21 Outturn has now been presented to Cabinet on 12th July 2021 based around their findings.

3. FINANCIAL POSITION

- 3.1. The FPR shows that the Council is forecast to have a General Fund net overspend variance of £0.020m (after drawing down on £3.451m of covid-related grant reserves) – an improvement of £0.563m on the net forecast reported at Month 2 (before additional risks and mitigations), whilst the HRA is projecting a £0.802m overspend before risks mitigations. The current financial forecast is based on the known position at the time of writing this report. It is important that cabinet is aware of the much higher profile that the process has within the Council with iterations of the report going through a range of formal officer meetings including directorate meetings, Executive Leadership team and informal meetings with lead members.
- 3.2. Work is ongoing in departments to review the forecast position for each area and MTFs savings and risks to reduce any overspends and identity further options to mitigate these. Further details and options identified will form part of the monthly Finance Performance Reports.

3.3. In 2020/21 the monitoring forecasts presented details of Covid funding that the Council had received from Central Government, however the Government has not provided any further indication that it seeks to continue to fund Local Government in relation to Covid pressures and thus this section has been removed from 2021/22.

3.4. The position of the General Fund is shown below in Table 1.

Table 1 – Month 3 Projection per Directorate

| | Month 3 | Month 2 | | | | |
|----------------------------------|-------------------|---------------------------------------|----------------------------|----------------------|-----------------|-----------|
| | Forecast Variance | Forecast Variance From Previous month | Change from previous month | Savings Non-Delivery | Other Pressures | |
| | (£,000's) | (£,000's) | (£,000's) | (£,000's) | (£,000's) | (£,000's) |
| Children, Families and Education | (554) | (0) | (554) | - | (554) | |
| Adults, Health and Social Care | (187) | (169) | (18) | - | (187) | |
| Gateway & Housing | 1,675 | 234 | 1,441 | - | 1,675 | |
| Place | 3,450 | 3,944 | (494) | - | 3,450 | |
| Resources | (914) | 25 | (939) | - | (914) | |
| Departmental Total | 3,471 | 4,034 | (563) | - | 3471 | |
| Corporate Items | (3,451) | (3,451) | - | - | (3,451) | |
| Total General Fund | 20 | 583 | (563) | - | 20 | |

3.5. Net overspends and underspends within the services budgets are presented as forecast variance (as per Table 1), and are additionally classified as either non-delivery of agreed savings or other pressures. Non-delivery of savings relates to non-achievement of the approved MTFs savings whilst other pressures are as a result of new and external pressures not previously provided for within the Council's 21/22 Budget. Further explanations of these overspends are provided within Section 4 of this report.

3.6 The main areas of movement from Month 2 are as follows:

- Adults, Health and Social Care £0.018m **favourable** movement due to department being able to manage and mitigate the Transitions service overspend;

- Place £0.494m **favourable** movement mainly due to reduced Library services expenditure and additional income received from British Library;
- Resources £0.939m **favourable** movement, principally related to staffing savings / vacancies not being filled, improved projection of court cost income from Revenue and Benefits and release of debt write off costs for closing YourCare Ltd and improvement in delivery of the CES savings delivery
- Housing and Gateway £1.441m **adverse** movement, pressures on homelessness budgets due to increased cases and increases in bad debt provisions.
- Children's Families and Education £0.554m **favourable** movement due to staff vacancies.

Further details can be found in section 4 of this report.

Risks and Risk mitigations

- 3.7 As mentioned within paragraph 3.1 the forecast has been reported excluding further potential risks and risk mitigations. Risks and Risk mitigations are split into quantified and unquantified items.
- 3.8 As with the forecast set out in Table 1 risks are separately reported for those elements that relate to potential under-delivery of approved savings, and those that are new and not directly related to agreed savings plans.
- 3.9 Table 2a below provides for details of MTFS savings at risk with a brief commentary of the projects that are at risk of delivery and Table 2b provides a list of quantified and unquantified other risks. The savings are subject to a separate assurance process involving both the Chief executive and the Section 151 officer meeting with the directorates and the director of policy and programmes, the most recent of these was in early July. This identifies savings at risk and mitigations for both the current and future years. Where risks are quantified currently, these are based on high level information and departmental experiences of the service. At this stage, services are sufficiently confident in being able to manage or mitigate these risks that they are not included as part of the present forecast year-end position. However, the figure has been provided to indicate to Cabinet the likely financial impact on the budget and therefore the need to take action to deal with the risk should they materialise.

Table 2a – MTFS Savings Risk

| MTFS Savings Ref | MTFS Savings Description | Savings at risk month 3 | Savings at risk-month 2 | Change From Prior Month |
|---|---|-------------------------|-------------------------|-------------------------|
| | | (£,000's) | (£,000's) | (£,000's) |
| CFE Sav 07 | Improve Practice System Efficiency | 1,065 | 177 | 888 |
| CFE Sav 09 | Review Children's Centres Delivery Model | 237 | 223 | 14 |
| CFE Sav 10 | Additional Education Savings | 15 | 15 | - |
| CFE Sav 17c | Release of one off investment / full year effect of savings from 2020/21 (for work on social care with children looked after and care leavers) | - | 13 | (13) |
| CFE Sav 14 | Reduce Family Group Conference Service | - | 60 | (60) |
| CFE Sav 03 | Reconfiguration of Adolescent Services | - | 166 | (166) |
| Children, Families and Education Total | | 1,317 | 654 | 663 |
| HWA Sav 17 | PLAN B Contact centre and Access Croydon: Reduction in line management | 23 | 87 | (64) |
| HWA Sav 21 | C13767 - Reduction in Welfare Rights (PLAN B - deletion of service) | 73 | 112 | (39) |
| Gateway & Housing Total | | 96 | 199 | (103) |
| PLA Sav 08 | Public Protection and Licensing Highways & Parking Services merger | 50 | 50 | - |
| PLA Sav 13 | Public Protection and Licensing - Discontinue providing a night time noise service. | 13 | 13 | - |
| PLA Sav 24 | Parking charges increase 30p/30min | 754 | 754 | (1) |
| Place Total | | 817 | 817 | (1) |
| Total Savings at Risk | | 2,229 | 1,670 | 662 |

Data above taken from Savings Tracker 19th July 2021

- 3.10 Table 2a indicates that there are potential £2.229m worth of savings (£1.670m in Month 2) that may not be achieved, however services are currently carrying out further work to ensure these can be delivered or otherwise mitigated. So far no specific mitigations have been fully identified. Directorates are working up proposals to bring these savings at risk back on track.
- 3.11 Future FPR reports will update progress on these savings at risk. If these savings are deemed to be definitely non-deliverable they will be factored into the monthly forecast and incorporated into the forecast outturn position provided in Table 1. The services have been instructed to find mitigations for all savings that cannot be delivered to meet their budgetary total per directorate.
- 3.12 Section 4 gives details of all the movements between month 2 and month 3 and identifies and movements in delivery of MTFs savings, risks and mitigating items that are factored into the forecast assumptions.

Table 2b – Other quantifiable and unquantifiable risks

| Quantified Risks | £'000 | £'000 | Details of Risk |
|----------------------------------|--------------|---------------|--|
| | P3 | P2 | |
| Children, Families and Education | 4,963 | 4,963 | <p>£4,571k - Asylum Seekers (UASC)</p> <p>£232k - CSC Staffing Pressure</p> <p>£160k - Education service for schools (Covid impact on income generation)</p> |
| Adults, Health and Social Care | 700 | 700 | £700k - Transitions - value of late prior year payments based on 20/21 |
| Gateway & Housing | 500 | 1,232 | £500k - Demand for Emergency/Temporary Accommodation likely to increase. |
| Place | 1,500 | 1,500 | <p>SEN Travel - No Travel Training occurring currently and this could impact - current estimates are based on 10% of the overall £2m being at risk, and also the impact on the supplier relief programme of discounts on early payment being at risk.</p> <p>Parking income risks - £1m parking penalties at risk relating to notices issued and collection rates.</p> |
| Resources | 734 | 1,776 | <p>£334k - Complaints recharges of £334k in Revenue and Benefits (£290k + £44k)</p> <p>£400k Insurance and Risk - forecast to budget on basis that schools income pressure can be mitigated by reduction in premiums and claims - risk is currently up to £400k</p> |
| Total Quantified Risks | 8,397 | 10,171 | |
| Un-Quantified Risks | | | |

| | | | |
|----------------------------------|--|--|--|
| Children, Families and Education | | | Children Social Care -Placement costs – validation of growth approved currently being completed |
| Adults, Health and Social Care | | | TBC - Impact of long Covid - not quantifiable at this stage |
| | | | TBC - Potential for further NHS funding for Covid depending on 3rd wave impact - not known at this stage |
| Housing & Gateway | | | Housing Additional unquantified risk related to landlord eviction ban being lifted at the end of May 2021 leading to a significant increase in demand for homeless services. |
| | | | <p>TBC - Potential DFG fees income pressure due to Covid as the service were unable to conduct adaptations 2020/21 - aiming to catchup all outstanding work in 21/22</p> <p>TBC - NRPF service is demand led so projected underspend could change</p> |
| Place | | | SEN PRESSURE - Some routes split due to Covid social distancing role, No Travel Training occurring over the last 12 months, this potentially has an impact of around £1million/year, Addington Valley Academy additional students, Single students attending schools, Changes to contractors providing services in year, due to performance issues. |
| | | | TBC - Waste Collection and Street Cleansing Contract - Income Risk to Commercial Waste Income Collection in 20/21 due to COVID & 21/22 - under commercial dialogue with Veolia |
| | | | TBC - Further commercial tenants are not able to pay rental income and will need to be written off, or will give notice on leases |
| Resources | | | None |
| Corporate | | | None |

3.13 Table 3 provide a list of quantified and unquantified risk mitigations. These are potential risk mitigations that will require further assurance to be included within the forecast. Services managers have identified these as potential mitigations to the risks identified Tables 2a and 2b. Any additional risk mitigations also help the overall financial position of the Council as these would help generate a larger underspend that can be put away into reserves to support future MTFS gaps.

Table 3 - Quantifiable and unquantifiable risk mitigations

| Quantified Opportunities | P3 £'000 | P2 £'000 | |
|---------------------------------------|----------------|----------------|---|
| CFE | 0 | (312) | |
| HWA | 0 | (73) | |
| Gateway & Housing | 0 | 0 | |
| Place | 0 | (422) | |
| Resources | 0 | (142) | |
| Corporate | (7,799) | (7,799) | Potential reduced spend against the Covid Grant |
| Total Quantified Opportunities | (7,799) | (8,748) | |

| Un-Quantified Opportunities | P3 | P2 | |
|-----------------------------|----|----|--|
| CFE | | | None |
| HWA | | | <p>TBC - The impact of health funding / Scheme 3 funding on care packages</p> <p>TBC - Scheme (3) HDP funding ceases on 30th September. Currently NHSE is taking views on the impact of this funding ending. We have input with SWLCCG requesting that funding continue to the end of the financial year</p> <p>TBC - Leases – renegotiate the lease. Need to confirm the numbers due to expire this financial year TBC</p> |
| Gateway & Housing | | | TBC - Property acquisition coming into HRA portfolio will allow tenants in nightly paid accommodation to move onto Assured Shorthold Tenancy |
| Place | | | <p>Highways - Highways are speaking to FM Conway to negotiate the cost pressure</p> <p>Street Lighting Team reconsidering operational arrangements to consider options to mitigate the risks</p> |
| Resources | | | <p>Revs and Benefits - Recharge to HRA for some Complaints costs to bring income to GF.</p> <p>TBC - Over-achievement of legal income budgets (although internal income would be matched by reduced forecasts costs in departments been charged)</p> |
| Corporate | | | None |

3.14 As at Month 3, if all risks and risk mitigations were to materialise, along with the forecast reported in Table 1 the General Fund would overspend by £2.547m.

However, budget holders at this stage of the financial year tend to be over cautious in terms of identifying potential underspend whilst being more aware of budget pressures. The situation will be clarified as the year progresses and the monthly budget reports show more detail on the patterns of income and expenditure and the longer term impact of Covid on Council services becomes clearer. Service managers have been instructed to identify and implement mitigations to spend within their approved funding envelopes. As such compensating measures are developed the impact of the net risks is expected to decline. Successful examples of this are the positive variances in adult social care & Resources between months 2 and 3.

- 3.15 A number of the projected variances or risks relate to the continued impact of the Covid pandemic and would not be expected to continue for the whole year or over future years. In particular parking and traffic income continues to be affected for which part grant compensation is only receivable for the first quarter of 2021/22. Other pressures such as SEN costs (with no grant funding) have been impacted in delays in delivering travel training impacting on transport cost pressures.
- 3.16 There are however areas where budgets will need to be reviewed with a view to being rebased as they were not adjusted as part of the right sizing of budgets in the 2021/22 budget setting. Two significant areas that will need to be reviewed before budget setting in 2022/23 are SEN transport costs, and costs relating to Emergency and Temporary accommodation. Additional costs arising will need to be funded from within the existing Council wide budget envelope.

4 SERVICE VARIANCE DETAIL

4.1 Children, Families and Education (CFE)

The CFE directorate is forecasting a £0.554m underspend for Month 3 (favorable movement of £0.554m from Month 2). This is a net position after factoring all budgeted income and expenditure within the directorate.

The main cause of this underspend is due to the voluntary redundancy savings previously identified as mitigations now being included within the forecast. Furthermore the service has been carrying a number of other vacancies since the start of the financial year which is contributing towards a projected underspend.

Whilst the forecast is indicating an underspend the Directorate are indicating potential risks that could adversely impact on the forecast. Table 2a details MTFs savings, totaling £1.317m (£0.654m in Month 2), that are at risk of non-delivery. Furthermore, Table 2b indicates that there is a further £4.963m of other risks (£4.963m in Month 2) which could materialise through this financial year. There are no risk mitigations being projected (Month 2 £0.312m) as these have now been included within the forecast. The Directorate is undertaking a review of the UASC model and also discussions are being held with the Government to seek direct funding to support the USAC pressure.

Both MTFs risks and further risks have moved adversely by £0.663m due to reduced confidence in delivery of the operational efficiency saving project.

4.2 **Adults, Health and Social Care**

The HWA directorate are forecasting a small underspend of £0.187m (an improvement of £0.018m from Period 2).

Whilst the department is showing a slight underspend, table 2b identifies a further £0.700m of potential additional risks. The risks identified of £0.700m that relate to transitions of children social care clients to adult services have not moved since the last report and still remain the same.

4.3 **Gateway & Housing**

Housing Directorate is forecasting an overspend of £1.675m. This is an adverse movement of £1.441m to the projection reported at Month 2.

The main cause of this movement relates to cost and demand increases within the Emergency and Temporary Accommodation services. Demand for Emergency Accommodation is assumed to increase due to the negative economic after effects of Covid-19. Furthermore, this is also likely to impact the need to maintain a sufficient level of bad debt provision to cover risks of non-payment of outstanding rents.

The Forecast is based on 1,774 properties in use as Temporary accommodation at the end of June 2021 with a projected additional 8 properties per month till the end of the year across various rent levels. This results in additional pressures of £325k.

Gateway Services are forecasting a net £0.028m overspend, which is a £0.287m adverse movement in their position from Month 2. This is largely due to projected non-achievement of registrars' income due to Covid restrictions.

Furthermore the service is projecting £0.096m (£0.199m in Month 2) risk of non-delivery of savings as per table 2a. These have been identified as a result of more detailed monitoring being carried out at month 3 and are being explored further to see if they can be delivered or other savings identified to mitigate these. A further £0.500m of other risk is identified within this portfolio relating to potential further temporary accommodation pressures emerging. Further work will be done to ensure the bad debt risks are minimised and that risk does not materialise.

4.4 **Place**

The Place directorate is forecasting a net overspend of £3.450m (£3.944m at Month 2) – a reduction of £0.494m. Month 2 reported a range of pressures that contributed to the overspend most of which were focused around Highways, SEN Transport and Environmental services. In Month 3 these overspends are

continued to be provided within the monitor, however the Place Directorate has benefited from reductions within non-staffing spend across the Library service along with receiving additional income from British Library. These benefits have contributed towards the reduced overspend projected in month 3.

In addition to the forecasted overspend the Place directorate, as indicated in Table 2a and 2b, have provided for additional risks due to non-delivery of MTFS savings of £0.817m and £1.500m for other risks. Non delivery of MTFS savings relate to the fall in P&D parking income, and risks have been identified around both SEN in relations to travel training which would lead to an increase/requirement to continue to provide transport and level of penalty charge notices.

4.5 **Resources**

The Resources directorate is forecasting a significantly improved underspend position of £0.914m (overspend £0.025m in Month 2) which is a reduction of £0.939m in pressures from Month 2. This is a net position after factoring all budgeted income and expenditure within the directorate.

The main reasons for this underspend relate to better than projected collection of court cost income in relation to Revenue & Benefits activities and various staffing related underspends. Main causes of staff related underspends are for vacancies not being filled.

These movement in risks have been so far been identified but whilst they may still materialize work is ongoing to try and work to mitigate these as we progress through the financial year.

4.6 **Corporate**

The Council received a non-fenced grant of £11.250m from Central Government in relation to additional costs that may be incurred in the current financial year as a result of Covid 19 and was announced in the December Local Government Finance Settlement. Any costs incurred by departments are expected to be met from existing service budgets and the grant is available to meet any additional service costs over expenditure. Where practicable additional costs including lost income arising from Covid will be identified and reported separately in future reports. The forecast General Fund variance of £3.471m is currently offset by utilizing £3.451m of this grant.

4.7 The cost of financing the capital programme is retained corporately, this will be reviewed in the next month and any variance will be reported in a future monthly report.

4.8 Table 4 below summaries the overall positions

Table 4 – Summary – Month 3 Position

| Month 3 | (£,000's) |
|--------------------------------------|--------------|
| Table 1 - Forecast | 20 |
| Table 2a - MTFS Savings Risk | 2,229 |
| Table 2b - Quantifiable Risks | 8,397 |
| Table 3 - Quantifiable Opportunities | (7,799) |
| Total | 2,847 |

Housing Revenue Account (HRA)

4.9 Table 4 provides a summary of the HRA Month 3 monitor, which is currently indicating a £0.802m overspend (Month 2 £1.595m). The HRA is a self-financing ring-fenced account and will need to ensure it remains within the resources available, taking into account levels of HRA reserves. The improvement from the month 2 forecast is due to the fact that more detailed monitoring has been undertaken and this has identified a number of service underspends in the main due to staff costs and legal fees.

4.10 The Service Finance team are currently working on the HRA business plan that takes a 30 year forward look and this will be presented to Cabinet in September 2021.

4.11 The forecast overspend reported in Table 5 can be contained within HRA reserves provisionally forecast at £27.6m as at 31st March 2021.

Table 5 – Housing Revenue Account (HRA) at Month 3

| SERVICES | Projected Variance For Month 3 | Variance For Previous Month 2 | Change From Previous Month | Explanation of Variations |
|--------------------------------|--------------------------------|-------------------------------|----------------------------|---|
| | £'000 | £'000 | £'000 | |
| Responsive Repairs | 719 | 719 | 0 | <p>£119k - Higher volume of uncompleted PPP repairs work carried over from last year</p> <p>£250k - Increase in average costs due to higher value voids, due to their condition when vacated.</p> <p>£350k - Additional spend particularly linked to disrepair cases relating to damp and mould eradication works, roofing repairs, drainage, door entry repairs and plumbing.</p> |
| Asset Management & Involvement | (381) | 0 | (381) | <p>This area is being split and as new BM's have no access to the system yet this has been manually forecasted</p> <p>(£162k) - Vacancies & secondments not being covered</p> <p>(£219k) - Reduction in forecast on Legal Fees & Employee Recharges, and other minor savings</p> |

| | | | | |
|---------------------------------|-------|-------|-------|---|
| Homes & Schools Improvement | (281) | 0 | (281) | (£281k) - Staffing underspend due to vacancies and long term sick. Service also have supplies & services budget which have been released as staffs still working from home. |
| Regeneration Growth | (273) | (282) | 9 | (£273k) - A restructure targeting general fund savings has resulted in a disbanding of the whole team, including those posts funded by the HRA |
| Neighbourhood Operations | (102) | (123) | 21 | 3 fte vacancies covers non budgeted shift allowance (on overtime code); reduction in forecasting on Supplies & Services Recharge - based on previous years |
| Housing Renewal | (19) | (19) | 0 | (£19k) - Under spend due to reflecting current years demand for home safety equipment |
| Housing Solutions | 207 | 460 | (253) | £250k - Concord, Sycamore & Windsor overspend on costs combined with a high level of voids based on 20/21 outturn (£43k) - Housing Standards Team staffing variance (1 fte vacant) |
| People Centralised | 0 | 0 | 0 | |
| Service Development | (54) | (54) | 0 | (£54k) - Various Supplies & Services budgets released to offset pressure within service area. |
| Income & Lettings | 137 | 98 | 39 | £133k - Unachievable income recharges £41k - Bank charges incurred when payments are made by debit/credit cards (£37k) offset by underspend of -£37k within supplies & services |
| Neighbourhood & Tenancy Service | 258 | 274 | (16) | £100k - Overtime for caretakers, due to week end work £125k - Security costs - CAYSH & Profile security services £29k - Ombudsman subscription £22k - Regina road expenses (£18k) - Supplies & Services underspend |
| Emergency Accommodation | 10 | 120 | (110) | (£51k) - staffing variance (2 fte vacant) £18k - Consultancy - medical advice £43k - Membership and subscriptions - Home Connections |
| Leaseholder Services | 30 | 0 | 30 | £30k - increase on premises insurance |
| Tenants Income | 0 | 0 | 0 | |

| | | | | |
|----------------------------------|------------|--------------|--------------|--|
| Garage and Commercial Properties | 224 | 157 | 67 | <p>£27k - Rent allowance</p> <p>£20k - shortfall in other sources of income</p> <p>£121k - Garage rent loss through voids due to additional garage in a disrepair state being handed over by BBB</p> <p>£80k - Court costs income</p> <p>(£24k) - Minor Variation</p> |
| Directorate & Centralised costs | 327 | 245 | 82 | <p>£200k - Unbudgeted Executive Director / Corporate Director posts plus support costs for 10 months</p> <p>£45k - Supernumerary Policy & Performance post to progress Housing Strategy for 9 months</p> <p>£82k - unbudgeted insurance cover for HRA excess liabilities historically charged to the general fund</p> |
| Total HRA | 802 | 1,595 | (793) | |

5 Capital Programme as Month 3

- 5.1 The General Fund and HRA capital programmes have currently spent a gross £8,433m to the end of the third month against approved budgets of £321,897m. Actuals to date are still impacted by accruals brought forward from 2020/21 which have yet to be invoiced and do not take into account accruals for works so far completed.
- 5.2 The table below summarises the capital spend to date by department with further details of individual schemes provided in Appendix 2.

Table 6 – Capital Programme

| Department | Revised Budget 2021/22 (including approved slippage from 2020/21) | Actuals 2021/22 as Month 3 | Forecasts 2021/22 as Month 3 | Variance |
|------------------------------------|---|----------------------------|------------------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Adult Social Care and Health | 2,499 | 28 | 2,606 | 107 |
| Housing | 5,711 | -646 | 4,773 | -938 |
| Children, Families and Education | 26,078 | 3,648 | 26,207 | 129 |
| Place | 78,055 | 992 | 61,359 | -16,696 |
| Resources | 26,345 | 350 | 20,706 | -5,639 |
| General Fund Total | 138,688 | 4,372 | 115,651 | -23,037 |
| Housing Revenue Account | 183,209 | 4,061 | 102,396 | -80,813 |
| LBC CAPITAL PROGRAMME TOTAL | 321,897 | 8,433 | 218,047 | -103,850 |

5.3 Further work will be done over the coming months to review the budget provision for 21/22 and the review will focus on ensuring the capital budgets are properly profiled to reflect the actual delivery of various projects. This work will include the reflection of 20/21 slippage and will be reported to a future meeting of the cabinet for approval.

6 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

6.1 Finance comments have been provided throughout this report.

Approved by Chris Buss, Interim Director of Finance, Investment and Risk (S151 Officer)

7 LEGAL CONSIDERATIONS

7.1 The Council is under a statutory duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.

7.2 The Council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The Council's Chief Finance Officer has established financial procedures to ensure the Council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for Cabinet to receive information about the revenue and capital budgets as set out in this report

7.3 The monitoring of financial information is also a significant contributor to meeting the Council's Best Value legal duty and therefore this report also complies with that legal duty.

Approved by Doutimi Aseh, Director of Law and Governance & Deputy Monitoring Officer (interim)

8 HUMAN RESOURCES IMPACT

- 8.1 There are no immediate workforce implications as a result of the recommendations in this report. Any mitigation on budget implications that may have effect on direct staffing will be managed in accordance with relevant human resources policies and where necessary consultation with recognised trade unions.

Approved by: Sue Moorman the Director of Human Resources

9 EQUALITIES IMPACT

- 9.1 There are no specific equalities issues set out in this report.
- 9.2 In setting the Council's budget for 2021/22, all savings proposals were required to complete an Equality Impact Assessment. As Officers deliver against the approved budget, including the savings within it, they will continue to monitor for any unanticipated equality impacts.

Approved by: Gavin Handford, Director of Policy & Partnership

10 ENVIRONMENTAL IMPACT

- 10.1 There are no specific environmental impacts set out in this report

11 CRIME AND DISORDER REDUCTION IMPACT

- 11.1 There are no specific crime and disorder impacts set out in this report

12 DATA PROTECTION IMPLICATIONS

- 12.1 There are no specific data protection impacts set out in this report

REPORT AUTHOR: Matthew Davis, Deputy Section 151 Officer

APPENDICES: Appendix 1 – Service Budgets and Forecasts
Appendix 2 – Capital Budget and Spend

BACKGROUND DOCUMENTS: None

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SERVICE BUDGETS AND FORECASTS

| Divisions | Approved Budget (£,000's) | Current Actuals (£,000's) | % Actual v Budget (%) | Full-Yr Forecast (£,000's) | Projected Variance (£,000's) | <i>Covid</i> Variance (£,000's) | <i>Non- Covid</i> Variance (£,000's) |
|--|---------------------------------|---------------------------------|-----------------------------|----------------------------------|------------------------------------|---------------------------------------|--|
| C1410Q : ADULT SOCIAL CARE DIRECTORATE | 6,264 | (1,318) | (21%) | 6,255 | (9) | - | (9) |
| C1417Q : 18-25 DISABILITY TRANSITIONS | 9,533 | 3,681 | 39% | 9,533 | - | - | - |
| C1412Q : ADULT SAFEGUARDING AND QUALITY ASSURANCE | 2,782 | 501 | 18% | 2,782 | - | - | - |
| C1431Q : PROVIDER SERVICES | 7,438 | 1,379 | 19% | 7,381 | (57) | - | (57) |
| C1416Q : 25-65 DISABILITY | 49,413 | 11,303 | 23% | 49,413 | - | - | - |
| C1430Q : ADULT MENTAL HEALTH SOCIAL CARE | 9,405 | 3,514 | 37% | 9,291 | (114) | - | (114) |
| C1432Q : OBC COMMISSIONING | 6,300 | 2,541 | 40% | 6,300 | 0 | - | 0 |
| C1433Q : OBC PROVIDER SERVICES - SOCIAL CARE | 29,392 | (2,062) | (7%) | 29,392 | - | - | - |
| C1410P : ADULT SOCIAL CARE AND ALL-AGE DISABILITY | 120,527 | 19,539 | 16% | 120,347 | (180) | - | (180) |
| C1415Q : SERVICE COMPLIANCE | 1,531 | 560 | 37% | 1,525 | (6) | - | (6) |
| C1420Q : CHANGE AND INNOVATION | 1,803 | 346 | 19% | 1,802 | (1) | - | (1) |
| C1415P : INTEGRATION AND INNOVATION | 3,334 | 905 | 27% | 3,327 | (7) | - | (7) |
| C1662Q : PUBLIC HEALTH - MANDATORY SERVICES | - | - | 0% | - | - | - | - |
| C1691Q : PUBLIC HEALTH 1 | 8,383 | 8,188 | 98% | 8,383 | - | - | - |
| C1692Q : PUBLIC HEALTH 2 | 3,355 | (79) | (2%) | 3,355 | - | - | - |
| C1693Q : PUBLIC HEALTH 3 | 5,599 | 148 | 3% | 5,599 | - | - | - |
| C1694Q : PUBLIC HEALTH 4 | 1,021 | (1,701) | (167%) | 1,021 | - | - | - |
| C1695Q : PUBLIC HEALTH 5 | (18,358) | (4,416) | 24% | (18,358) | - | - | - |
| C1662P : PUBLIC HEALTH | - | 2,140 | 0% | - | - | - | - |

| TOTAL HWA | 123,861 | 22,584 | 18% | 123,674 | (187) | - | (187) |
|--|---------------------------------|---------------------------------|--------------------------------|----------------------------------|------------------------------------|---------------------------------------|--|
| | Approved Budget (£,000's) | Current Actuals (£,000's) | % Actual v Budget (%age) | Full-Yr Forecast (£,000's) | Projected Variance (£,000's) | <i>Covid</i> Variance (£,000's) | <i>Non- Covid</i> Variance (£,000's) |
| C1248Q - Enablement and Welfare | 19,664 | 4,760 | 24% | 19,684 | 20 | - | 20 |
| C1252Q - Bereavement and Registrars | (861) | (170) | 20% | (659) | 202 | 200 | 2 |
| C1256Q - Gateway Directorate | 79 | 621 | 786% | 82 | 3 | - | 3 |
| C1259Q - Gateway Service Improvement | 242 | 25 | 10% | 184 | (58) | - | (58) |
| C1618Q - Resident Access & Homelessness Service | 4,174 | 466 | 11% | 4,021 | (153) | - | (153) |
| C1250P : GATEWAY SERVICES | 23,298 | 5,702 | 24% | 23,312 | 14 | 200 | (186) |
| C1440Q - Housing Renewal | (47) | 88 | (187%) | (77) | (30) | - | (30) |
| C1446Q - Housing Assessment and Risk Directorate | 3,039 | 19 | 1% | 3,624 | 585 | - | 585 |
| C1448Q - Temporary Accommodation | 388 | 2,304 | 594% | 698 | 310 | - | 310 |
| C1464Q - Garage and Commercial Income | (104) | (344) | 331% | (98) | 6 | - | 6 |
| C1449Q - Southwark Pest Control Contract | - | (6) | 0% | - | - | - | - |
| C1258Q - Emergency Accommodation | 2,452 | 909 | 37% | 3,242 | 790 | - | 790 |
| C1420P - Housing Assessment & Solutions | 5,728 | 2,970 | 52% | 7,389 | 1,661 | - | 1,661 |
| Share of London Excess death costs | - | - | 0% | - | - | - | - |
| TOTAL Gateway & Housing | 29,026 | 8,672 | 30% | 30,701 | 1,675 | 200 | 1,475 |

| | Approved Budget (£,000's) | Current Actuals (£,000's) | % Actual v Budget (%age) | Full-Yr Forecast (£,000's) | Projected Variance (£,000's) | <i>Covid</i> <i>Variance</i> (£,000's) | <i>Non- Covid</i> <i>Variance</i> (£,000's) |
|---|---------------------------------|---------------------------------|--------------------------------|----------------------------------|------------------------------------|--|---|
| C1120P : PLANNING | 896 | 321 | 36% | 881 | (15) | - | (15) |
| C1160P : GROWTH EMPLOYMENT AND REGENERATION | 1,454 | 3,251 | 224% | 1,241 | (213) | 65 | (278) |
| C1114P : CROYDON CULTURE GROWTH | 11,213 | 615 | 5% | 10,888 | (325) | 13 | (338) |
| C1110P : PUBLIC REALM | 36,346 | 10,309 | 28% | 40,501 | 4,155 | 794 | 3,361 |
| C1130P : VIOLENCE REDUCTION NETWORK | 1,931 | (88) | (5%) | 1,847 | (84) | - | (84) |
| C1100P : PLACE DIRECTORATE SUMMARY | (167) | 311 | (186%) | (167) | - | - | - |
| C1116P : CROYDON GROWTH FUND | 40 | 83 | 207% | 40 | - | - | - |
| C1150P : HOMES AND SOCIAL INVESTMENT | 10,105 | 2,422 | 24% | 10,414 | 309 | - | 309 |
| C1140P : PLACE HOLDING AND SUSPENSE ACCOUNTS | - | (131) | 0% | - | - | - | - |
| C1115P : DEVELOPMENT | - | 9 | 0% | - | - | - | - |
| C1135P : PLACE BALANCE SHEET SUMMARY | - | 0 | 0% | (377) | (377) | - | (377) |
| TOTAL PLACE | 61,818 | 17,101 | 28% | 65,268 | 3,450 | 872 | 2,578 |

| | Approved Budget (£,000's) | Current Actuals (£,000's) | % Actual v Budget (%age) | Full-Yr Forecast (£,000's) | Projected Variance (£,000's) | <i>Covid</i> <i>Variance</i> (£,000's) | <i>Non- Covid</i> <i>Variance</i> (£,000's) |
|--|---------------------------------|---------------------------------|--------------------------------|----------------------------------|------------------------------------|--|---|
| C1245P : CHILDREN, FAMILIES AND EDUCATION DIRECTORATE SUMMARY | 10,732 | 183 | 2% | 11,032 | 300 | - | 300 |
| 1205P: QUALITY, PERFORMANCE AND IMPROVEMENT | 428 | 286 | 67% | 133 | (295) | - | (295) |
| 1205P: QUALITY, PERFORMANCE AND IMPROVEMENT | 80,585 | 11,217 | 14% | 80,437 | (148) | - | (148) |
| C1210P : CHILDREN'S SOCIAL CARE | 738 | 4,412 | 598% | 738 | - | - | - |
| C1220P : EDUCATION | 14,069 | 12,189 | 87% | 13,657 | (412) | - | (412) |
| EDUCATION HIGH NEEDS DSG CLOSED SCHOOL | - | 25,869 | 0% | - | - | - | - |
| | - | - | 0% | - | - | - | - |
| TOTAL CHILDRENS, FAMILIES AND EDUCATION | 106,552 | 54,156 | 51% | 108,969 | (554) | - | (554) |

| | Approved Budget (£,000's) | Current Actuals (£,000's) | % Actual v Budget (%) | Full-Yr Forecast (£,000's) | Projected Variance (£,000's) | <i>Covid</i> <i>Variance</i> (£,000's) | <i>Non- Covid</i> <i>Variance</i> (£,000's) |
|---|---------------------------------|---------------------------------|-----------------------------|----------------------------------|------------------------------------|--|---|
| C1900P : STRATEGY AND PARTNERSHIPS | 3,578 | 1,214 | 34% | 3,278 | (300) | - | (300) |
| C1610P : DIRECTOR OF COMMISSIONING AND PROCUREMENT | 8,082 | (3,960) | (49%) | 7,694 | (388) | - | (388) |
| C1620P : DIRECTOR OF HUMAN RESOURCES | 191 | 1,770 | 927% | (39) | (230) | - | (230) |
| C1655P : RESOURCES DIRECTORATE SUMMARY | (173) | (21,686) | 12535% | 203 | 376 | - | 376 |
| C1665P : DIRECTOR OF FINANCE INVESTMENT AND RISK | 10,885 | 40,853 | 375% | 10,570 | (315) | - | (315) |
| C1670P : CROYDON DIGITAL SERVICE | 406 | 3,816 | 940% | 284 | (122) | - | (122) |
| C1675P : DIRECTOR OF LAW AND GOVERNANCE | 7,147 | 2,038 | 29% | 7,214 | 67 | - | 67 |
| C1605P : DIRECTOR OF FM AND SUPPORT SERVICES | 258 | - | 0% | 258 | - | - | - |
| C1650P : RESOURCES SUSPENSE AND HOLDING ACCOUNTS | - | 542 | 0% | - | - | - | - |
| TOTAL RESOURCES | 30,374 | 24,587 | 81% | 29,460 | (914) | - | (914) |

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CAPITAL BUDGET AND SPEND PERIOD 3

| CAPITAL BUDGETS, MONITORING AND FORECASTS - PERIOD 3 | Approved Budget | Actuals to Date Month 2 | Forecast for Year | Variance |
|---|------------------------|--------------------------------|--------------------------|----------------------|
| Scheme Name | 2021/22 (£,000's) | 2021/22 (£,000's) | 2021/22 (£,000's) | 2021/22 (£,000's) |
| Adults ICT | 284 | | 284 | - |
| Adult Social Care Provision | 4 | 4 | 4 | - |
| Bereavement Services | 1,711 | 24 | 1,818 | 107 |
| Provider Services - Extra Care | 500 | - | 500 | - |
| Adults, Health and Social Care Sub Total | 2,499 | 28 | 2,606 | 107 |
| Disabled Facilities Grant | 4,373 | (221) | 4,373 | - |
| Empty Homes Grants | 400 | (425) | 400 | - |
| Sheltered Housing | 938 | | - | (938) |
| Housing Sub Total | 5,711 | (646) | 4,773 | (938) |
| Education – Fire Safety Works | 2,057 | - | 1,052 | (1,005) |
| Education - Fixed Term Expansions | 2,124 | 178 | 2,600 | 476 |
| Education - Major Maintenance | 7,523 | 418 | 8,761 | 1,238 |
| Education - Miscellaneous | 821 | 96 | 366 | (455) |
| Education - Permanent Expansion | 403 | 76 | 410 | 7 |
| Education - Secondary Estate | 134 | 34 | 87 | (47) |
| Education - SEN | 13,016 | 2,846 | 12,931 | (85) |
| Children, Families and Education Sub Total | 26,078 | 3,648 | 26,207 | 129 |
| Allotments | 309 | - | 309 | - |
| Brick by Brick programme | 20,000 | - | 10,000 | (10,000) |
| CALAT Transformation | 396 | - | | (396) |
| Community Ward Budgets | 1,616 | - | 1,616 | - |
| Electric Vehicle Charging Points | 1,700 | - | 1,700 | - |
| Feasibility Fund | 505 | 13 | 200 | (305) |
| Fieldway Cluster (Timebridge Community Centre) | 3,023 | 2 | 3,023 | - |
| Growth Zone | 8,210 | 263 | 4,000 | (4,210) |
| Grounds Maintenance Insourced Equipment | 1,200 | - | 1,200 | - |
| Highways - maintenance programme | 17,531 | 632 | 12,945 | (4,586) |
| Highways - maintenance programme (staff recharges) | 567 | - | 280 | (287) |
| Highways – flood water management | 286 | 2 | 1,076 | 790 |
| Highways – bridges and highways structures | 141 | 37 | 4,542 | 4,401 |

| | | | | |
|--|----------------|--------------|----------------|-----------------|
| Highways - Tree works | - | 7 | - | - |
| Measures to mitigate travellers in parks and open spaces | 73 | - | - | (73) |
| Leisure centres equipment upgrade | 628 | 7 | 596 | (32) |
| Libraries Investment - General | 1,914 | 7 | 1,914 | - |
| Libraries investment – South Norwood library | 512 | - | 512 | - |
| Museum Archives | 100 | - | 100 | - |
| Neighbourhood Support Safety Measures | 50 | - | 50 | - |
| New Addington wellbeing centre | 979 | - | | (979) |
| Parking | 3,401 | - | 4,305 | 904 |
| Park Life | 381 | - | 381 | - |
| Play Equipment | 1,522 | - | 1,522 | - |
| Safety - digital upgrade of CCTV | 1,559 | - | 1,559 | - |
| Section 106 Schemes | 4,674 | 12 | 4,674 | - |
| SEN Transport | 1,289 | - | 1,289 | - |
| Signage | 137 | | 137 | - |
| South Norwood & Kenley Good Growth | 5 | 10 | | (5) |
| Sustainability Programme | 625 | - | | (625) |
| TFL - LIP | 392 | - | 392 | - |
| Unsuitable Housing Fund | 14 | - | 14 | - |
| Walking and cycling strategy | - | - | 875 | 875 |
| Waste and Recycling Investment | 3,116 | - | 1,558 | (1,558) |
| Waste and Recycling – Don't Mess with Croydon | 1,358 | - | 590 | (768) |
| Schemes with completion date prior to 2020/21 | (158) | - | - | 158 |
| Place Sub Total | 78,055 | 992 | 61,359 | (16,696) |
| Asset Strategy - Stubbs Mead | 3,298 | - | 700 | (2,598) |
| Asset Strategy Programme | 770 | - | 405 | (365) |
| Asset Acquisition Fund | 415 | - | | (415) |
| Clocktower Chillers | 462 | - | 462 | - |
| Corporate Property Programme | 4,248 | 33 | 2,000 | (2,248) |
| Crossfield (relocation of CES) | (146) | 8 | | 146 |
| Finance and HR system | 598 | 111 | 393 | (205) |
| ICT Refresh & Transformation | 9,185 | 183 | 9,185 | - |
| People ICT | 7,515 | 13 | 7,421 | (94) |
| Uniform ICT Upgrade | - | 2 | 140 | 140 |
| Resources Sub Total | 26,345 | 350 | 20,706 | (5,639) |
| GENERAL FUND TOTAL | 138,688 | 4,372 | 115,651 | (23,037) |
| Asset management ICT database | 155 | - | 155 | - |
| Fire safety programme | 5,555 | 104 | 5,555 | - |
| Larger Homes | 1,339 | - | | (1,339) |
| Major Repairs and Improvements Programme | 35,306 | 3,924 | 35,306 | - |

| | | | | |
|--|----------------|--------------|----------------|------------------|
| Affordable Housing Programme | 31,932 | - | 30,000 | (1,932) |
| BBB Properties part funded by GLA and HRA RTB | 108,120 | - | 31,200 | (76,920) |
| Special Transfer Payments | 802 | 33 | 180 | (622) |
| HOUSING REVENUE ACCOUNT TOTAL | 183,209 | 4,061 | 102,396 | (80,813) |
| LBC CAPITAL PROGRAMME TOTAL | 321,897 | 8,433 | 218,047 | (103,850) |

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Agenda Item 7

| | |
|--|--|
| REPORT TO: | Scrutiny & Overview Committee 7 th September 2021 |
| SUBJECT: | REPORT IN THE PUBLIC INTEREST – QUARTER 2 UPDATE |
| LEAD OFFICER: | Asmat Hussain, Interim Executive Director of Resources and Monitoring Officer |
| CABINET MEMBER: | Cllr Hamida Ali, Leader of the Council |
| PERSON LEADING AT SCRUTINY COMMITTEE MEETING: | All |
| PUBLIC/EXEMPT: | Public |

COUNCIL PRIORITIES 2020-2024

This covering report provides an overview of the work that has been progressed to achieve the recommendations as set out in the Report in the Public Interest. It focuses on the actions that have been progressed since the update that went to Cabinet on the 7th June 2021.

The Action Plan for the Report in the Public Interest has been incorporated into the Croydon Renewal Plans and represents one of the 11 programmes of work being delivered.

The action plan covers a wide range of areas including financial management, governance, staff training, assets and budget development all of which are core elements of any strategy to ensure services are delivered in a responsive manner with a focus on value for money for our residents.

| | |
|-------------------------------------|--|
| ORIGIN OF ITEM: | Reviewing the progress made in delivering the recommendations in the Report in the Public Interest is one of the key roles identified for the Committee in 2021-22. |
| BRIEF FOR THE COMMITTEE: | The Committee is asked to review the second quarterly update, including the outcomes of the initial internal audit, on the work to achieve the recommendations set out in the Report in the Public Interest with a view to satisfying itself that the actions still to be delivered remain on track. |

1. EXECUTIVE SUMMARY

- 1.1 On 23rd October 2020 the Council's external auditor, Grant Thornton, issued a Report in the Public Interest (RIPI) concerning the Council's financial position and related governance arrangements. In line with the statutory framework for the RIPI, the Council held an Extraordinary Council meeting on 19th November 2020 to discuss the report and the proposed action plan to address it.

- 1.2 The April 12th update, approved by Cabinet, provided a comprehensive progress update across all recommendations and also agreed the refreshed RIPI Action Plan having incorporated views from both the Scrutiny and Overview Committee (SOC) and General Purposes and Audit Committee (GPAC). This was then updated with the first quarterly update which went to Cabinet on the 7th June, GPAC on the 10th June and SOC on the 15th June. This report noted that the Council had completed 55/99 actions in the RIPI Action Plan and provided progress updates against all remaining actions.
- 1.3 This covering report represents the second quarterly update on the RIPI response based on activity this financial year. It focuses on actions that were set to be complete by close of June, July and August 2021, as well as updating against actions set to be delivered by the end of September 2021.
- 1.4 Section 5 of this report provides feedback on the outcome of the Internal Audit to date focusing on the 35 actions marked complete in the April 12th Cabinet report. It notes where some concerns have been identified in that round of reporting and outlines the mitigating actions that are being undertaken to resolve these.

2. REPORT IN THE PUBLIC INTEREST – QUARTER 2 UPDATE

3. HIGH-LEVEL UPDATE ON THE ACTION PLAN

- 3.1 Statistics on the number of actions complete and outstanding are below. Full detail can be seen in appendix 1.

| Number of actions | Number of actions completed | Number of actions outstanding |
|-------------------|-----------------------------|-------------------------------|
| 99 | 62 | 37 |

- 3.2 The Council has delivered 62 actions to date with 10 completed since the June 7th Cabinet Quarter 1 Update. Progress updates have been provided against a further 33 actions. The Council has re-opened 3 actions (see 3.6 section 5)

- 3.3 The Action Plan recognises that not every action can be marked “complete” and left. In some cases, actions will need to be embedded into business as usual (BAU) processes before being marked complete. Additionally, a number of the actions are representative of aspects of systemic and cultural shifts that will need to be continued going forward to embed sustained positive change and good practice. Some of these actions will remain open as the Council acknowledges that achieving the desired outcome will be a long-term process (e.g. co-creating a working environment that respects and values all our staff and take positive action to ensure that this is the case” LBC 4 – IV). The Council is therefore committed to providing updates in further quarterly reports against these.
- 3.5 A further 2 actions are set to be finalised by the end of September. Progress updates are provided against all of these and all other outstanding actions in Appendix 1.
- 3.6 On review, recommendation LBC 2 – ii has been re-opened as whilst progress was made the full review and connected training stated in the action has not yet been fully delivered.
- 3.7 The Council recognises it must continue to push to deliver and progress the 37 outstanding actions to ensure momentum is not lost and that the Council’s response to the RIPI achieves the critical organisational change necessary.
- 3.8 The table below sets out the actions identified as high priority by the external auditor with a RAG rating.

| High Priority Action | Actions Completed/Total Actions | Rag |
|----------------------------|---|---|
| R1a Children’s Social Care | 5/5 Marked complete in 7 th June Quarter 1 Update | |
| R1b Adult Social Care | 9/9 (was 8/9 per Q1 Update) | The outstanding action on training on the ASC Budget has now been completed. This was handled via a briefing to Members of the Health |

| | | |
|--|--|--|
| | | & Social Care Sub-Committee in June 2021. |
| R2 Adequacy of Council Reserves | 2/4 | <p>The aspects of this recommendation as set by the External Auditor have been completed.</p> <p>The 2 outstanding actions relate to Member training and assuring SOC on budget delivery. These have both been progressed with updates promised in future quarterly reports.</p> |
| R3 Use of Transformation Funding | 1/2 | <p>The aspects of this recommendation as set by the External Auditor have been completed.</p> <p>The outstanding action relates to the offer and delivery of training to members. A training offer has been approved by the Member & Learning Development Committee on the 13th July.</p> |
| R9 Budget Challenge/Rigour | 5/5 – Marked complete in 12 th April Update | |
| R12 Revolving Investment Fund | 3/3 – Marked complete in 12 th April Update | |
| R14 Treasury Management | 2/2– Marked complete in 12 th April Update | |
| R18 Ongoing investment in Brick by Brick | 1/1– Marked complete in 12 th April Update | |

| | | |
|--------------------------------|---|---|
| R20 Governance of subsidiaries | 4/9 (was 0/9 in June Quarter 1 Update) | <p>Following Cabinet approval of the July 26th "Governance of Croydon Council Companies" Paper, The Croydon Companies' Supervision and Monitoring Panel (CCSMP) has been set up. Its role is to ensure the Council's strategic and good governance objectives are met across the Council's subsidiaries.</p> <p>Through the introduction of this Panel, several actions have been completed that relate to ensuring good governance mechanisms to monitor and regulate the handling of Council companies have been introduced. The group will continue to deliver against these actions as BAU.</p> <p>The outstanding actions related to constitutional changes and training have been progressed, details of which can be seen in Appendix 1 and in section 4 below.</p> |
|--------------------------------|---|---|

3.9 To ensure alignment with the wider Croydon Renewal Plan activities the following criteria were utilised as developed by the PMO Steering Group.

Rag Definitions used:

Green - no known challenges to delivery

Amber – Challenges to delivery identified with mitigations in place/planned

Red - Challenges to delivery identified with no resolution identified

4. KEY MILESTONES ACHIEVED THIS UPDATE

4.1 A comprehensive summary of actions taken to date across all recommendations is contained within the refreshed action plan in appendix 1. This section provides some additional information on key achievements delivered since the Quarter 1 Update in June.

- 4.2 At the July 26th Cabinet, recommendations were given on the Governance of Croydon's Companies. These recommendations were informed by the actions of a working group who had engaged with relevant officers and directors of company boards. It was agreed by Cabinet to introduce the CCSMP to ensure the Council's strategic and good governance objectives and values are met across the Council's subsidiaries. Alongside the Panel itself, approval was given for an attached Terms of Reference to inform the running of the group and embed principles of good governance. In doing so, the Council has put in place appropriate governance mechanisms to achieve the remaining outstanding actions as set out in Recommendation 20, including a provisional process to bring regular updates to Cabinet.
- 4.3 The Council has been working with the Centre for Governance and Scrutiny to develop new ways of working for scrutiny in response to the Scrutiny Improvement Review and recommendations relating to scrutiny in the RIPI. On 7th September, the SOC is set to agree new systems to bring focus and prioritisation to their work. This approach will be supported by member and officer training and a more targeted system for sharing information with councillors.
- 4.4 An outline training programme for all members was approved by the Members Learning & Development Panel on July 13th 2021. In developing this programme the Council considered the RIPI Action Plan to ensure all topics were included. Work is now being progressed to properly schedule and develop the training sessions with the view of delivery by March 2022 for all outstanding items. Work is also underway to plan a full induction training programme for Members elected in May 2022.
- 4.5 Alongside embedding the Guardians Programme detailed in the previous update, the Council has implemented a series of monthly Tea Talks to provide staff a means to share experiences and discuss sensitive issues in a safe space. Following the conference and additional staff roadshows held Spring 2021, further engagement events with staff are expected for Autumn 2021 to provide an update on the Croydon Renewal Plan and underline and continue to promote positive systemic and cultural changes. The Council is committed to creating a positive culture for all and continues to recognise it will take time to build staff trust and confidence.
- 4.6 At July 12th Cabinet, recommendations were approved to reject a purchase offer for Brick by Brick (BBB) and agree a modified build out scenario of 23 sites. Alongside this, important governance arrangements were agreed to ensure the Council maintains clear oversight of progress made. The Council will receive updates on BBB's financial position, sales, contractual issues and

other relevant matters monthly. Summary updates on these will go to Cabinet on a quarterly basis with the first scheduled provisionally for November 2021.

5. PROGRESS UPDATE ON INTERNAL AUDIT

- 5.1 To provide additional assurance on the delivery of the RIPI Action Plan as reported, Internal Audit was requested to review completed actions to confirm these had been actioned as reported and that, where appropriate, these now formed part of the Council's governance framework (appendix 2). For the initial review, the 35 actions marked complete as at the 12th April 2021 Cabinet report, were reviewed.
- 5.2 Internal Audit assurance was obtained through a combination of corroborative enquiry, examination of relevant documents (including meeting minutes) and interrogation of computer applications.
- 5.3 Internal Audit have confirmed that all reported completed actions were complete and where appropriate, these now formed part of the Council's governance framework, except for:
- 3 actions, which although significantly progressed were not fully actioned
 - 1 action, which was still in progress.
- 5.4 Detail of the actions not fully completed can be seen in Appendix 2. Where relevant, scheduling on the Forward Plan has now taken place to ensure items go to all meetings as required. These items have been left marked as complete. 2 actions (13ii and 11iv) have been re-opened to allow for future updates.
- 5.4 Following their review, Internal Audit have noted that the high priority actions marked complete have been delivered as stated with no further comment or amendments suggested.
- 5.5 Internal Audit will continue to review evidence of progress captured in the RIPI action plan to give reasonable assurance that actions have been completed as expected and communicated. The RIPI Quarter 3 Update is aiming to share Internal Audit findings for actions marked complete as of this Quarter 2 Update.

6. FUTURE UPDATES ON THE REPORT IN THE PUBLIC INTEREST

- 6.1 The RIPI action plan has been incorporated into the wider Croydon Renewal Plan and forms 1 of the 11 programmes of work aiming to support the Council's financial recovery, improve governance arrangements and drive operational improvement. The Croydon Renewal Plan currently consists of

nearly 400 recommendations which are to be delivered within the next 4-5 years.

6.2 Per the action plan (appendix 1), quarterly RIPI updates are to be provided to GPAC, SOC, Council and Cabinet. This update will be presented directly to SOC on the 7th September, GPAC on the 16th September, Cabinet on the 18th October and Full Council on the 13th December.

6.3 The dates for the remaining updates this financial year are in the table shown below

| RIPI Update Report | SOC | Cabinet Date | Full Council | GPAC |
|---------------------------|--------------------------|--------------------------|--------------------------|-----------------------|
| Q.3 Update | 8 th February | 24 th January | 31 st January | 3 rd Feb |
| Q.4 Update | 29 th March | 21 st March | 28 th March | 3 rd March |

6.4 The previous Quarter 1 Update referred to the intention to review the RIPI's reporting to minimise duplication across the 4 meetings. Following review, it has been determined to continue reporting across GPAC, SOC, Cabinet and Full Council to ensure that all Members have opportunity to be briefed on the Council's RIPI Action Plan delivery progress and provide a chance for all Members to query the updates provided.

7. CONSULTATION

7.1 The action plan has been previously reviewed by both GPAC and the SOC who made recommendations to enhance what was being progressed. These changes were approved by Cabinet on 12th April 2021. Services have been directly engaged with to ensure updates were recorded accurately and contained the most up to date information.

CONTACT OFFICER: Henry Butt, Strategic Support Officer to the CEO, 14767

APPENDICES TO THIS REPORT: Appendix 1 – RIPI Action Plan
Appendix 2 – Internal Audit Results

BACKGROUND DOCUMENTS: None

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

1. The Council has fully accepted all recommendations made by the external auditor (R1-R20)
2. The Council has added additional recommendations LBC1-4.
3. There are 9 high priority recommendations from the external auditor for the Council to urgently address:
4. Actions marked as “GPAC/SOC” recommendation came from their input following consultation carried out in Dec 2020/Jan 2021

| High Priority Actions | High Priority Actions |
|----------------------------------|--|
| R1a Children’s Social Care | R12 Revolving Investment Fund |
| R1b Adult Social Care | R14 Treasury Management |
| R2 Adequacy of Council Reserves | R18 Ongoing investment in Brick by Brick |
| R3 Use of Transformation Funding | R20 Governance of subsidiaries |
| R9 Budget Challenge/Rigour | |

A note has been made against actions that do not represent “one-off” measures but instead represent actions, principles and values that should be continually delivered or established as repeating tasks. These actions will be marked as Business as Usual (BAU) in the “Status/Updated Deadline” column.

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

Overall accountability for the action plan rests with the Chief Executive

| Recommendation 1a – HIGH PRIORITY | | | |
|---|--|--|--|
| The Executive Director Children Families and Education needs to address the underlying causes of social care overspends in children’s social care and take effective action to manage both the demand and the resulting cost pressures. | | | |
| Cabinet Member Accountability: Councillor Flemming, Cabinet Member for Children, Young People and Learning | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| i) Develop a strategy for managing demand and expected impact / outcome and set up panels to manage activity and cost: <ul style="list-style-type: none"> - Weekly care panel to divert children from care - Bi-weekly Children Looked After review panel to identify children who can be supported to be reunited with families from care, and to systematically review higher cost placements | <p>The Care Panel was established in February 2021. Outcomes from the care panel & new entries to care are monitored weekly at DLT.</p> <p>To build on this work further process maps are being refreshed to formalise challenge, authorisation and decision making for children in care or at risk of care. A scoping workshop to enhance multi-agency partnership provision has also been delivered in March 2021.</p> | COMPLETE – Embedded into BAU | Interim Director, Early Help and Children’s Social Care |
| ii) Develop a monthly Corporate Finance, Performance and Risk report to progress, track and measure activity. Specifically for Children’s social care, this will monitor the effectiveness of actions to reduce the number of local children in care. <p style="margin-top: 10px;">This progress report will bring together data on the monthly movement in numbers of children in care, the achievement of care outcomes, the financial impact</p> | <p>The June 7th Corporate Finance, performance & Risk report iteration will provide a final set of CRP measures, and targets set to date, as well as a further update on the work streams in place to produce a full set of corporate performance reports by September 2021 Cabinet.</p> | COMPLETE – Embedded into BAU with updates to Cabinet monthly | Interim Executive Director, Children Families and Education to ensure accurate data incorporated into monthly Performance reporting. |

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| <p>including full year forecast, and benchmarking against best practice.</p> | <p>The monthly reports will develop over time as recommendations are progressed.</p> | | |
| <p>iii) The progress report will be routinely presented to the Children’s Improvement Board, Executive Leadership Team, Cabinet, General Purposes and Audit Committee and Scrutiny & Overview Committee which will bring a greater level of control and transparency (see Recommendation 5 which will also be incorporated into this process). The first report to members will be accompanied by detail outlining the statutory and non-statutory areas of service and the impact of demand management across the service.</p> | <p>The Corporate Finance, Performance and Risk report will provide an update on improvement actions across the Council including Children’s. (1a-ii)</p> <p>Training will be offered to members on the nature of statutory and non-statutory service (See LBC3 – i)</p> | <p>COMPLETE – Embedded into BAU with updates to Cabinet monthly</p> <p>Training offer to be picked up under Recommendation LBC-3</p> | <p>Interim Executive Director, Children Families and Education to ensure accurate data incorporated into monthly Performance reporting.</p> |
| <p>iv) Secure independent external challenge through the Partners in Practice programme to enable valid judgements to be made about the correct level of funding to meet the needs of Croydon’s children in care.</p> | <p>Report from LB Camden received under Partners in Practice Programme – December 2020</p> <p>Independent Financial Adviser commissioned by the DFE to provide expert challenge and support commenced on 22/2/21 for a period of 9 months.</p> | <p>COMPLETE</p> <p>Ongoing support until November 2021</p> | <p>Interim Executive Director, Children Families and Education</p> |
| <p>v) Data set used to inform progress report to be collated, updated and shared with GPAC to allow members to monitor progress on managing demand within social care.</p> | <p>Dataset developed and being progressed further.</p> <p>The Corporate Finance, Performance and Risk report draws upon this data and provides GPAC with the relevant information per this action.</p> | <p>COMPLETE - Embedded into BAU</p> | <p>Interim Executive Director, Children Families and Education</p> |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| Recommendation 1b – HIGH PRIORITY The Executive Director Health, Wellbeing and Adults needs to address the underlying causes of social care overspends in adults social care and take effective action to manage both the demand and the resulting cost pressures. | | | |
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| Cabinet Member Accountability: Councillor Campbell, Cabinet Member for Families, Health and Social Care | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| i) Commission a diagnostic of spend and opportunities to be carried out by the Local Government Association (LGA) National Care & Health Improvement Adviser Finance and Risks to inform future shape of transformation opportunities. | This was carried out and used during November 2020 to inform development of the Adult Social Care Improvement Plan | COMPLETE | Executive Director Adult Social Care |
| ii) Review the current service delivery models of adult social care and gateway services to right size the budget and delivery model to benchmark with comparator Councils in relation to population and service outcomes. | Data has been collected which provides benchmarking of Croydon ASC care spend vs other Councils, this was factored in to the Adult Social Care Improvement Plan. Budget modelling has been agreed for ASC for 21/22 budget. Service modelling forms part of adult's improvement plan. | COMPLETE | Executive Director Adult Social Care |
| iii) To create a placements board to challenge the Council on current cost of placements, managing demand for new placements and ensuring value for money in procurement of placements | Placements boards have been implemented in the Council to challenge placements and reduce expenditure. Daily challenge panel has been in place since S114 Notice. All spend is then promoted to the Spend Control Panel, as agreed with then S151 Officer. | COMPLETE - Embedded into BAU | Executive Director Adult Social Care |

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| | Placements programme is in place with an agreed scope. Funding also agreed for Care Cubed placements tool agreed at ELT on 8 March 21. | | |
| iv) Use the output from the diagnostic review to remodel financial implications to help shape the Medium Term Financial Strategy (MTFS) | <p>Diagnostic review and benchmarking data has been used to shape the Adult Social Care Improvement plan.</p> <p>Croydon Adults Improvement plan has been fully developed and aligned to budget as signed off at March Cabinet. LBC delivery tracker being updated fortnightly.</p> | COMPLETE | Director of Finance, Investment & Risk |
| v) Develop a monthly Corporate Finance, Performance and Risk report to progress, track and measure activity. This will include monitoring of the new service delivery model to track progress and challenge effectiveness of the plan. | <p>The June 7th Corporate Finance, performance & Risk report iteration will provide a final set of CRP measures, and targets set to date, as well as a further update on the work streams in place to produce a full set of corporate performance reports by September 2021 Cabinet.</p> <p>The monthly reports will develop over time as recommendations are progressed.</p> | COMPLETE - Embedded into BAU with updates to Cabinet monthly | Executive Director Adult Social Care to ensure accurate data incorporated into monthly Performance reporting. |
| vi) Progress will be governed by reporting to the Executive Leadership Team, Cabinet, General Purposes and Audit Committee and Scrutiny & Overview Committee which will bring a greater level | The Corporate Finance, Performance and Risk report will provide an update on improvement | COMPLETE – Embedded into BAU | Executive Director Adult Social Care to ensure accurate data incorporated |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

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| <p>of control and transparency. The first report to members will be accompanied by detail outlining the statutory and non-statutory areas of service and the impact of demand management across the service.</p> | <p>actions across the Council including HWA's (1b-v).</p> <p>Training will be offered to members on the nature of statutory and non-statutory service (See LBC3 – i)</p> | <p>with updates to Cabinet monthly</p> <p>Training offer to be picked up under Recommendation LBC-3</p> | <p>into monthly Performance reporting.</p> |
| <p>vii) Ensure that cost of care tool is used effectively to track all case expenditure to improve financial control, identify areas of focus for further improvement and to enable better decision making.</p> | <p>The Cost of Care tool referred to in has been utilised to help accurately forecast its spend to support budget setting, improve financial management and identify opportunities for further savings.</p> <p>A separate tool called CareCubed is in the process of being acquired. It is a benchmarking tool that allows adult social care to acquire an indicative cost of placing an individual aligned with their assessed care and support needs. This indicative amount is then used to aid contract negotiations with providers.</p> <p>The tool has successfully enabled savings in other Council's and will be tested in Croydon over the next 12 months. Training for staff to use tool is in planning.</p> | <p>COMPLETE Embedded into BAU</p> | <p>Executive Director Adult Social Care</p> |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

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| <p>viii) Training to be provided to members to understand the budget for Adult Social Care and share rationale for persistent overspend in service. Training to also inform members on the complex health and care landscape in the borough.</p> | <p>A Training offer has been developed for all members including where appropriate, specific training for committee members. This was approved by the Members Learning & Development Panel on July 13th 2021. It has been aligned with the actions in the RIPI action plan to ensure all aspects covered.</p> <p>Training on the Adult Social Care Budget was completed via a briefing to members of the Health & Social Care Sub-committee in June 2021.</p> <p>Training for members will continue to be offered on annual basis as BAU. Consideration will be taken in the future about how and when best to inform on matters relevant to ASC.</p> | <p style="text-align: center;">COMPLETE</p> | <p>Interim Executive Director of Resources</p> |
| <p>IX) Data set used to inform progress report to be collated, updated and shared with GPAC to allow members to monitor progress on managing demand within social care</p> | <p>A finance and performance workstream has been established and meets fortnightly. The key objectives for this workstream are to ensure dashboards are developed to enable the senior management team to track activity against the benchmarking</p> | <p style="text-align: center;">COMPLETE</p> <p>Embedded into BAU with updates to Cabinet monthly</p> | <p>Executive Director Adult Social Care to ensure accurate data incorporated into monthly Performance reporting.</p> |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

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| | <p>forecasts set out in the adults improvement plan; and against the move towards both London (younger adults) and England (older adults) averages.</p> <p>Bettergov have been commissioned to help finalise dashboard and benchmarking modelling. 2 dashboards are to be utilised one focused on activity which is complete and another on finances which is in development.</p> <p>The MTFS tracker is currently updated weekly.</p> <p>The Corporate Finance, Performance and Risk report draws upon this data and provides GPAC with the relevant information per this action.</p> | | |
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ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| Recommendation 2 – HIGH PRIORITY The Council (including Cabinet and Scrutiny and Overview Committee) should challenge the adequacy of the reserves assessment which should include a risk assessment before approving the budget. | | | |
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| Cabinet Member Accountability: Councillor King, Cabinet Member for Croydon Renewal | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| i) Develop a reserves strategy as part of the Medium Term Financial Strategy (MTFS) and present it for approval with the Budget reports to Cabinet and Full Council. This needs to incorporate a clear assessment of risks and liabilities that demonstrate all current and future exposure has been thought through and factored into the recommendations. Strategy to map the financial governance process around agreeing additions to reserves to be included to reduce risk of duplication and that there were no gaps in approach. | The MTFS and 21/22 Budget agreed on 8 th March contains a clear strategy for growing the reserves base up to a level which by 23/24 would give a general fund reserve in excess of £60 million | COMPLETE - Embedded into BAU | Interim Director of Finance, Investment and Risk |
| ii) In considering future budget reports, Cabinet will assure itself that all risks and liabilities have been properly considered by requesting that the Scrutiny & Overview Committee and the General Purposes and Audit Committee review the adequacy of the strategy and its relationship to the MTFS prior to Cabinet taking a decision. | From April 2021 Financial Monitoring reports will be provided to Cabinet on a monthly basis to ensure Members have increased oversight on any emerging pressures or movements. The 21/22 Budget was reported to Scrutiny on 16 th February 2021 and comments were verbally reported to cabinet on 8 th March 2021. Future year's timescales will need to include time for both this and reference to GPAC and Scrutiny | COMPLETE - Embedded into BAU with updates to Cabinet monthly | Interim Director of Finance, Investment and Risk |

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| <p>iii) Training to be delivered to relevant members to raise understanding of reserves</p> | <p>An outline Training programme for all members including where appropriate, specific training for committee members, was approved by the Members Learning & Development Panel on July 13th 2021. It has been aligned with the actions in the RIPI action plan to ensure all aspects covered.</p> <p>See recommendation LBC3 – i for further detail.</p> | <p>Progressed – See recommendation LBC3 –I for detail.</p> <p>Training to be delivered by March 2022</p> | <p>Interim Executive Director of Resources</p> <p>Director of HR/ Head of Democratic Services</p> |
| <p>iv) Council to identify the most appropriate mechanism for the Scrutiny & Overview Committee to monitor and assess progress made against delivering the budget throughout the year. As a part of this any update would need to provide reassurance that effective budget controls are in place to mitigate against potential pressures.</p> <p>Furthermore, the Council is to consider approach to providing reassurance to Members that effective budget controls were in place to mitigate against potential risks to the delivery of the budget</p> | <p>The Council has continued to maintain mechanisms to mitigate against potential budget risks and provide Scrutiny & Overview Committee and wider Council Members with oversight of the Council’s Financial Performance. These mechanisms include the Spending Control Panel and Budget Tracker.</p> <p>The Council is now well into its periodic financial performance regime, with Period 3 going to August 16th Cabinet.</p> <p>On the Forward Plan, decisions are planned on an MTFS update (October) and budget development for next financial year (January/February).</p> | <p>Progressed – further update to be provided every quarter</p> <p>To be embedded as BAU</p> | <p>Interim Director of Finance, Investment and Risk</p> |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

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| | <p>A forensic financial audit has been commissioned. The report has been received by the section 151 officer and will inform the future structure of the Finance Function</p> | | |
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ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| Recommendation 3 – HIGH PRIORITY The Chief Executive should oversee a review of the outcomes achieved from the use of transformation funding to demonstrate that the funding has been applied in accordance with the aim of the scheme. | | | |
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| Cabinet Member Accountability: Councillor King, Cabinet Member for Croydon Renewal | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| i) A review of all schemes previously funded from transformation capital receipts be undertaken and a report produced that assesses whether the funding has been applied in accordance with the scheme. | This work is completed following discussions with the external auditor. An update will be made to GPAC as part of the report on the 2019/20 accounts. | COMPLETE | Interim Director of Finance, Investment & Risk |
| ii) Training to be delivered to relevant members on transformation funding to raise understanding. | An outline training programme has been developed for all members including where appropriate, specific training for committee members, was approved by the Members Learning & Development Panel on July 13 th 2021. It has been aligned with the actions in the RIPI action plan to ensure all aspects covered. See recommendation LBC3 – i for further detail. | Progressed – See recommendation LBC3 –I for detail. Training to be delivered by March 2022 | Interim Executive Director of Resources Interim Director of Finance, Investment and Risk Director of HR Head of Democratic Services |

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| Recommendation 4 | | | |
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| The s151 officer should set out the strategy for applying capital receipts for transformation annually as part of the budget setting process. | | | |
| Cabinet Member Accountability: Councillor King, Cabinet Member for Croydon Renewal | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| <p>i) A strategy for funding transformation to be incorporated into the budget setting process using the current Ministry of Housing, Communities and Local Government (MHCLG) Flexible Use of Capital Receipts Scheme.</p> | <p>Following extension of the Flexible Use of capital receipts scheme. Proposals for the use of up to £5 million of capital receipts, subject to availability of receipts will be drafted and agreed by ELT. This should be received in w/c 7th June</p> | <p>COMPLETE - Embedded into BAU and incorporated into budget setting going forward</p> | <p>Interim Director of Finance, Investment & Risk</p> |
| <p>ii) In the absence of any national capital receipts for transformation scheme, the strategy for funding transformation will set out how future schemes will be funded using invest to save principles using rolling investment that is set aside and supported by business cases that demonstrate return. Any business case will have to demonstrate governance of the programme to assure the section 151 officer and Cabinet that the deliverables are being met.</p> <p>All schemes approved for funding under this strategy will be assessed individually and against the overarching risk exposure and affordability for the Council.</p> | <p>See 4i above.</p> | <p>COMPLETE – Process Embedded into BAU with updates to Cabinet monthly</p> | <p>Interim Director of Finance, Investment & Risk</p> |

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| <p>iii) There will be an annual report to the Scrutiny & Overview Committee and GPAC on the use of transformation funding and the delivery of schemes. A corporate strategy needs to be developed to assess future transformation projects prior to funding. This should include a requirement to identify the intended outcomes, risk exposure, ongoing affordability, how success will be measured, how progress will be tracked, and any interdependencies with other projects and any wider benefits.</p> | <p>Report to be prepared at the end of each financial year from 21/22 onwards</p> | <p>June 2022</p> | <p>Interim Director of Finance, Investment & Risk</p> |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| Recommendation 5 The General Purposes and Audit Committee should receive reports on the actions being taken to address the Dedicated Schools Grant deficit and challenge whether sufficient progress is being made. | | | |
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| Cabinet Member Accountability: Councillor Flemming, Cabinet Member for Children, Young People and Learning | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| i) The Dedicated Schools Grant recovery plan should be presented to General Purposes and Audit Committee and Scrutiny and Overview Committee for review and agreement to ensure that it is adequate to meet objectives and timelines that have been set. | Reviewed at GPAC 4 March 2021 | COMPLETE | Interim Director of Education |
| ii) Special Educational Needs Finance Board to be established and chaired by the interim Director of Education to oversee the delivery of the Dedicated Schools Grant recovery plan. | Initial meetings held with further meetings to be scheduled to update on the progress of the DSG recovery plan. | COMPLETE - Embedded into BAU | Interim Director of Education |
| iii) Training to be provided to members to ensure the committee possess a working understand of education funding and budgets | DSG training has been delivered to members of Scrutiny Committee, Labour Group and Conservative Group | COMPLETE | Interim Director of Education /Head of Learning &OD |
| iv) Implement the 'New Approach to Special Educational Needs delivery' strategy working with schools to ensure that more of our Special Educational Needs pupils are educated in mainstream provision to include: <ul style="list-style-type: none"> • Developing more capacity within the post-16 provision • Opening of new Special Educational Needs free schools | Report delivered to School's Forum on Monday 26 th April and full approval given to widen the project to two further locality areas. 1% increase in CYP with an EHCP being educated in a Mainstream school. Addington Valley Academy – the opening of new building on target to open in September 2021. | Update provided- Further update to come to Q.3 | Interim Director of Education |

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| | Provision for our Post-16 SEN learners at Coulsdon College has been extremely successful. Discussions underway about making this pathway provision part of the main college site. | | |
| v) Progress against the recovery plan to be included in the monthly budget monitoring report to Children's, Families and Education Department Leadership Team, the Executive Leadership Team, the Children's Improvement Board and the quarterly Cabinet, General Purposes and Audit Committee and Scrutiny & Overview Committee which will bring a greater level of control and transparency. | Progress update included in the monthly budget monitoring to Education SLT and CFE DLT. | COMPLETE Embedded into BAU with updates to Cabinet monthly | Interim Executive Director, Children Families and Education Head of Finance - CFE |
| vi) Progress on Dedicated Schools Grant recovery plan to be reported to the Schools' Forum on a termly basis | Included in the forward plan of agenda items for Schools' Forum | COMPLETE Embedded into BAU | Interim Head of Finance, Children, Families and Education |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| Recommendation 6 | | | |
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| The Executive Director Children, Families and Education needs to review the services provided to UASC and to identify options to meet their needs within the grant funding provided by the Home Office. | | | |
| Cabinet Member Accountability: Councillor Flemming, Cabinet Member for Children, Young People and Learning | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| i) Complete a forensic review of grant income against the total expenditure for unaccompanied asylum seeking children and care leavers over the past 3 years, including the co-ordination of pan-London arrangements | Review completed and is informing Council’s approach to UASC support offer. | COMPLETE | Interim Head of Finance, Children, Families and Education |
| ii) Negotiate with the Home Office and Department for Education to secure the same financial support provided to other port of entry authorities such as Kent and Portsmouth to cover the exceptional overhead costs caused by the volume of unaccompanied asylum seeking children received in the Borough. <ul style="list-style-type: none"> • Full cost recovery for exceptional overheads provided by Croydon such as age assessments, the social care duty service at Lunar House and legal fees. Due to volumes in the Borough from its port of entry position, these cannot be absorbed within normal overhead cost as per all other local authorities. • Increased funding for children cared for over and above the voluntary national rate to match the funding of Croydon’s children in care. | Meetings have been held with senior officials in the Home Office and Department for Education, underpinned by forensic review and modelling of additional costs. Agreement of full cost recovery for the age assessment team and the Duty Team at Lunar House for one year. This will cover costs of approximately £595k per annum agreed over 2021-22 A report on the Council’s approach to UASC went to Cabinet in June and August 2021 Cabinet. These noted the risk involved further savings in potential further savings in Children’s Services and recommended to allow Officers to look at all options possible going forward. | Ongoing – review for October 2021 Progressed - Further update to be provided Q.3 update | Interim Executive Director, Children Families and Education |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

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| <p>iii) Work with London local authorities to safely transfer responsibility for an agreed number of children in Croydon’s care to reduce disproportionate burden on Croydon.</p> | <p>Since the previous quarter update there have been no further transfers of children placed out of borough agreed.</p> <p>24 have been confirmed and work is underway between Croydon and the relevant boroughs to complete the transfers.</p> | <p>COMPLETE</p> | <p>Interim Executive Director, Children Families and Education</p> |
| <p>iv) Introduce a needs based approach to withdrawing services to young people whose appeal rights are exhausted alongside earlier, robust triple planning as part of their pathway at 16 plus. This will assist and support a planned, safe voluntary return when all legal routes to remain have been exhausted and avoid a forced detention and removal when young people have no recourse to public funds, limited access to NHS and education and cannot work legally in UK.</p> | <p>A planned programme of Human Rights Assessments (HRAs) to inform the decision to safely withdraw services is underway. There are currently 15 young people whose appeal rights are exhausted. All will have an HRA by mid-August.</p> | <p>COMPLETE - Embedded into BAU</p> | <p>Director Early Help and Children’s Social Care</p> |

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ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| Recommendation 7 | | | |
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| The Executive Director Children, Families and Education needs to identify the capacity threshold for the numbers of UASC that it has the capacity to deliver safe UASC services to. | | | |
| Cabinet Member Accountability: Councillor Flemming, Cabinet Member for Children, Young People and Learning | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| i) Draw on the analysis and review at 6 (i) to develop options to establish a capacity threshold for Croydon for unaccompanied asylum seeking children that is commensurate with other Local Authorities and in line with the nationally agreed standards and funding. | The voluntary national rate is the equivalent of 0.07% of the child population. In Croydon that equates to 66 children. This underpins the forensic review and modelling completed in 6i | COMPLETE - Embedded into BAU | Interim Executive Director, Children Families and Education |
| ii) Present options for the Council to deliver safe services within the capacity threshold to the Children's Improvement Board, Cabinet and General Purposes and Audit Committee and Scrutiny & Overview Committee to increase levels of control and improve transparency. | A Cabinet paper on the Council's approach to caring for UASC will be presented on June 7 th 2021. | COMPLETE | Interim Executive Director, Children Families and Education |

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Recommendation 8

The Cabinet reports on the financial position need to improve the transparency of reporting of any remedial action taken to address in year overspends.

Cabinet Member Accountability: Councillor Young, Cabinet Member for Resources and Financial Governance and Councillor King, Cabinet Member for Croydon Renewal

| Action | Progress made to date | Status/Updated Deadline | Accountability |
|---|--|--|---|
| <p>i) A review of financial reporting best practice is to be undertaken and the results used to design reports and a system of reporting that will improve its approach to managing finance, performance and risk to introduce a greater level of transparency and better grip of expenditure. All departments will be required to report against their budgets to the Departmental and Executive Leadership Teams on a monthly basis.</p> | <p>A process for monthly reporting is being developed with the period 1 report to come to Cabinet June 7th 2021. These reports will develop iteratively over the coming months.</p> <p>See recommendation 8 – ii for further information on performance monitoring.</p> | <p>COMPLETE</p> | <p>Interim Director of Finance, Investment & Risk</p> |
| <p>ii) The Council will develop a new corporate framework for monthly reporting that includes finance, performance and risk. This will report to the Executive Leadership Team, Cabinet, General Purposes and Audit Committee and Scrutiny and Overview Committee as appropriate.</p> <p>The new framework will include progress against service delivery, departmental actions plans, savings opportunities and actions contained within the Croydon Renewal Plan. All actions will be assigned to accountable people (including relevant cabinet member) and will be tracked through a central reporting team to ensure that the process is joined up, consistent and timely. This will be a recognised Programme</p> | <p>The Council has developed a new Corporate framework to deliver monthly Corporate Finance, Performance and Risk update reports. These monitor implementation of improvement actions across the Council (including those contained in the RIPI and as part of the CRP) and set out KPIs and accountable officers.</p> <p>The PMO presented an approach to monthly Corporate, Finance,</p> | <p>COMPLETE</p> <p>Embedded into BAU with updates to Cabinet monthly</p> | <p>Chief Executive</p> |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

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| <p>Management Office function using savings and actions trackers</p> | <p>Performance Risk Reporting to Cabinet on April 12th.</p> <p>The June 7th Corporate Finance, performance & Risk report iteration will provide a final set of CRP measures, and targets set to date, as well as a further update on the work streams in place to produce a full set of corporate performance reports by September 2021 Cabinet.</p> <p>The monthly reports will develop over time as recommendations are progressed.</p> | | |
| <p>iii) A review of the capacity within the Finance Team to ensure there is adequate support for departmental cost centre managers to fulfil their responsibilities as budget holders.</p> | <p>A proposed structure for the finance team to ensure the service has the right support for departmental cost centre managers was developed in November 2020.</p> <p>This will be reviewed following the financial forensic audit which will inform the future size and shape of the Finance function.</p> | <p>Progressed – Further update to come for Quarter 3</p> | <p>Interim Director of Finance, Investment & Risk</p> |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| Recommendation 9 – HIGH PRIORITY | | | |
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| The Council (including Cabinet and Scrutiny and Overview Committee) need to show greater rigor in challenging underlying assumptions before approving the budget including understanding the track record of savings delivery. | | | |
| Cabinet Member Accountability: Councillor King, Cabinet Member for Croydon Renewal/ Callton Young, Cabinet Member for Resources and Financial Governance | | | |
| Action | Progress made to date | Status/ Updated Deadline | Accountability |
| i) To support the Annual Budget setting process Budget Development Meetings will be held for each department and will be attended by Executive Directors, Corporate Leadership Team and Members with accountability for their service area and staff who are responsible for service delivery that understand what impact growth and savings plans will have on the services. To support this process Members will be provided with a clear set of proposals that demonstrate cost pressures (growth) and savings opportunities with narrative and comparators on budget and outcomes delivered to describe the impact of the decisions that are required to be taken. | <p>Proposals were provided to members with a formal decision in November Cabinet. Saving opportunities for 21/22 were set out across all services and have been incorporated into delivery of Croydon Renewal Plan.</p> <p>The Council recognises further savings will be necessary to achieve a sustainable budget in the long term. Discussions for further savings next year will be scheduled starting from April 2021.</p> | COMPLETE Embedded into BAU | Interim Director of Finance, Investment & Risk |
| ii) To support the budget exercise the Council will seek external support to test the draft budget proposals, seek ideas and good practice and will take the same approach by seeking support for the scrutiny process. | Various support from external sources has been utilised to date to offer capacity and advice. This includes the LGA, Centre for Governance and Scrutiny, Council peers and CIPFA. The Council will continue to use such opportunities moving forward. | COMPLETE Embedded into BAU | Interim Director of Finance, Investment & Risk Interim Director of Resources |

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| <p>iii) Develop a budget savings tracker that profiles savings by month to enable Members to track that savings are on target. This will need to correlate with the finance, performance and risk reporting that Council will introduce.</p> | <p>An in year savings tracker has been developed to monitor identified savings and escalate any delivery challenges. In year savings are rag rated based on confidence in delivery.</p> | <p>COMPLETE Embedded into BAU</p> | <p>Interim Director of Finance, Investment & Risk</p> |
| <p>iv) To increase understanding of the choices Cabinet Members are making with regards to the emerging budget and to effectively challenge budget assumptions, Scrutiny and Overview Committee Members to receive regular briefings on the progress of budget setting.</p> | <p>Budget Discussions were conducted across January and February 2021. This included focused discussion on the 21/22 budget for specific directorates. Discussion took place at Children and Young People Sub-Committee, Health & Social Care Sub-Committee, at Scrutiny, Streets, Environment & Homes sub-committee and finally the Scrutiny & Overview Committee.</p> <p>The Council will continue to brief Scrutiny committees on budget matters. Work is ongoing to further develop the process for budget scrutiny with conversations ongoing with Scrutiny Chairs. A date is held in the Forward Plan to ensure SOC has the chance to challenge the proposed budget for 2022/23.</p> | <p>COMPLETE Embedded into BAU</p> | <p>Interim Director of Finance, Investment & Risk</p> |
| <p>v) To review the budget setting-timetable to ensure that the Scrutiny & Overview Committee has the time to digest and review the budget proposals and underlying assumptions and for Cabinet to respond fully to any challenge or comments and for Cabinet to be able to consider changing its proposals.</p> | <p>The Council is taking action to ensure budget discussions happen at an earlier date and more opportunities are offered to members to offer input into the budget and review its management. These actions include finalisation of Council meetings forward plan up until April 2022 with dates marked for policy</p> | <p>COMPLETE Embedded into BAU</p> | <p>Interim Director of Finance, Investment & Risk</p> |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

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| | <p>discussions and monthly financial performance updates at Cabinet.</p> <p>Additionally, budget developments meetings will begin in Spring 2021 as opposed to Autumn meaning savings will be identified and shared with members earlier in year. An MTFS update is scheduled for Cabinet in October.</p> <p>The Council will continue to brief Scrutiny committees on budget matters. Work is ongoing to further develop the process for budget scrutiny with conversations ongoing with Scrutiny Chairs. A date is held in the Forward Plan to ensure SOC has the chance to challenge the proposed budget for 2022/23.</p> | | |
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ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| Recommendation 10 The General Purposes and Audit Committee must challenge officers on the progress in implementing the Financial Consultant’s recommendations to improve the budget setting, monitoring and reporting process and actions to address the Head of Internal Audit’s concerns on internal controls. | | | |
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| Member Accountability: Councillor Karen Jewitt, Chair of General Purposes and Audit Committee | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| i) Delivery of the Financial Consultant’s recommendations and the Head of Internal Audit’s concerns will be reported to the General Purposes and Audit Committee and to the Improvement Board as part of the Croydon Renewal Plan. | <p>Phase 1 of the review have been established and the work on the 75 recommendations in the initial review is ongoing. A progress update on the implementation of these recommendations went to GPAC in April. This included notice on completion of the Capital Programme review, Updated MTFS and new financial governance arrangements.</p> <p>Further updates on these will be presented to GPAC, with a date set for September.</p> <p>In March ELT agreed a renewed Internal Audit Governance Framework. The agreed framework states the Head of internal Audit is to regularly prepare reports for DLTs and ELT (4 times a year for each) to ensure visibility on existing concerns and mitigating actions in place,</p> | <p>The next update on the Finance Review is scheduled for GPAC September 2021</p> <p>– An update in this action plan will be shared in the Q.3 update</p> | Interim Director of Finance, Investment & Risk |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

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| | <p>The Head of Internal Audit is regularly attending GPAC and can use the meeting as an opportunity to provide updates on concerns and the management actions being delivered to address the concerns.</p> | | |
| <p>ii) That a piece of work be undertaken to clarify the roles of GPAC and Scrutiny to reduce duplication and ensure right things are being reviewed at the right time</p> | <p>Updates on phase 1 of the Finance Review are currently scheduled on the GPAC work plan up until September including updates on phase 1. It is suggested that it remain this way but Scrutiny call in as they feel appropriate to ensure correct level of challenge. The next update will be received at GPAC in September 2021 with a further update provisionally scheduled for February 2022.</p> <p>Phase 2 and 3 of the finance review have been paused to prioritise other pieces of work.</p> <p>The respective roles of GPAC and Scrutiny will be clarified as part of the wider review of the Constitution. (see LBC Recommendation 1)</p> | <p>COMPLETE</p> | <p>Interim Executive Director of Resources</p> <p>Interim Director of Finance, Investment & Risk</p> |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| Recommendation 11 | | | |
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| The s151 officer needs to revisit the Growth Zone assumptions following the pandemic and make recommendations to Cabinet and Council for the continued investment in the scheme. | | | |
| Cabinet Member Accountability: Councillor King, Cabinet Member for Croydon Renewal | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| i) The Council have commissioned PwC to undertake a strategic review of the Growth Zone with completion expected November 2020. The report with recommendations on a way forward will be discussed with Cabinet and agreed by Members. | PwC report to cabinet made recommendations on future of GZ. These are now being implemented | COMPLETE | Interim Director of Finance, Investment & Risk |
| ii) Revised financial model profile to be presented alongside budget review in February 2021 to Cabinet, General Purposes and Audit Committee and the Scrutiny and Overview Committee. | The March cabinet report sets out a direction of travel, with 1 year of capital expenditure. Considering the current macro-economic climate (i.e. impact of pandemic) and challenges facing Croydon and its economy, this means that the financial model will need updating throughout this calendar year. Dates for GPAC and Scrutiny & Overview Committee are being scheduled. An update on the report will go to Cabinet in December 2021. | Progressed – further update December 2021 | Interim Director of Finance, Investment & Risk |
| iii) Cabinet paper with revised profile and recommendations to be issued March 2021. | See 11ii | COMPLETE | Interim Director of Finance, Investment & Risk |
| iv) The Council needs a mechanism in place to review projects to use the learning to inform any future work. This should be extended across all areas of the Council, with learning retained centrally as a corporate resources. | Project closure process in place as part of the governance of all projects. | COMPLETE – but needs further development to be embedded into BAU fully | Interim Director of Finance, Investment & Risk |

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ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| Recommendation 12 – HIGH PRIORITY The s151 officer should review the financial rationale and associated risks and make recommendations to Cabinet and Council on whether the Revolving Investment Fund should continue. | | | |
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| Cabinet Member Accountability: Councillor King, Cabinet Member for Croydon Renewal | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| i) The Council have commissioned PwC to undertake a strategic review of the Revolving Investment Fund with completion expected in November 2020. The report with recommendations on a way forward will be discussed with Cabinet and agreed by Members. | Report by PwC on governance & strategic review delivered in November 2020 to Cabinet. Treasury Management strategy updated 1st March 2021 limits new lending under the RIF to BBB working capital loans only | COMPLETE | Interim Director of Finance, Investment & Risk |
| ii) Recommendations to be presented alongside budget review in Feb 2021 to Cabinet, General Purposes and Audit Committee and Scrutiny and Overview | See recommendation 12i | COMPLETE | Interim Director of Finance, Investment & Risk |
| iii) Cabinet paper with recommendations to be issued March 2021. | See recommendation 12i | COMPLETE | Interim Director of Finance, Investment & Risk |

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ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| Recommendation 13 | | | |
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| The s151 officer should review the purchase of Croydon Park Hotel to identify lessons learned to strengthen future due diligence arrangements. | | | |
| Cabinet Member Accountability: Councillor King, Cabinet Member for Croydon Renewal | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| i) The Council have commissioned PWC to undertake a strategic review of assets that have been purchased with completion expected in November 2020. The report with recommendations on a way forward will be discussed with Cabinet and agreed by Members. | On February 18 th Cabinet agreed the approach set out in the Interim Assets Strategy. This included, in the appendices, options for an approach on the future of Croydon Park Hotel. An update with a decision on the future of Croydon Park Hotel is provisionally scheduled for September 2021. | COMPLETE | Interim Director of Finance, Investment & Risk |
| ii) Recommendations, including lessons learned, will inform changes required to governance arrangements and training/development that might be required. These recommendations to be presented alongside budget review in February 2021 to Cabinet, General Purposes and Audit Committee and Scrutiny and Overview. | Under Treasury management strategy changes no new investments will be made. Lessons learned paper to be prepared. | September 2021 | Interim Director of Finance, Investment & Risk |
| iii) Review and re-write the asset investment strategy that was approved by Cabinet in October 2018 incorporating advice from each of the Strategic Reviews. The review will explicitly consider best practice from the sector and lessons learned from other local authorities, the external auditor and the National Audit Office on effective investment practice. | Interim Asset Strategy has been approved at February 18 th Cabinet to fast track income generation and achieve “quick wins.” A 3 year 21-24 Asset Strategy is being developed provisionally set for January 2022 Cabinet. | COMPLETE | Interim Director of Finance, Investment & Risk / Executive Director of Place |
| iv) Cabinet paper with recommendations to be issued March 2021. Update to be provided at Scrutiny on 9 th February | The Interim Assets Disposal Strategy, was discussed at both Cabinet and Scrutiny & Overview Committee in February. | COMPLETE | Interim Director of Finance, Investment & Risk |

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ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| Recommendation 14 – HIGH PRIORITY | | | |
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| The Cabinet and Council needs to re-consider the Treasury Management Strategy for ongoing affordability of the borrowing strategy, the associated risks and identify whether alternative options can reduce the financial burden. | | | |
| Cabinet Member Accountability: Councillor Young, Cabinet Member for Resources and Financial Governance and Councillor King, Cabinet Member for Croydon Renewal | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| i) The Treasury Management Strategy will be reviewed as part of the budget setting for 2021/22 and will take into consideration the outcome of the strategic reviews to factor in the overall financial position and best practice from other local authorities. The report with recommendations on a way forward will be discussed with Cabinet and agreed by Members. | Treasury Management strategy updated and agreed by Council on 8 th March 2021 | COMPLETE | Interim Director of Finance, Investment & Risk |
| ii) The outcome of the strategic reviews that the Council have commissioned will inform the Treasury Management Strategy for 21/22 onwards and any changes in governance that may be required. | See recommendation 14i | COMPLETE Embedded into BAU | Interim Director of Finance, Investment & Risk |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| Recommendation 15 | | | |
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| The Chief Executive should arrange detailed Treasury Management training to assist Members to better understand and challenge the long-term financial implications of matters reported within the Treasury Management Strategy. | | | |
| Cabinet Member Accountability: Councillor Young Cabinet Member for Resources and Financial Governance | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| i) Members to attend training sessions facilitated by the Local Government Association to cover treasury management to enable better and effective financial leadership. | Treasury management training was offered to all members on the 3 rd March 2021. Session was recorded and will be distributed to all Members and all budget managers. | COMPLETE | Chief Executive |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| Recommendation 16 The s151 officer should revisit the Minimum Revenue Provision policy to demonstrate that a prudent approach is being taken. | | | |
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| Cabinet Member Accountability: Councillor King Cabinet Member for Croydon Renewal | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| i) Link Asset Management has been commissioned to carry out a review of the Minimum Revenue Position policy. The report with recommendations will be discussed with General Purposes and Audit Committee and then on to Cabinet. | Minimum Revenue Provision Policy Statement 2020/21 went to Cabinet 1 st March as part of the Treasury Management Strategy. | COMPLETE | Interim Director of Finance, Investment & Risk |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

Recommendation 17
 The Cabinet and Council should reconsider the financial business case for continuing to invest in Brick by Brick before agreeing any further borrowing.

Cabinet Member Accountability: Councillor Hamida Ali, Leader of the Council

| Action | Progress made to date | Status/Updated Deadline | Accountability |
|--|--|---|-----------------|
| i) PwC has been commissioned to undertake a strategic review of Brick by Brick with completion expected in November 2020. The report with recommendations regarding the financial business case will be reviewed by the Scrutiny and Overview Committee prior to being presented to Cabinet. | <p>This specific action is complete however, ongoing activity with regard to BBB still needs to be taken hence further updates suggested.</p> <p>Phase 1 of the Strategic Review set out a number of options around BBB. This was received at Cabinet in November 2020 and it was agreed by members for further work to be carried out to advice on the best approach for BBB.</p> <p>The additional paper went to Cabinet in February 2021. It recommended an approach to build out of sites by Brick by Brick combined with a sale of sites under construction whilst still considering the option of a sale of the business, with a further report to come to Cabinet.</p> <p>On July 12th Cabinet approved recommendations to reject a purchase offer for BBB and agree a modified build out scenario of 23</p> | Progressed – Further update to be provided Q.3 | Chief Executive |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

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| | <p>sites be implemented. The Council will receive reports on BBBs financial position, sales, contractual issues and other relevant matters on a monthly basis. Quarterly updates from these will also go to Cabinet.</p> | | |
| <p>ii) Council to review the risks relating to Brick by Brick to ensure they are appropriately listed on the risk register</p> | <p>The Risks for Brick by Brick have been reviewed and are as follows per the Corporate Risk Register:</p> <ol style="list-style-type: none"> 1. Investigation or ownership taken on all activities that the Council undertakes by the Executive Leadership Team, Cabinet and all Scrutiny Committees (including GPAC). 2. There is no effective challenge, review, investigation or ownership taken on all activities that the Council undertakes by the Executive Leadership Team, Cabinet and all Scrutiny Committees (including GPAC). <p>**These risks specifically relate to financial strategy, treasury management strategy (including borrowing), capital investment strategies and appropriateness of continuing investment and</p> | <p>COMPLETE - Embedded into BAU</p> | <p>Interim Director of Finance, Investment & Risk</p> |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

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| | <p>association with BBB**</p> <p>The Corporate Red Risk Register is reviewed monthly at ELT to review and update risks where necessary.</p> | | |
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ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| Recommendation 18 – HIGH PRIORITY The Cabinet and Council should review and reconsider the ongoing financial rationale for the Council in the equity investment arrangement with Brick by Brick. | | | |
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| Cabinet Member Accountability: Councillor King Cabinet Member for Croydon Renewal | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| i) PwC has been commissioned to undertake a strategic review of Brick by Brick. The report and recommendations will consider the ongoing financial rationale and equity invested and will detail options for the Council that will be considered by the Scrutiny & Overview Committee Cabinet prior to being presented to Cabinet. | <p>This paper went to Scrutiny & Overview Committee and Cabinet in February 2021.</p> <p>The Cabinet paper noted that the Council has never made any equity payments, as planned, and is not in the financial position to do so. It was noted BBB sales proceeds were meant to be placed in an account for the Council to apply interest repayment and, if excess, to substantive loan repayment. Unfortunately, this process has not occurred and instead sale proceeds were retained by BBB effectively replacing the Council’s equity share.</p> <p>The Council needs to review existing arrangement, change the current agreements or replace it with fresh loans.</p> <p>It is recommended that the current arrangements continue but in a modified way to give Brick by Brick capacity to have working capital to ensure that funds are available to build out units on site</p> | COMPLETE | Chief Executive |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| Recommendation 19 | | | |
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| The s151 officer and monitoring officer should monitor compliance with loan covenants with Brick by Brick and report any breaches to Members. | | | |
| Cabinet Member Accountability: Councillor King Cabinet Member for Croydon Renewal | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| <p>i) Loan covenants are within scope of the PwC strategic review and will be considered as part of the overall recommendations.</p> <p>A review of the existing loan covenants and their governance is to be undertaken. Learning from this review, a new system of control for all loan agreements entered into by the Council will be presented to Members and this will form part of the new Corporate Finance, Performance and Risk reporting system.</p> <p>The review and the proposed new system for loan covenants will be presented to GPAC & Scrutiny and Overview Committee prior to being presented to Cabinet for approval.</p> | <p>Loan agreements to be redrafted to provide a comprehensive single agreement</p> <p>The February Cabinet report agreed that detail of the revised loan scheme be delegated to the Chief Executive after consultation with the leader and appropriate lead members.</p> | <p>COMPLETE Embedded into BAU</p> | <p>Interim Executive Director of Resources</p> <p>Interim Director of Finance, Investment & Risk</p> |

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| Recommendation 20 – HIGH PRIORITY | | | |
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| The Cabinet and Council should review its arrangements to govern its interest in subsidiaries, how the subsidiaries are linked, and the long-term impact of the subsidiaries on the Council’s financial position and how the Council’s and taxpayers’ interest is safeguarded. | | | |
| Cabinet Member Accountability: Councillor Young, Cabinet Member for Resources and Financial Governance | | | |
| Action | Progress made to date | Updated Deadline/ Status/Updated Deadline | Accountability |
| i) An audit of the Council’s approach to membership of each subsidiary board will be undertaken. The audit will involve officers of the Council and any Chairs/Members of company boards. | <p>A working group was established to work through the existing list of companies that the Council has an interest in. Relevant officers and Directors of company boards were invited to present a paper at each of the working group meetings to discuss the company/companies they are involved with.</p> <p>These informed renewed governance arrangements which were approved by Cabinet on 26th July 2021, establishing the Croydon Companies’ Supervision and Monitoring Panel (CCSMP) and approving its terms of reference.</p> <p>As part of a refreshed approach to membership the S151 Officer in consultation with the Chief Executive, has delegated authority to appoint and remove nominated Directors from the board of Group entities.</p> | COMPLETE – governance arrangements embedded into BAU | Interim Executive Director of Resources Interim Director of Finance |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

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| <p>ii) As part of this review the membership balance of the boards will be considered in aggregate in regard to best practice for achieving diversity, skill set, sectoral knowledge and Croydon Council representation.</p> | <p>The terms of reference for CCSMP includes the following: <i>“In fulfilling its responsibilities the CCSMP will: Evaluate effectiveness of Group entity board governance structure and processes and recommend changes as required, including with a view to achieving diversity, skill set, sectoral knowledge and appropriate representation.”</i></p> <p>This measure will help ensure diversity, equality and inclusion aspects will be considered in all future decisions on membership.</p> | <p>COMPLETE – governance arrangements embedded into BAU</p> | <p>Interim Executive Director of Resources Interim Director of Finance</p> |
| <p>iii) External guidance on best practice will be sought. Roles, responsibilities and legal requirements for local authority company directors and guidance on skill set will be sought and this will include the best way to assess the competence of Members and Chief Officers for these roles.</p> | <p>Principles of Good Governance have been embedded within the terms of reference for CCSMP. These principles consider best practice at other local authorities including Nottingham City Council, Birmingham City Council, Ealing Council and Wirral Council.</p> <p>Furthermore, the terms of reference include the following: <i>“In fulfilling its responsibilities the CCSMP will: Receive updates and training in respect of best practice</i></p> | <p>COMPLETE – External guidance will be continually sought as BAU</p> | <p>Interim Executive Director of Resources Interim Director of Finance</p> |

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| | <p><i>for company governance and associated matters”</i></p> | | |
| <p>iv) Process for identifying gaps in knowledge and or experience will be brought forward to include training considerations. If necessary interim arrangements will be made to remove risks and ensure effective governance.</p> | <p>The Principles of Good Governance, which are embedded within the terms of reference for CCSMP, include the following:</p> <ul style="list-style-type: none"> • <i>“Directors of the Group entity must act for the entity, declaring and avoiding any actual or apparent conflict of interest. The Group entity should have skills appropriate to the sector and roles. To ensure this is achieved the Board should have mandatory training including induction, an annual training programme and guidance notes. An annual skills audit and triennial independent review should be used to support the entity Board and identify appropriate external expertise</i> • <i>Council nominated directors and member representatives to receive mandatory training on an annual basis and appropriate indemnity arrangements to be ensured”</i> <p>As explained above (20i), the ability to appoint and remove Directors has also been delegated.</p> | <p>COMPLETE – training referred to and governance arrangements to continue as BAU</p> | <p>Interim Executive Director of Resources Interim Director of Finance</p> |

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| <p>v) Essential mandatory training will be undertaken on an annual basis and the retention of the director role for each Councillor and Council official will rely on completion of the recommended training.</p> | <p>See above for (iv) – the date of the training will be determined in due course through the CCSMP.</p> | <p>Progressed – Further update to come Q.3 Training referred to will continue as BAU</p> | <p>Interim Executive Director of Resources Interim Director of Finance</p> |
| <p>vi) The impact of these changes will need to be reflected in the Council’s Constitution and relevant protocols.</p> | <p>CCSMP’s responsibilities, as set out in the terms of reference, includes:</p> <p><i>“Embedding principles of good governance as referenced in Section B of these Terms of Reference, including by making recommendations via the Chair for the Council’s constitution to be amended to reflect the role of CCSMP and recommended corporate protocols, such item to be on the agenda for the first meeting of the CCSMP”</i></p> <p>Work to review the constitution will include ensuring that the Council’s constitution reflects best practice in relation to governance of subsidiaries.</p> | <p>Progressed – Further update to come Q.3</p> | <p>Interim Executive Director of Resources Interim Director of Finance</p> |
| <p>vii) Support for the effective governance of the Council’s subsidiaries and retaining a corporate overview of activity of individual companies and the whole group of companies is to be developed.</p> | <p>In addition to embedding the Principles of Good Governance section B of the terms of reference.</p> | <p>Progressed – Responsibility referred to will continue as BAU.</p> | <p>Interim Executive Director of Resources Interim Director of Finance</p> |

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| | <p>CCSMP’s responsibilities, as set out in the terms of reference, includes:</p> <p><i>“Supporting the development of Group entities and the Group”</i>. A full list of responsibilities can be seen here.</p> <p>Further, although Brick By Brick will have separate reporting and governance arrangements, when CCSMP reports to Cabinet, Cabinet will also be asked to note the reports presented separately on Brick By Brick to ensure holistic consideration of the Council’s Group entities.</p> | <p>This action will be reported on quarterly to update on impact of CCSMP.</p> | |
| <p>Viii) Raise awareness of the timing of the Annual General Meetings of subsidiaries amongst Members.</p> | <p>CCSMP’s responsibilities, as set out in the terms of reference, includes:</p> <p><i>“The CCSMP will, via the Chair, report to Cabinet on a biannual basis at minimum and make recommendations as appropriate. The Chair shall frequently brief relevant Cabinet Members between formal reporting to Cabinet.”</i></p> | <p>Progressed – Further update to come Q.3</p> <p>Update referred to will continue as BAU.</p> | <p>Interim Executive Director of Resources</p> <p>Interim Director of Finance</p> |

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| | The Scheduling of this has is being actively discussed through the CCSMP. | | |
| IX) Cost effective mechanism to publish Board membership of Council subsidiaries to be investigated | <p>Board membership of subsidiaries can be included within CCSMP’s bi-annual reports to Cabinet (see Rec 20 – VIII).</p> <p>Other company and Directorship information already publicly available on company’s house.</p> | Progressed- Update referred to will continue as BAU. | <p>Interim Executive Director of Resources</p> <p>Interim Director of Finance</p> |

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| LBC Recommendation 1 | | | |
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| Given the challenges ahead there will need to be improvement of the Council's approach to risk management to enable a satisfactory turnaround of the financial position. | | | |
| Cabinet Member Accountability: Councillor King Cabinet Member for Croydon Renewal | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| i) An externally led review of the Council's appetite for risk needs to be undertaken with Members and Officers to ensure that the council's financial capacity for managing risk is fully understood. | <p>Cabinet risk management session has been carried out which will need to have a follow up session during the 21/22 financial year.</p> <p>A selection of Officers across the Council have been given access to the Risk software to download and edit risk entries. This has included 1-1 training sessions on the creation of risks and the use of software.</p> | Sept 2021 – Progressed | Interim Director of Finance, Investment & Risk Director of HR Head of Democratic Services |
| ii) Corporate Finance, Performance and Risk management to be combined into one reporting function to remove silo thinking and increase the rigour to enable delivery of services, savings plans and the overarching Improvement Plan. This will require one new unified system of corporate reporting. | <p>PMO developing initial Corporate Finance, Performance and Risk report.</p> <p>These reports will be developed monthly and will provide updates from across the Council on key KPIs. A Cabinet report on the process of reporting was provided on April 12th 2021.</p> <p>The June 7th Corporate Finance, performance & Risk report iteration will provide a final set of CRP measures, and targets set to date, as well as a further update on the</p> | COMPLETE – Embedded into BAU with monthly reports to Cabinet | Interim Executive Director of Resources |

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| | <p>work streams in place to produce a full set of corporate performance reports by September 2021 Cabinet.</p> <p>The monthly reports will develop over time as recommendations are progressed.</p> | | |
| <p>iii) Risk considerations to be made at the outset of all new decisions will ensure the Council has capacity, capability and financial resources needed to deliver. The assessment of risk is on the individual decision and its impact on the whole of the Council.</p> | <p>All new programmes of work will be subject to sign off at the Programme Steering Group who will be able to provide a council wide view and ensure that risks have been considered. This process is in evolutionary phase so too soon to record this action as complete.</p> <p>Updates have been made to handling of Corporate Risk Register to improve presentation and to promote ownership across Directorates. Risks now presented to ELT on a monthly basis.</p> | <p>Progressed – next update expected Q.3</p> <p>To become BAU</p> | <p>All Executive Directors</p> |
| <p>iv) Develop training for Members and Officers to understand effective risk management.</p> | <p>An initial workshop on risk took place in January 2021.</p> <p>In addition, per recommendation LBC 3 - i, this will form part of the wider Member Learning & Development Programme as approved by Members Learning & Development Committee on July 13th 2021.</p> | <p>Update provided – training to be delivered by March 2022.</p> <p>To be confirmed in Q.4 Update.</p> <p>To become BAU</p> | <p>Interim Executive Director of Resources/ Interim Director of Finance</p> <p>Director of HR</p> <p>Head of Democratic Services</p> |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

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| | This training is aimed to be delivered by March 2022. Appropriate Training for Members will continue to be offered as BAU going forward. | | |
| v) The Council to review the terms of reference in regards the General Purposes and Audit Committee and Scrutiny & Overview Committee with regards to risk management to ensure there are no gaps in governance, to remove silo thinking and that both committees have a clear understanding of their responsibilities. This will include new guidance and joint training | <p>Work to update the GPAC and Scrutiny TOR is being progressed as part of the review of the Constitution, aligned with the process of introducing an Independent Chair.</p> <p>Training for Scrutiny Members to understand their roles will accompany adoption of a new approach to scrutiny in response to the CfGS Scrutiny Improvement Review. Training for GPAC members will be implemented following the appointment of the Independent Chair.</p> | Progressed – Further update to be provided Q.3 | Interim Executive Director of Resources |
| vi) Councillors to be provided overview of Council risk function and how risks are constantly monitored and updated in the organisation | <p>Cabinet training workshop took place in January 2021.</p> <p>Officers will look at opportunities to provide key learning to members through refreshed work programme for 2022. (see LBC 3- i)</p> | COMPLETE | Interim Executive Director of Resources |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| LBC Recommendation 2 Clarifying member and officer roles to support good governance arrangements | | | |
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| Cabinet Member Accountability: Councillor Young Cabinet Member for Resources and Financial Governance | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| i) The Council will need to undertake a review to consider its operating model to ensure it has capacity and specialist skills required to deliver the financial and operational improvements that are needed to deliver. | <p>A restructure proposal has been approved by Full Council. This should be live Autumn 2021.</p> <p>A review of the Council’s Internal Governance Meeting is in its final stages and its implementation should be aligned with the restructure going live.</p> | Progressed – Further update to be provided Q.3 | Chief Executive |
| ii) The Member/Officer protocol is to be reviewed to ensure that it gives clarity on the respective roles and responsibilities for both Members and officers. The protocol should also explicitly place the seven principles of public life, known as the Nolan principles, at its heart. https://www.gov.uk/government/publications/the-7-principles-of-public-life . Training will be held for all Councillors and senior officers to develop good practice. | <p>On May 26th a report reviewing the TOR of Ethics Committee went to the Committee and consequently a new work plan was adopted.</p> <p>An outline Training programme is being developed for all members including where appropriate, specific training for committee members (see LBC 3- i)</p> <p>The Member Code of Conduct is being reviewed, based on the new LGA Model Code of Conduct, with the Nolan principles at its heart: the revised Code will be presented to Ethics Committee for approval in September 2021.</p> | Progressed – Next update Q.3 To become BAU | Interim Executive Director of Resources Head of Democratic Services |

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| | The Member/Officer Protocol will be reviewed as part of the wider review of the constitution, informed by the new Member Code of Conduct. | | |
| iii) A review of the member and officer Codes of Conduct will be undertaken to incorporate any learning from recent events and to ensure that they explicitly include the seven principles of public life, known as the Nolan principles, as the basis of the ethical standards expected of elected and appointed public office holders. | The Member Code of Conduct is being reviewed, based on the new LGA Model Code of Conduct, with the Nolan principles at its heart: the revised Code will be presented to Ethics Committee for approval in September 2021. This is linked to LBC2 - ii. | Progressed - To become BAU | Interim Executive Director of Resources |
| iv) Development sessions for Members and officers to better understand each other's respective roles. | The review and revision of the Councillor/ Officer Protocol will include development sessions for members and officers to better understand each other's respective roles. See LBC Recommendation 2 ii and iii and LBC Recommendation 3 i. | Progressed - Further update to be provided Q.3 To become BAU | Interim Executive Director of Resources |
| v) Review the level of support and advice Scrutiny & Overview Committee and the General Purposes and Audit Committee receives from the Head of Paid Services, Section 151 Officer and Monitoring Officer to ensure that the advice is in line with their statutory responsibilities. With this include clarification on the ability and process for members to request information. | Meetings have been held between the Head of Paid Service, S151 officer, Monitoring Officer and Scrutiny Chairs to provide opportunity for regular discussion and planning. | Progressed - Further update to be provided Q.3 | Interim Executive Director of Resources |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

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| | <p>The Scrutiny and GPAC Workplan is also being linked in to the Council's forward plan.</p> <p>Adoption of a new approach to scrutiny in response to the CfGS Scrutiny Improvement Review will ensure that scrutiny's work planning is supported by appropriate information and officer advice.</p> <p>An Access to Information Protocol, informed by the CfGS Scrutiny Improvement Review, will be presented to Ethics Committee in September.</p> | | |
| <p>vi) Review the capacity of the organisation to support the Scrutiny & Overview Committee and the General Purposes and Audit Committee so that activity is prioritised within the financial resources for these functions.</p> | <p>This needs to be considered in conjunction with LBC Recommendation 2 V. See above therefore.</p> | <p>Progressed - Further update to be provided Q.3</p> | <p>Interim Executive Director Resources</p> |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| LBC Recommendation 3 | | | |
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| Ensuring that Members are appropriately trained across all aspects of the Council's financial duties and responsibilities | | | |
| Cabinet Member Accountability: Councillor Young, Cabinet Member for Resources and Financial Governance | | | |
| Action | Progress made to date | Status/Updated Deadline | Accountability |
| <p>i) A detailed training and development programme is being designed to enable all Members to fulfil their roles in regard to their role with sufficient rigour. The programme being developed will cover:</p> <ul style="list-style-type: none"> • Financial management to include the importance of effective budget setting, a robust Medium Term Financial Strategy and rigorous budget monitoring (Add reserves) • Understanding funding sources, eg general fund, housing revenue account and direct schools grant • The role of Audit and the external auditor • Treasury management and capital strategies and the Council's approach to subsidiaries • Risk assessment • Commercial Investment • Mentoring • Commissioning and Procurement Process • ASC Budget • Transformation Funding • Statutory and non-statutory services | <p>An outline training programme for all members, including where appropriate specific training for committee members, was approved by the Members Learning & Development Panel on July 13th 2021. It has been aligned with the actions in the RIPI action plan to ensure all aspects covered. Detailed planning is now underway to ensure delivery by March 2022.</p> <p>Some training has already been carried out during the latter part of 2020/early 2021. This includes Finance, Treasury Management, Risk.</p> <p>The Council will ensure training attendance is recorded on Mod.gov.</p> <p>The training offer will be refreshed annually and continually offered to members as BAU going forward. A members induction programme for May 2022 will be informed by the RIPI recommendations.</p> | <p>Action progressed and training offer finalised</p> <p>Training to be delivered with aim to fully deliver by March 2022.</p> <p>To become BAU</p> | <p>Chief Executive</p> <p>Interim Executive Director of Resources</p> <p>Director of HR</p> <p>Head of Democratic Services</p> |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

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| <p>ii) Further work on Cabinet development will be undertaken to support members to explore priorities for the new Cabinet, agree how the Members will work together to make the most of shared skills and consider individual and collective leadership styles and ways of working.</p> | <p>LGA have carried out a facilitated session for Cabinet members</p> | <p>COMPLETE</p> | <p>Interim Executive Director of Resources</p> |
| <p>iii) Target support to be provided for Cabinet Members, Scrutiny & Overview Committee Members and General Purposes and Audit Committee Members to strengthen the approach to reviewing the emerging plans, actions and risks that are being developed as part of the Croydon Renewal Plan, Financial recovery and progress against the Report in the Public Interest. In particular the training will include:</p> <ul style="list-style-type: none"> • The role of Scrutiny and Overview in relation to finance and General Purposes and Audit Committee • Developing an effective culture of scrutiny and key questioning skills • Maintaining a ‘big picture’ view of the financial pressures affecting the council • Assessing effectively budget and financial plans, budget monitoring, reserves approach • Challenging how resources are allocated • Scrutinising partnership arrangements • Key finance issues for Scrutiny and Overview Committee to consider | <p>An Access to Information Protocol, informed by the CfGS Scrutiny Improvement Review, will be presented to Ethics Committee in September.</p> <p>A Training offer is being developed for all members including where appropriate, specific training for committee members (See LBC3 –i).</p> | <p>Progressed – Further Updates to be provided Quarterly</p> <p>To become BAU</p> | <p>Interim Executive Director of Resources</p> |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

| LBC Recommendation 4 | | | |
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| The Council develops an improvement programme that has the necessary elements for it to function effectively and within its financial resource. | | | |
| Cabinet Member Accountability: Councillor Hamida Ali, Leader of the Council | | | |
| Action | Progress made to date | Status/ Updated Deadline | Accountability |
| i) Implement new Council management arrangements that ensure: <ul style="list-style-type: none"> • the delivery of high quality statutory services • finances are appropriately managed and controlled • a sound understanding of risk management is at the heart of the organisation | <ul style="list-style-type: none"> • Corporate Restructure approved and senior recruitment campaign due to start in August • Risk Register format and style updated. Now regularly reviewed at ELT and DLTs. • Interim Assets Strategy in implementation stage with number of assets targeted to be disposed by end of financial year. • New process for monthly Corporate Finance, Performance and Risk reporting in place | Update provided Further update to be provided for Q.3 To become BAU | Chief Executive Officer |
| ii) Working with local residents, rebuild the trust with their local Council by focussing on effective delivery of core services, responding promptly and appropriately to queries and complaints and learning from good practice as well as failures and from each other. | A Cabinet paper on Croydon Renewal Community Engagement to establish a Community Panel went to May Cabinet with operating principles and outcomes defined. The Panel is seen as a key element on our journey to becoming more transparent, open and honest in our ways of working. The Panel will also represent a link between our communities and the delivery of the | Ongoing – To be updated every quarter To become BAU | Interim Executive Director of Resources |

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| | <p>wider Croydon Renewal Improvement Plan. The implementation of this is to be finalised.</p> <p>Sessions with residents have taken place in relation to Regina Road to open up direct communication links between officers and those affected.</p> <p>Rebuilding trust with residents will be an ongoing process with residents as we improve our cultures and systems to be the Council our resident’s needs. An update will continue to be provided against this action for the foreseeable future therefore.</p> | | | |
| iii) | <p>Introduce a new system of internal control focussed on finance, performance and risk to manage financial expenditure, risk management, service performance and the delivery of Council priorities. This will follow a monthly cycle of Departmental Leadership Teams, Executive Leadership Team, Cabinet and Scrutiny & Overview as appropriate.</p> | <p>New process for monthly Corporate Finance, Performance and Risk reporting in place.</p> <p>Work to align financial/HR data with the restructure is ongoing and is expected to be live in Autumn.</p> | <p>Update provided – next update for Q.3</p> <p>To become BAU</p> | Chief Executive Officer |
| iv) | <p>Building on the work done to date and listening to staff concerns about equality and diversity in the workplace, co-create a working environment that respects and values all our staff and take positive action to ensure that this is the case.</p> | <p>Following the all-staff conference and the series of staff roadshows held Spring 2021. Further engagement with staff is planned for Autumn 2021 to provide an update to staff on the CRP and underline</p> | <p>Ongoing – To be updated every quarter</p> | Interim Assistant Chief Executive |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

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| | <p>and continue to promote positive systemic and cultural changes.</p> <p>The Council is committed to creating a positive culture for all and continues to recognise it will take time to build staff trust and confidence.</p> <p>In addition, to the Guardians Programme detailed in the previous update the Council has implemented a series of monthly Tea Talks to provide staff a means to share experiences and discuss sensitive issues in a safe space.</p> | <p>To become BAU</p> | |
| <p>v) Create a new system of staff performance appraisal, co-created with staff and agreed with the trade unions.</p> | <p>The Council has implemented a light touch solution to appraisals for 2020/2021 to recognise the sheer level of work and commitment staff have shown in the last year.</p> <p>Further work on re-developing appraisals in the longer term is ongoing.</p> | <p>Next update January 2022</p> <p>To become BAU</p> | <p>Interim Executive Director of Resources</p> <p>Director of HR</p> |
| <p>vi) By working with Council staff, co-create an environment that is open to listening, free from fear, built on trust and openness and reflects the diverse borough that we serve.</p> | <p>See recommendation LBC 4 iv</p> | <p>Ongoing – To be updated every quarter</p> <p>To become BAU</p> | <p>Interim Executive Director of Resources</p> <p>Director of HR</p> |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

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| <p>vii) Agree a training programme for Council staff that includes finance for non-financial managers, Business Case Development, understanding risk, project management and the Council's own governance processes.</p> | <p>The Council training budget will be held centrally to assist with developing a corporate approach to staff training that creates consistency and efficiency in the way this is managed and delivered. The more specific approach to these areas for training will be agreed once the forensic financial exercise is complete.</p> <p>The forensic audit includes recommendations for improved training of budget managers and finance staff that need to be worked up.</p> | <p>Progressed – Further update to be included in Quarter 3</p> <p>To become BAU</p> | <p>Interim Executive Director of Resources</p> |
| <p>viii) Ensure the actions contained in this plan are supported by a corporate programme office that can provide assurance to Members.</p> | <p>A PMO office has been established dedicated to coordinating and supporting the delivery of key improvement actions across the Council. This includes recommendations in the MHCLG Rapid Review, the RIPI and the Croydon Renewal Plan.</p> | <p>COMPLETE</p> <p>Embedded as BAU</p> | <p>Interim Executive Director of Resources</p> |
| <p>ix) Corporate level sponsorship to be allocated to all projects to ensure clarity of responsibility for delivery.</p> | <p>ELT members already allocated across all actions. Further project managers to be identified to deliver the recommendations.</p> | <p>COMPLETE</p> | <p>Chief Executive</p> |

ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST – SEPTEMBER 2021 UPDATE

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| x) Work needs to be undertaken as a priority to understand the future model of the Council, which would inform the direction of travel in the improvement journey. | See recommendation LBC 2 - i | Progressed - Work to be complete and reported on for Q.3 update | Chief Executive |
| xi) Council is to provide appropriate officer support is given to Scrutiny in order that it can fulfil its role. | See recommendation LBC 2 - V | Progressed- Further update to be provided Q.3 To become BAU | Interim Executive Director Resources |

Key:

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| | Action fully completed and, where appropriate, now part of Council's governance framework. | | Action substantially completed. | | Action still in progress | | No action taken |
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| Extract from April 2021 update report | | | | | Summary of Internal Audit work - Evidence obtained and seen |
|---------------------------------------|---|--|--|--|--|
| Ref | Recommendation | Action | Progress made to date | Updated Deadline | |
| 1a(iv) | The Executive Director Children Families and Education needs to address the underlying causes of social care overspends in children's social care and take effective action to manage both the demand and the resulting cost pressures. | iv) Secure independent external challenge through the Partners in Practice programme to enable valid judgements to be made about the correct level of funding to meet the needs of Croydon's children in care. | <p>Report from LB Camden received under Partners in Practice Programme – December 2020</p> <p>Independent Financial Adviser commissioned by the DfE to provide expert challenge and support commenced on 22/2/21 for a period of 9 months.</p> | <p>Complete</p> <p>Ongoing support until November 2021</p> | <p>Copies of parts 1 and 2 of the 'Review of Croydon's Children Looked After Service' by the London Borough of Camden, dated 'October/November 2020' and 'December 2020' respectively were obtained. Part 1 looked at proposals for the redesign of the service, while Part 2 looked at (a) commissioning arrangements, (b) the changing needs/profile of children looked after and unaccompanied asylum seeking children, (c) the availability and resourcing of good quality services, (d) transitions issues and permanency planning.</p> <p>Examination of the 'Croydon Financial Transformation Advisor Spec 221220' and the 'DfE Advisor Report May 2021' confirmed that a DfE advisor commenced their <i>'role on 22 February 2021 on a 9 month contract to look at improvements and transformation within Croydon's Children's Services Finance'</i>. The 'DfE Advisor Report May 2021' being an 'Initial Progress Report' detailing actions and recommendations to date, as well as future tasks.</p> |
| 1b(i) | The Executive Director Health, Wellbeing and Adults needs to address the underlying causes | i) Commission a diagnostic of spend and opportunities to be carried out by the | This was carried out and used during November 2020 to inform development of the | COMPLETE | It was confirmed that the 'Observations of Croydon Adult Social Care' by the Local Government Association (dated 5 November |

| Extract from April 2021 update report | | | | | Summary of Internal Audit work - Evidence obtained and seen |
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| Ref | Recommendation | Action | Progress made to date | Updated Deadline | |
| | of social care overspends in adults social care and take effective action to manage both the demand and the resulting cost pressures. | Local Government Association (LGA) National Care & Health Improvement Adviser Finance and Risks to inform future shape of transformation opportunities. | Adult Social Care Improvement Plan | | 2020) were presented as part of the 'ACS Budget Workshop' in November 2021. The 'Adults Social Care Improvement Plan 2021 – 2024' confirms in paragraph 1.3 that, ' <i>Working closely with a Local Government Association (LGA) Adults and Finance expert, we have reviewed every aspect of our budget. We have modelled plans to deliver significant savings over three years, based on LGA recommendations.</i> ' |
| 1b(ii) | The Executive Director Health, Wellbeing and Adults needs to address the underlying causes of social care overspends in adults social care and take effective action to manage both the demand and the resulting cost pressures. | ii) Review the current service delivery models of adult social care and gateway services to right size the budget and delivery model to benchmark with comparator Councils in relation to population and service outcomes. | Data has been collected which provides benchmarking of Croydon ASC care spend vs other Councils, this was factored in to the Adult Social Care Improvement Plan. Budget modelling has been agreed for ASC for 21/22 budget. Service modelling forms part of adult's improvement plan. | COMPLETE | The 'Adult Social Care Benchmarking 2019-20' report dated 31 December 2020 demonstrates that the Council had benchmarked against the 152 Councils with Adult Social Care Services Responsibilities in England for the period 1 April 2019 to 31 March 2020. The 'Health, Wellbeing and Adults Budget Development Session' dated 1 October 2020, the 'ACS Budget Workshop' in November 2021 and the Adults Social Care Improvement Plan 2021 – 2024' and the presentation of the Executive Director of Health, Wellbeing and Adults to the Scrutiny Health & Social Care Sub-Committee on 26 January 2021 all included benchmarking data. The Care Cubed tool (detailed in 1b(iii) below) is being trialled to provide the ability to benchmark placements costs with other councils. As detailed in 1B(iv) below, examination of the Croydon Adults Improvement Plan and the Adult Social Care Budget presented to the Scrutiny Health & Social Care Sub-Committee on 26 January 2021 confirmed that budget modelling was agreed in the 2021/22 budget and that service modelling forms part of the Adults Improvement Plan. |

| Extract from April 2021 update report | | | | | Summary of Internal Audit work - Evidence obtained and seen |
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| Ref | Recommendation | Action | Progress made to date | Updated Deadline | |
| 1b(iii) | The Executive Director Health, Wellbeing and Adults needs to address the underlying causes of social care overspends in adults social care and take effective action to manage both the demand and the resulting cost pressures. | iii) To create a placements board to challenge the Council on current cost of placements, managing demand for new placements and ensuring value for money in procurement of placements | <p>Placements boards have been implemented in the Council to challenge placements and reduce expenditure.</p> <p>Daily challenge panel has been in place since S114. All spend is then promoted to the Spend Control Panel, as agreed with then S151 Officer.</p> <p>Placements programme is in place with an agreed scope. Funding also agreed for Care Cubed placements tool agreed at ELT on 8 March 21.</p> | COMPLETE | <p>The 'Placements and packages of care across Children's and Adult's Social Care 2020/21' presentation dated 19 October 2020, as well as the subsequent 'Placements Programme Workstreams – Systems Processes and Payments' dated 26 November 2020 both detailed that:</p> <ul style="list-style-type: none"> A '<i>Daily Panel – Director / Exec Director to sign off new placements (Res/Nursing)</i>' was actioned and in place. Enquiry clarified that Adult Social Care has a challenge panel at 9am Monday to Friday where cases are presented for approval. The panel consists of the Interim Executive Director (usually) plus a selection of Adult Social Care Heads of Service and a Finance Manager. The case workers have to complete a template which is submitted prior to challenge panel. Each case is reviewed, challenged and a decision on the care is made, (sometimes this will be for a limited time with a requirement for the case worker to re-present, so it is not always a simple yes or no.) The decisions are recorded each day and a summary circulated at the end of each week. A 'placements programme' was in place. Review of the 'Placements and contracts Programme' task pages on Teams showing the progress of the various projects also confirmed the programme to be in place and actively being progressed. <p>The 'Overview Of The 2021-22 Adult Social Care Financial Performance' report provided to the Scrutiny Health & Social Care Sub-Committee at</p> |

| Extract from April 2021 update report | | | | | Summary of Internal Audit work - Evidence obtained and seen |
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| Ref | Recommendation | Action | Progress made to date | Updated Deadline | |
| | | | | | <p>the meeting held on 29 June 2021 confirms that, 'A further £0.026m transformation investment was agreed in Feb 21 for the purchase of a tool called Care Cubed. This allows the service to benchmark placements costs with other councils, enabling stronger provider negotiations.'</p> <p>The copy of the Care Cubed contract provided, confirms that, 'iESE will provide Licensee with access to CareCubed for one year from 1st April 2021 and ending on 31st March 2022' with the option to extend this.</p> <p>An update on Care Cubed by the Head Of Innovation And Change further confirmed that:</p> <ul style="list-style-type: none"> • A series of training was scheduled and had been completed. • Progress was focussed on testing the tool within the Reviews Progression project team. • Analysis is due by end of September 2021 on the cases reviewed using Care Cubed. |
| 1b(iv) | The Executive Director Health, Wellbeing and Adults needs to address the underlying causes of social care overspends in adults social care and take effective action to manage both the demand and the resulting cost pressures. | iv) Use the output from the diagnostic review to remodel financial implications to help shape the Medium Term Financial Strategy (MTFS) | <p>Diagnostic review and benchmarking data has been used to shape the Adult Social Care Improvement plan.</p> <p>Croydon Adults Improvement plan has been fully developed and aligned to budget as signed off at March Cabinet. LBC delivery tracker being updated fortnightly.</p> | COMPLETE | <p>Documents seen for 1b(i), (ii), (iii) above confirm that diagnostic review and benchmarking data has been used to shape the Adult Social Care Improvement plan.</p> <p>Parts 6 and 7 of the Croydon Adults Improvement plan detail the 'Current budget development' and 'Year one and medium term financial strategy proposals' clearly aligning the Plan to the 2021/22 Budget. Likewise the Adult Social Care Budget presented to the Scrutiny Health & Social Care Sub-Committee on 26 January 2021 summarised that, 'Adult social care continues to be under pressure nationally and locally. The outturn for 2016/17, 2017/18, 2018/19 and 2019/20</p> |

| Extract from April 2021 update report | | | | | Summary of Internal Audit work - Evidence obtained and seen |
|---------------------------------------|--|--|--|------------------|---|
| Ref | Recommendation | Action | Progress made to date | Updated Deadline | |
| | | | | | <i>demonstrated both an increase in costs and increased use of transformation monies to meet current demand and increased complexities. Increasingly we are seeing residents who fund their own care running out of money, often referred to as 'wealth depleters'. A change in the way we deliver social care in order to reduce spend and live within our available resources is underway.'</i> |
| 2(i) | The Council (including Cabinet and Scrutiny and Overview Committee) should challenge the adequacy of the reserves assessment which should include a risk assessment before approving the budget. | i) Develop a reserves strategy as part of the Medium Term Financial Strategy (MTFS) and present it for approval with the Budget reports to Cabinet and Full Council. This needs to incorporate a clear assessment of risks and liabilities that demonstrate all current and future exposure has been thought through and factored into the recommendations. Strategy to map the financial governance process around agreeing additions to reserves to be included to reduce risk of duplication and that there were no gaps in approach. | The MTFS and 21/22 Budget agreed on 8th March contains a clear strategy for growing the reserves base up to a level which by 23/24 would give a general fund reserve in excess of £60 million. | COMPLETE | Examination of the 'Budget Report 2021/22' presented to Cabinet on 8 March 2021 confirmed plans that '£20m is being earmarked as part of the 20/21 planned capitalisation directive for contribution to the General Balance. With a further increase of £10m 21/22.' (i.e. to increase reserves by £50m). The updated MTFS presented to Cabinet 12 July 2021 confirmed that, 'Part of the approved capitalisation direction request in 2020/21 contained provision to bolster general reserves by a further £15.0m in order to provide sufficient resilience to meet future risks and challenges. The 2021/22 base budget has £10m of contributions to reserves and the MTFS provides for a further £5m of reserves contribution in 2022/23 and a further £5m in 2023/24. This will result in a total of additional £45m in reserves by the end of 2023/24 which should leave a General Fund Reserve balance of £72.5m.' |
| 2(ii) | The Council (including Cabinet and Scrutiny and Overview Committee) should challenge | ii) In considering future budget reports, Cabinet will assure itself that all risks | From April 2021 Financial Monitoring reports will be provided to Cabinet on a | COMPLETE | It was confirmed that 'Financial Monitoring' reports were provided to Cabinet from April 2021, with the: |

| Extract from April 2021 update report | | | | | Summary of Internal Audit work - Evidence obtained and seen |
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| Ref | Recommendation | Action | Progress made to date | Updated Deadline | |
| | the adequacy of the reserves assessment which should include a risk assessment before approving the budget. | and liabilities have been properly considered by requesting that the Scrutiny & Overview Committee and the General Purposes and Audit Committee review the adequacy of the strategy and its relationship to the MTFS prior to Cabinet taking a decision. | <p>monthly basis to ensure Members have increased oversight on any emerging pressures or movements.</p> <p>The 21/22 Budget was reported to Scrutiny on 16th February 2021 and comments were verbally reported to cabinet on 8th March 2021.</p> <p>Future year's timescales will need to include time for both this and reference to GPAC and Scrutiny Cross reference to LBC rec 3 as this will form part of the wider Member Development Programme to be developed and agreed</p> | | <ul style="list-style-type: none"> • 'Financial Performance Report – Period 11' report provided on 4 May 2021, • 'Financial Performance Report – Month 1' on 7 June 2021, • 'Financial Performance Report – Outturn 2020/21' on 12 July 2021, • 'Financial Performance Report – Month 2' on 26 July, and the • 'Financial Performance Report – Month 3' scheduled for the meeting to be held on 13 September 2021. <p>Examination of the Scrutiny Committee minutes of the meeting held on 16 February 2021 confirmed that the draft 2021/22 budget was reported to this meeting. Examination of the 'Budget Report 2021/22' presented to Cabinet on 8 March 2021 confirmed that item 21 reported that the 21/22 draft budget had been reported to the Scrutiny Committee.</p> <p>Dates for Scrutiny and GPAC are on the Corporate Forward Plan for the 2023/23 Draft Budget</p> |
| 5(i) | The General Purposes and Audit Committee should receive reports on the actions being taken to address the Dedicated Schools Grant deficit and challenge whether sufficient progress is being made. | i) The Dedicated Schools Grant recovery plan should be presented to General Purposes and Audit Committee and Scrutiny and Overview Committee for review and agreement to ensure that it is adequate to meet objectives and timelines that have been set. | Reviewed at GPAC 4 March 2021 | COMPLETE | The minutes of the General Purposes and Audit Committee meeting held on 4 March 2021 are not yet available. Examination of the agenda for the meeting confirms that item 6 was a paper on the 'Dedicated Schools Grant', but that this was an item for the Committee to 'Note' and not to agree or to challenge. However, the 'podcast' of the meeting clearly evidences that members sought clarification and challenged this item. |

| Extract from April 2021 update report | | | | | Summary of Internal Audit work - Evidence obtained and seen |
|---------------------------------------|---|---|---|------------------|---|
| Ref | Recommendation | Action | Progress made to date | Updated Deadline | |
| 5(ii) | The General Purposes and Audit Committee should receive reports on the actions being taken to address the Dedicated Schools Grant deficit and challenge whether sufficient progress is being made. | ii) Special Educational Needs Finance Board to be established and chaired by the interim Director of Education to oversee the delivery of the Dedicated Schools Grant recovery plan. | Initial meetings held with further meetings to be scheduled to update on the progress of the DSG recovery plan. | COMPLETE | <p>Examination of the 'SEND Finance Board: Terms of Reference' confirms that the objectives of the Board includes to, '<i>Ensure that milestones in relation to the SEND DfE recovery plan and management plan are being met through regular monitoring of this.</i>'</p> <p>Examination of the Executive Director of Children, Families and Education's Outlook calendar confirmed that the SEND Finance Board met on 19 July 2021, with monthly meetings being diarised until the end of the calendar year.</p> |
| 5(iii) | The General Purposes and Audit Committee should receive reports on the actions being taken to address the Dedicated Schools Grant deficit and challenge whether sufficient progress is being made. | iii) Training to be provided to members to ensure the committee possess a working understand of education funding and budgets | DSG training has been delivered to members of Scrutiny Committee, Labour Group and Conservative Group | COMPLETE | <p>A copy of the PowerPoint slides 'Dedicated Schools Grant (DSG) funding for Croydon' has been provided.</p> <p>The Chair of the Children's & Young People Sub-Committee confirmed that they had a briefing at 2pm on 12 January 2021.</p> <p>As noted in LBC Rec. 3 (ii) below, the 'Member Learning and Development Needs 2021-22' includes 'Education Funding and Budgets' which was 'Delivered to CYP Scrutiny and members of both Cons and Lab Groups' in January 2021.</p> |
| 6(i) | The Executive Director Children, Families and Education needs to review the services provided to UASC and to identify options to meet their needs within the grant funding provided by the Home Office. | i) Complete a forensic review of grant income against the total expenditure for unaccompanied asylum seeking children and care leavers over the past 3 years, including the co-ordination of pan-London arrangements. | Review completed and is informing Council's approach to UASC support offer. | COMPLETE | <p>The forensic review was undertaken by the Executive Director of Children, Families and Education, and the Interim Head of Quality Improvement for that department, with modelling by the Independent Financial Adviser commissioned by the DfE (refer to 1a(vi) above). This included both unaccompanied asylum seeking children and care leavers.</p> <p>The subsequent report to Cabinet on 7 June 2021 also confirms that detailed modelling took place for unaccompanied asylum seeking children.</p> |

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| 7(i) | The Executive Director Children, Families and Education needs to identify the capacity threshold for the numbers of UASC that it has the capacity to deliver safe UASC services to. | i) Draw on the analysis and review at 6 (i) to develop options to establish a capacity threshold for Croydon for unaccompanied asylum seeking children that is commensurate with other Local Authorities and in line with the nationally agreed standards and funding. | The voluntary national rate is the equivalent of 0.07% of the child population. In Croydon that equates to 66 children. This underpins the forensic review and modelling completed in 6i | COMPLETE | The report to Cabinet on 7 June 2021 explains that if the Borough no longer accepts new unaccompanied asylum-seeking children into care, then the number of such children under 18 in the Borough will fall to 66 by 2023/24. The report also acknowledges that this will not substantially reduce the number of asylum seeking care leavers in the Council's care over that same period. |
| 9(i) | The Council (including Cabinet and Scrutiny and Overview Committee) need to show greater rigor in challenging underlying assumptions before approving the budget including understanding the track record of savings delivery. | i) To support the Annual Budget setting process Budget Development Meetings will be held for each department and will be attended by Executive Directors, Corporate Leadership Team and Members with accountability for their service area and staff who are responsible for service delivery that understand what impact growth and savings plans will have on the services. To support this process Members will be provided with a clear set of proposals that demonstrate cost pressures (growth) and savings opportunities with narrative and comparators on budget and outcomes delivered to | Proposals were provided to members with a formal decision in November Cabinet. Saving opportunities for 21/22 were set out across all services and have been incorporated into delivery of Croydon Renewal Plan. The Council recognises further savings will be necessary to achieve a sustainable budget in the long term. Discussions for further savings next year will be scheduled starting from April 2021. | COMPLETE | Item 87/20b to the Cabinet meeting held on 25 November 2021 was to: <ul style="list-style-type: none"> • <i>'Consider the additional in-year savings for 2020/21 that will be presented to the extraordinary meeting of Full Council on 1 December 2020 to respond to the S.114 notice.'</i> • <i>Consider and recommend to Full Council the savings proposals for consultation as set out in this report for the Medium Term Financial Strategy and 2021/24 and note that consultation will begin on 9 December 2020.'</i> Appendix B of the paper, the 'Schedule of Proposals for Savings & Investment in 2021/22' provided narrative explaining each savings proposal. The MTFS update report to the Cabinet meeting on 12 July 2021 detailed that, <i>'Further detailed work around Budget Development is ongoing within the Council and it is too early at this stage to reflect any specific details as such plans have not been fully validated.'</i> |

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| | | describe the impact of the decisions that are required to be taken | | | It was also confirmed that a 'Budget Development Group' had been set up, with updates on the work of the Group being provided to the ELT meetings held on 4 and 10 August 2021. |
| 9(ii) | The Council (including Cabinet and Scrutiny and Overview Committee) need to show greater rigor in challenging underlying assumptions before approving the budget including understanding the track record of savings delivery. | ii) To support the budget exercise the Council will seek external support to test the draft budget proposals, seek ideas and good practice and will take the same approach by seeking support for the scrutiny process. | Various support from external sources has been utilised to date to offer capacity and advice. This includes the LGA, Council peers and CIPFA. The Council will continue to use such opportunities moving forward. | COMPLETE | <p>It is evident that the Council has received support and advice from a variety of external sources, including the LGA, the MCHLG and CIPFA, leading up to and subsequent to the S114 notice being issued in 2020. This has also included temporary appointment of experts, such as Financial Consultants, the Governance Improvement Adviser and the Improvement Plan Support Officer, each of whom also have networks to draw from.</p> <p>An example would be, as detailed in 1A(iv) above, the appointment of a DfE advisor, who commenced their 'role on 22 February 2021 on a 9 month contract month contract to look at improvements and transformation within Croydon's Children's Services Finance'.</p> <p>Another example would be that each of the ELT Away Day Cost Comparison exercises in January 2021 clearly drew on MCHLG data to help benchmark costs.</p> |
| 9(iii) | The Council (including Cabinet and Scrutiny and Overview Committee) need to show greater rigor in challenging underlying assumptions before approving the budget including understanding the track record of savings delivery. | iii) Develop a budget savings tracker that profiles savings by month to enable Members to track that savings are on target. This will need to correlate with the finance, performance and risk reporting that Council will introduce. | An in year savings tracker has been developed to monitor identified savings and escalate any delivery challenges. In year savings are rag rated based on confidence in delivery. | COMPLETE | <p>It was confirmed that a 'LBC Delivery Tracker' Power BI tool has been internally developed by the Council to monitor each of the agreed savings. Screen prints from the tool demonstrate that monthly progress is detailed for each saving, along with a RAG rating on progress and likelihood of achievement.</p> <p>It was also confirmed that 'Financial Monitoring' reports were provided to Cabinet for months 1 and 2 of 2021/22, which provided a summary of</p> |

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| | | | | | the 'MTFS Savings risk' (i.e. the savings at risk for each month). |
| 9(iv) | The Council (including Cabinet and Scrutiny and Overview Committee) need to show greater rigor in challenging underlying assumptions before approving the budget including understanding the track record of savings delivery. | iv) To increase understanding of the choices Cabinet Members are making with regards to the emerging budget and to effectively challenge budget assumptions, Scrutiny and Overview Committee Members to receive regular briefings on the progress of budget setting. | <p>Budget Discussions were conducted across January and February 2021. This included focused discussion on the 21/22 budget for specific directorates. Discussion took place at Children and Young People Sub-Committee, Health & Social Care Sub-Committee, at Scrutiny, Streets, Environment & Homes sub-committee and finally the Scrutiny & Overview Committee.</p> <p>The Council will continue to keep Scrutiny committees sighted on budget matters.</p> | COMPLETE | <p>Discussion confirmed that budget discussions were held. Information obtained in support of 1b(ii) above helped substantiate this, for example the 'Health, Wellbeing and Adults Budget Development Session' dated 1 October 2020 and the 'ACS Budget Workshop' in November 2021. It was confirmed that budget reports were taken to the :</p> <ul style="list-style-type: none"> • The Scrutiny Children & Young People Sub-Committee meeting held on 19 January 2021 • The Scrutiny Streets, Environment & Homes Sub-Committee meeting held on 2 February 2021 • The Scrutiny and Overview Committee meeting held on 16 February 2021 • The Scrutiny Health & Social Care Sub-Committee meeting held on 26 January 2021 <p>The Council's Forward Plan includes an item for 'Budget Scrutiny, including questions to the Leader and Cabinet Members' for the Scrutiny and Overview Committee in February 2022.</p> |
| 9(v) | The Council (including Cabinet and Scrutiny and Overview Committee) need to show greater rigor in challenging underlying assumptions before approving the budget including understanding the track record of savings delivery. | v) To review the budget setting-timetable to ensure that the Scrutiny & Overview Committee has the time to digest and review the budget proposals and underlying assumptions and for Cabinet to respond fully to any challenge or comments | The Council is taking action to ensure budget discussions happen at an earlier date and more opportunities are offered to members to offer input into the budget and review its management. These actions include finalisation of Council meetings forward plan up | COMPLETE | <p>The copy of the forward plan provided is up to the 31 March 2022 and includes monthly financial performance updates at Cabinet as well as dates for budget review and approval in January and February 2022.</p> <p>As noted in LBC Rec. 3 (ii) below, the 'Member Learning and Development Needs 2021-22' includes:</p> |

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| | | and for Cabinet to be able to consider changing its proposals. | <p>until April 2022 with dates marked for policy discussions and monthly financial performance updates at Cabinet.</p> <p>Additionally, budget developments meetings will begin in Spring 2021 as opposed to Autumn meaning savings will be identified and shared with members earlier in year.</p> | | <p>1) 'Series of Finance Training' of which Treasury Management was delivered in March 2021, with sessions on 'Financial management / Budget setting', 'Financial Strategy and Monitoring', 'Commercial Investment', 'Council's funding sources / reserves', 'Transformation funding' and 'Commissioning and Procurement being planned.</p> <p>2) 'Education Funding and Budgets' which was 'Delivered to CYP Scrutiny and members of both Cons and Lab Groups' in January 2021.</p> <p>3) 'Adult Social Care Budget' which was a 'Briefing held for members of the Health and Social Care Sub-Committee' in June 2021.</p> <p>The MTFS update report to the Cabinet meeting on 12 July 2021 detailed that, 'Further detailed work around Budget Development is ongoing within the Council and it is too early at this stage to reflect any specific details as such plans have not been fully validated.'</p> <p>It was also confirmed that a 'Budget Development Group' had been set up, with updates on the work of the Group being provided to the ELT meetings held on 4 and 10 August 2021.</p> |
| 11(i) | The s151 officer needs to revisit the Growth Zone assumptions following the pandemic and make recommendations to Cabinet and Council for the continued investment in the scheme. | i) The Council have commissioned PwC to undertake a strategic review of the Growth Zone with completion expected November 2020. The report with recommendations on a way forward will be discussed with Cabinet and agreed by Members. | PwC report to cabinet made recommendations on future of GZ. These are now being implemented. | COMPLETE | It was confirmed that the PwC report was produced and was reported to the Cabinet meeting held on 25 November 2020, which included a review of the Growth Zone. This report detailed that, ' <i>Given the current economic uncertainty, the steps the Council have taken to review and revise down the ambitious investment plan for Growth Zone are sensible</i> ' and that, ' <i>Any subsequent increase in planned investment should be supported by a business case and taken through</i> |

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| | | | | | <p><i>robust governance and sign off processes for full scrutiny.'</i></p> <p>A subsequent paper specifically on the Growth Zone was approved at the Cabinet meeting held on 22 March 2021. The paper sought approval to continue to fund key priority projects and activities in the short term, while a further report would be brought back to Cabinet later in the year setting out future years' capital expenditure requests for the Growth Zone programme.</p> <p>The Council's forward planner details that a 'Growth Zone Update' be presented to Cabinet in December 2021.</p> |
| 11(iii) | The s151 officer needs to revisit the Growth Zone assumptions following the pandemic and make recommendations to Cabinet and Council for the continued investment in the scheme. | iii) Cabinet paper with revised profile and recommendations to be issued March 2021. | See 11ii | COMPLETE | As 11(ii) above |
| 11(iv) | The s151 officer needs to revisit the Growth Zone assumptions following the pandemic and make recommendations to Cabinet and Council for the continued investment in the scheme. | iv) The Council needs a mechanism in place to review projects to use the learning to inform any future work. This should be extended across all areas of the Council, with learning retained centrally as a corporate resources. | Project closure process in place as part of the governance of all projects. | COMPLETE | <p>A working group, including the members of the Council's Programme Management Office, is in place to review and revise the Council's 'Programme Management Framework' and meets every Tuesday.</p> <p>The draft of the revised 'LBC Project and Programme management Framework' document produced by the working group, includes the requirement for a Project Closure document (including lessons learned) to be completed and approved for each project. This is; however, not yet an embedded process.</p> |

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| 12(i) | The s151 officer should review the financial rationale and associated risks and make recommendations to Cabinet and Council on whether the Revolving Investment Fund should continue. | i) The Council have commissioned PwC to undertake a strategic review of the Revolving Investment Fund with completion expected in November 2020. The report with recommendations on a way forward will be discussed with Cabinet and agreed by Members. | Report by PwC on governance & strategic review delivered in November 2020 to Cabinet. Treasury Management strategy updated 1st March 2021 limits new lending under the RIF to BBB working capital loans only | COMPLETE | It was confirmed that the PwC report was produced and was reported to the Cabinet meeting held on 25 November 2020, which included a review of the Revolving Investment Fund. The paper detailed that, <i>'The RIF has not been revolving, because very few of the loans have repaid with £208.8m* tied up in BBB loans with no interest received to date.'</i> The Treasury Management Strategy Statement, Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2021/2022 approved by Cabinet at the meeting held on 1 March 2021 detailed that, <i>'No new investments other than a loan for working capital to Brick by Brick will be made in 2021/22.'</i> This was also presented to Council on 8 March 2021, but minutes of this meeting are not yet available. |
| 12(ii) | The s151 officer should review the financial rationale and associated risks and make recommendations to Cabinet and Council on whether the Revolving Investment Fund should continue. | ii) Recommendations to be presented alongside budget review in Feb 2021 to Cabinet, General Purposes and Audit Committee and Scrutiny and Overview | See recommendation 12i | COMPLETE | As 12(i) above Although no report/s were provided to the General Purposes and Audit Committee on this. |
| 12(iii) | The s151 officer should review the financial rationale and associated risks and make recommendations to Cabinet and Council on whether the Revolving Investment Fund should continue. | iii) Cabinet paper with recommendations to be issued March 2021. | See recommendation 12i | COMPLETE | As 12(i) above |
| 13(i) | The s151 officer should review the purchase of Croydon Park | i) The Council have commissioned PwC to | On February 18th Cabinet agreed the approach set out | COMPLETE | It was confirmed that the PwC report was produced and was reported to the Cabinet |

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| | Hotel to identify lessons learned to strengthen future due diligence arrangements. | undertake a strategic review of assets that have been purchased with completion expected in November 2020. The report with recommendations on a way forward will be discussed with Cabinet and agreed by Members. | in the Interim Assets Strategy. This included, in the appendices, options for an approach on the future of Croydon Park Hotel. An update with a decision on the future of Croydon Park Hotel is provisionally scheduled for September 2021. | | meeting held on 25 November 2020, which included a review of the Asset Investment Fund, including the purchase of the Croydon Park Hotel. Appendix 2 and part 8 of the Interim Assets Disposal Strategy report approved by Cabinet at the meeting held on 18 February 2021 was a 'Summary of Options considered for Croydon Park Hotel.' The agreed action/s was to: <ol style="list-style-type: none"> 1) Appoint real estate advisors to prepare the marketing strategy for approval by the Council to be procured under the Council's Tender and Contract Regulations. 2) Subject to approval of the strategy, the Council will then seek to appoint the firm to manage the sales process and present bids/offers for the Council to approve also to be procured under the Council's Tender and Contract Regulations. |
| 13(iii) | The s151 officer should review the purchase of Croydon Park Hotel to identify lessons learned to strengthen future due diligence arrangements. | iii) Review and re-write the asset investment strategy that was approved by Cabinet in October 2018 incorporating advice from each of the Strategic Reviews. The review will explicitly consider best practice from the sector and lessons learned from other local authorities, the external auditor and the National Audit Office on effective investment practice. | Interim Asset Strategy has been approved at February 18th Cabinet to fast track income generation and achieve "quick wins." A 3 year 21-24 Asset Strategy is being developed provisionally set for January 2022 Cabinet. | COMPLETE | The Interim Assets Disposal Strategy report was approved by Cabinet at the meeting held on 18 February 2021. There was no evidence of the Asset Investment Strategy being reviewed. The Council's forward planner details that an 'Asset Management Plan 2022-24' will be presented to Cabinet in January 2022. The Interim Executive Director of Place has asserted that work in developing an investment strategy has progressed, but Internal Audit is yet to receive evidence of this. |

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| 13(iv) | The s151 officer should review the purchase of Croydon Park Hotel to identify lessons learned to strengthen future due diligence arrangements. | iv) Cabinet paper with recommendations to be issued March 2021. Update to be provided at Scrutiny on 9th February | The Interim Assets Disposal Strategy, was discussed at both Cabinet and Scrutiny & Overview Committee in February | COMPLETE | The Interim Assets Disposal Strategy report was approved by Cabinet at the meeting held on 18 February 2021. |
| 14(i) | The Cabinet and Council needs to re-consider the Treasury Management Strategy for ongoing affordability of the borrowing strategy, the associated risks and identify whether alternative options can reduce the financial burden. | i) The Treasury Management Strategy will be reviewed as part of the budget setting for 2021/22 and will take into consideration the outcome of the strategic reviews to factor in the overall financial position and best practice from other local authorities. The report with recommendations on a way forward will be discussed with Cabinet and agreed by Members. | Treasury Management strategy updated and agreed by Council on 8th March 2021 | COMPLETE | The Treasury Management Strategy Statement, Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2021/2022 was approved by Cabinet at the meeting held on 1 March 2021. The above document along with 'Council Tax and Budget' was also presented to Council at the meeting held on 8 March 2021. The minutes of this Council meeting are not yet available. |
| 14(ii) | The Cabinet and Council needs to re-consider the Treasury Management Strategy for ongoing affordability of the borrowing strategy, the associated risks and identify whether alternative options can reduce the financial burden. | ii) The outcome of the strategic reviews that the Council have commissioned will inform the Treasury Management Strategy for 21/22 onwards and any changes in governance that may be required. | See recommendation 14i | COMPLETE | As 14(i) above. |
| 15(i) | The Chief Executive should arrange detailed Treasury Management training to assist Members to better understand and challenge the long-term | i) Members to attend training sessions facilitated by the Local Government Association to cover treasury management to | Treasury management training was offered to all members on the 3rd March 2021. | COMPLETE | The 'Member Learning and Development Needs 2021-22' includes a 'Series of Finance Training' of which Treasury Management was delivered on in March 2021. A copy of the diary entry of the training held on 3 March 2021 for 'Treasury |

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| | financial implications of matters reported within the Treasury Management Strategy. | enable better and effective financial leadership. | Session was recorded and will be distributed to all Members and all budget managers. | | Management Training' was obtained that confirmed that all members of the Council had been invited. It was confirmed that a copy of the recorded training session – 'Treasury Management Training-20210303_170739-Meeting Recording.mp4' had been retained on SharePoint. |
| 16(i) | The s151 officer should revisit the Minimum Revenue Provision policy to demonstrate that a prudent approach is being taken. | i) Link Asset Management has been commissioned to carry out a review of the Minimum Revenue Position policy. The report with recommendations will be discussed with General Purposes and Audit Committee and then on to Cabinet. | Minimum Revenue Provision Policy Statement 2020/21 went to Cabinet 1st March as part of the Treasury Management Strategy. | COMPLETE | The Treasury Management Strategy Statement, Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2021/2022 approved by Cabinet at the meeting held on 1 March 2021, as the title alludes, included a 'Minimum Revenue Provision Policy Statement.' There is no evidence of the report being first discussed with the General Purposes and Audit Committee. |
| 17(ii) | The Cabinet and Council should reconsider the financial business case for continuing to invest in Brick by Brick before agreeing any further borrowing. | ii) Council to review the risks relating to Brick by Brick to ensure they are appropriately listed on the risk register | The Risks for Brick by Brick have been reviewed and are as follows per the Corporate Risk Register: 1. Investigation or ownership taken on all activities that the Council undertakes by the Executive Leadership Team, Cabinet and all Scrutiny Committees (including GPAC). 2. There is no effective challenge, review, investigation or ownership | COMPLETE | It was confirmed that risk RCS0027 ' <i>There is no effective challenge, review, investigation or ownership taken on all activities that the Council undertakes by the Executive Leadership Team, Cabinet and all Scrutiny Committees (including GPAC)</i> ' was added to the was added to the Council's risk management system on 19 May 2021. The following risks, relating specifically to Bick by Brick and other subsidiaries were also noted, namely: <ul style="list-style-type: none">Risk FIR051 '<i>Risk of financial loss and reputational damage due to the poor performance of Brick By Brick including the Fairfield Halls refurbishment project.</i>' |

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| | | | <p>taken on all activities that the Council undertakes by the Executive Leadership Team, Cabinet and all Scrutiny Committees (including GPAC).</p> <p>**These risks specifically relate to financial strategy, treasury management strategy (including borrowing), capital investment strategies and appropriateness of continuing investment and association with BBB**</p> <p>The Corporate Red Risk Register is reviewed monthly at ELT to review and update risks where necessary.</p> | | <ul style="list-style-type: none"> Risk FIR036 '<i>Robust governance & risk management procedures/frameworks are not activated to safeguard the interests (financial & reputational) of the Council and it's taxpayers within all subsidiary organisations where the Council has an interest.</i>' |
| 18(i) | The Cabinet and Council should review and reconsider the ongoing financial rationale for the Council in the equity investment arrangement with Brick by Brick. | i) PwC has been commissioned to undertake a strategic review of Brick by Brick. The report and recommendations will consider the ongoing financial rationale and equity invested and will detail options for the Council that will be considered by the Scrutiny & Overview Committee Cabinet prior to being presented to Cabinet. | <p>This paper went to Scrutiny & Overview Committee and Cabinet in February 2021.</p> <p>The Cabinet paper noted that the Council has never made any equity payments, as planned, and is not in the financial position to do so. It was noted BBB sales proceeds were meant to be placed in an account for the Council to apply interest repayment and, if excess, to</p> | COMPLETE | <p>It was confirmed that the PWC report was produced and was reported to the Cabinet meeting held on 25 November 2020, which included a review of Brick by Brick and also the Revolving Investment Fund. The paper detailed that, '<i>The RIF has not been revolving, because very few of the loans have repaid with £208.8m* tied up in BBB loans with no interest received to date.</i>'</p> <p>A report on the 'Review of Brick by Brick Croydon Ltd' was approved by Cabinet on 18 February 201 that '<i>revised funding arrangements be entered into with Brick by Brick to reflect the current loan positions and proposals for the future, including, where relevant, moving</i></p> |

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| | | | <p>substantive loan repayment. Unfortunately, this process has not occurred and instead sale proceeds were retained by BBB effectively replacing the Council's equity share.</p> <p>The Council needs to review existing arrangement, change the current agreements or replace it with fresh loans.</p> <p>It is recommended that the current arrangements continue but in a modified way to give Brick by Brick capacity to have working capital to ensure that funds are available to build out units on site</p> | | <p><i>to a 100% debt funding position (as opposed to 25% equity and 75% debt); extending relevant loans and repayment periods; allowing delays with repayments of existing loans; agreeing to further funding of no more than £9.99 million in relation to sites proposed for Brick by Brick to continue developing ...'</i> This was also presented to Council on 29 March 2021, but the minutes of this meeting are not yet available.</p> <p>The Treasury Management Strategy Statement, Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2021/2022 approved by Cabinet at the meeting held on 1 March 2021 detailed that, '<i>No new investments other than a loan for working capital to Brick by Brick will be made in 2021/22.</i>' This was also presented to Council on 8 March 2021, but minutes of this meeting are not yet available.</p> |
| LBC Rec. 3 (ii) | Ensuring that Members are appropriately trained across all aspects of the Council's financial duties and responsibilities | ii) Further work on Cabinet development will be undertaken to support members to explore priorities for the new Cabinet, agree how the Members will work together to make the most of shared skills and consider individual and collective leadership styles and ways of working. | LGA have carried out a facilitated session for Cabinet members | COMPLETE | <p>The 'Member Learning and Development Needs 2021-22' includes as item 7 'LGA Training for Cabinet' which is ongoing. The notes for this course detail that 'LGA have carried out a facilitated session for Cabinet – in progress.'</p> <p>The 'Member Learning and Development Needs 2021-22' also included:</p> <ol style="list-style-type: none"> 1) A 'Series of Finance Training' of which Treasury Management was delivered in March 2021, with sessions on 'Financial management / Budget setting', 'Financial Strategy and Monitoring', 'Commercial Investment', Council's funding sources / |

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| | | | | | reserves', 'Transformation funding' and 'Commissioning and Procurement being planned. 2) 'Education Funding and Budgets' which was 'Delivered to CYP Scrutiny and members of both Cons and Lab Groups' in January 2021. |
| LBC Rec. 4 (viii) | The Council develops an improvement programme that has the necessary elements for it to function effectively and within its financial resource. | viii) Ensure the actions contained in this plan are supported by a corporate programme office that can provide assurance to Members. | A PMO office has been established dedicated to coordinating and supporting the delivery of key improvement actions across the Council. This includes recommendations in the MHCLG Rapid Review, the RIPI and the Croydon Renewal Plan. | COMPLETE | It was confirmed that a Project Management Office (PMO) has been established. The Council's intranet details that, ' <i>The PMO was set up in April 2020 to ensure the Council approach to delivering programmes and projects is both consistent and thorough.</i> ' It was also confirmed, (in completing this internal audit work to confirm the completed RIPI actions), that a Business Improvement Officer from the PMO had been specifically assigned to help co-ordinate and support the delivery of the RIPI actions. |
| LBC Rec. 4 (ix) | The Council develops an improvement programme that has the necessary elements for it to function effectively and within its financial resource. | ix) Corporate level sponsorship to be allocated to all projects to ensure clarity of responsibility for delivery | ELT members already allocated across all actions. Further project managers to be identified to deliver the recommendations | COMPLETE | Examination of the RIPI action plan confirms that each action has been assigned to an ELT member. |

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Agenda Item 9

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| REPORT TO: | Scrutiny & Overview Committee 7 September 2021 |
| SUBJECT: | Cabinet Response to Scrutiny Recommendations |
| LEAD OFFICER: | Simon Trevaskis – Senior Democratic Services & Governance Officer - Scrutiny |
| PERSON LEADING AT SCRUTINY COMMITTEE MEETING: | Councillor Sean Fitzsimons – Chair of the Scrutiny & Overview Committee |
| PUBLIC/EXEMPT: | Public |

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| ORIGIN OF ITEM: | The Cabinet response to recommendations made by the Scrutiny & Overview Committee is provided for the Committee's information. |
| BRIEF FOR THE COMMITTEE: | The Scrutiny & Overview Committee is asked to review the response given by the Cabinet to recommendations made by the Committee and consider whether any further action is necessary. |

1. CABINET RESPONSE TO SCRUTINY RECOMMENDATIONS

- 1.1. The rights of scrutiny to make recommendations to the Cabinet, Council, non-Executive Committee, Partner Agency or Partnership Board is set out in Section 8 of Part 4E – Scrutiny and Overview Procedure Rules of the Council's Constitution.
- 1.2. When making a recommendation to the Cabinet, a response needs to be given within two months to confirm whether the recommendation has been accepted or not. If accepted, this response should include how the recommendation will be implemented.
- 1.3. To ensure the Committee can monitor the response given to its recommendations, this report will be included as a standing item on each agenda, setting out in Appendix A the response from the Cabinet to the recommendations of the Committee.
- 1.4. The Committee is asked to review the responses given and consider whether any further action is necessary.

CONTACT OFFICER: Simon Trevaskis – Senior Democratic Services & Governance Officer - Scrutiny

APPENDICES TO THIS REPORT

Appendix A: Cabinet Response to Recommendations Made by the Scrutiny & Overview Committee.

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| SCRUTINY RECOMMENDATION | CONCLUSIONS | DEPARTMENT AND CABINET MEMBER RESPONDING | ACCEPT/ REJECT RECOMMENDATIONS (inc. reasons for rejection) | IDENTIFIED OFFICER | ANY FINANCIAL IMPLICATIONS | TIMETABLE FOR IMPLEMENTATION OF RECOMMENDATIONS IF ACCEPTED (ie Action Plan) | DATE OF SCRUTINY MEETING TO REPORT BACK |
|-------------------------|-------------|--|---|--------------------|----------------------------|--|---|
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Report: Scrutiny Update on 1-87 Regina Road (Considered by Scrutiny & Overview Committee on 30 March 2021)

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|--|---|---|---|----------------------|--|---|-------------------------|
| <p>1. The Committee asks that as part of the review of the Council's housing services consideration is given to the following areas:-</p> <p>a. Prior to starting the review, the Council's long term vision for its housing services needed to be defined and then used as a basis for the review.</p> <p>b. The review also needed to consider how the Council listens to the voice of its tenants both in terms of responding to issues raised and in designing services.</p> <p>c. The process for tenants reporting issues and how they are subsequently dealt with needs to be comprehensively overhauled to ensure the needs of tenants are prioritised in any future delivery model.</p> | <p>The Committee welcomed confirmation that a review of housing services had been brought forward in light of the issues experienced by tenants at Regina Road and agreed that there were a number of key areas that needed to be looked at as part of this review.</p> | <p>Councillor Patricia Hay-Justice Place</p> | <p>Accept. Recommendations – these will be incorporated into the Improvement Plan.</p> | <p>Alison Knight</p> | <p>Financial implications will be considered as part of the implementation plan.</p> | <p>Initial implementation will be in place by 30th June 2021. Improvement Panel (which will involve tenants) to be set up and underway by July 2021</p> | <p>7 September 2021</p> |
| <p>2. The Committee recommends that delivery of the repairs service should be reviewed, when possible to do so under the terms of the current contract, to establish the most cost effective means</p> | <p>The Committee had concerns about the performance of the current contractor for the repairs service, which needed to be investigated to establish whether value for money and service</p> | <p>Councillor Patricia Hay-Justice Place</p> | <p>Accept. Recommendations – this will be incorporated in to the Improvement Plan.</p> | <p>Alison Knight</p> | <p>Financial implications will be considered as part of any options considered.</p> | <p>Initial implementation will be in place by 30th June 2021. Interim head of Repairs to be in post by July 2021.</p> | <p>7 September 2021</p> |

| SCRUTINY RECOMMENDATION | CONCLUSIONS | DEPARTMENT AND CABINET MEMBER RESPONDING | ACCEPT/ REJECT RECOMMENDATIONS (inc. reasons for rejection) | IDENTIFIED OFFICER | ANY FINANCIAL IMPLICATIONS | TIMETABLE FOR IMPLEMENTATION OF RECOMMENDATIONS IF ACCEPTED (ie Action Plan) | DATE OF SCRUTINY MEETING TO REPORT BACK |
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| of providing the service that also met the standards expected by tenants. | standards were being achieved. | | | | | | |

Report: Review of the Libraries Public Consultation – Phase One (Considered by Scrutiny & Overview Committee on 30 March 2021)

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| 1. The Committee recommends that any future consultation documents on the libraries service clearly outlines the Council's vision for libraries and how it had informed the process. | The Committee concluded that any consultation on the provision of the libraries service needed to be based on an underlying vision for the service and that the vision needed to be clearly defined in the consultation process | Councillor Oliver Lewis Place | Accept. These are being incorporated into the phase two consultation documentation. | Stephen Tate | No | Phase two runs for eight weeks (1 st June – 26 th July). | 7 September 2021 |
| 2. The Committee recommends that further work is undertaken to prepare a detailed appraisal of any options put forward for the next stage of the consultation, to ensure that those responding could make an informed decision. This should include consideration of:- a. hybrid of options b. a co-design approach for the redevelopment of the future library service c. The assessment criteria for the options appraisal also needed to be clearly defined at the start of the process and published with the second phase consultation | The Committee was unable to reach a conclusion on the preferability of the other three options. Instead it concluded that a thorough options appraisal would be needed to make a judgement on which of these options was included in the next stage of the consultation. | Councillor Oliver Lewis Place | Accept. Details provided to Scrutiny call-in 27/05/21. Hybrid options included in 17/05/21 Cabinet paper. Co-design has been delivered through phase one consultation and will continue in phase two consultation. | Stephen Tate | No | Phase two runs for eight weeks (1 st June – 26 th July). | 7 September 2021 |

| SCRUTINY RECOMMENDATION | CONCLUSIONS | DEPARTMENT AND CABINET MEMBER RESPONDING | ACCEPT/ REJECT RECOMMENDATIONS (inc. reasons for rejection) | IDENTIFIED OFFICER | ANY FINANCIAL IMPLICATIONS | TIMETABLE FOR IMPLEMENTATION OF RECOMMENDATIONS IF ACCEPTED (ie Action Plan) | DATE OF SCRUTINY MEETING TO REPORT BACK |
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| Report: Call-In: Ongoing Review of Brick by Brick Croydon Ltd and associated matters relating to the company (Considered by Scrutiny & Overview Committee on 27 May 2021) | | | | | | | |
| <p>1. That a report on any remedial work required on Fairfield Halls be provided to the Scrutiny and Overview Committee. This breakdown should include confirmation of:-</p> <p>a. The work required and the estimate cost</p> <p>b. Confirmation of whether the cost of work would need to be funded by the Council or would be under the existing contract novated to the Council.</p> <p>c. If work is to be funded by the Council, how the cost would be met.</p> | <p>There was concern amongst the Committee about the potential additional expenditure required to carry out any remedial works required to address issues not picked up in the original refurbishment and a request was made for a report on this, once available.</p> | <p>Hamid Ali Leader of the Council</p> | <p>Accept – A briefing can be provided to the Committee on the remedial work required at Fairfield Halls, once the report has been completed.</p> | <p>Chris Buss</p> | <p>None</p> | <p>Pending completion of the report</p> | <p>19 October 2021</p> |
| <p>2. That the Scrutiny & Overview Committee is provided with the full Grant Thornton report on its Value for Money Review of Fairfield Halls, once it was available.</p> | <p>The Committee felt there needed to a thorough explanation of how the cost for the refurbishment of Fairfield Halls rose from the original £30m estimate at the start of the project to £69m. It was accepted that the Council's external auditor was in the process of finalising a value for money review of the project and a request was made for the full report to be share with the Committee once available.</p> | <p>Hamid Ali Leader of the Council</p> | <p>Accept</p> <p>The Grant Thornton report on the Value for Money Review of the Refurbishment of Fairfield Halls will be scheduled for review by the General Purposes and Audit Committee (GPAC), once it has been received by the Council. Scrutiny members will be able to access the report once the GPAC agenda has been published.</p> | <p>Chris Buss</p> | <p>None</p> | <p>Pending completion of the report</p> | <p>19 October 2021</p> |

| SCRUTINY RECOMMENDATION | CONCLUSIONS | DEPARTMENT AND CABINET MEMBER RESPONDING | ACCEPT/ REJECT RECOMMENDATIONS (inc. reasons for rejection) | IDENTIFIED OFFICER | ANY FINANCIAL IMPLICATIONS | TIMETABLE FOR IMPLEMENTATION OF RECOMMENDATIONS IF ACCEPTED (ie Action Plan) | DATE OF SCRUTINY MEETING TO REPORT BACK |
|---|---|--|--|--------------------|---|--|---|
| 3. It was recommended that future reports on Housing Revenue Account purchases include confirmation on whether the purchase included the freehold for the properties in order to clarify who would be responsible and accountable for access / maintenance of shared amenities. | The Committee agreed that the decision for the Council's Housing Revenue Account to purchase 104 residential units from Brick by Brick should proceed as it would lead to a significant saving in the cost of temporary accommodation and provide new homes for those on the council's housing waiting list. | Hamid Ali Leader of the Council | Accept | Chris Buss | n/a | Ongoing | 19 October 2021 |
| 4. The Administration is asked to make a commitment to making historic information on decision making over Brick by Brick available to Members and the public. Where it is not possible to provide information, there needs to be a transparent process in place to confirm why it is not being shared. | The was significant concern about the lack of transparency on historic decision making on Brick by Brick and that the documents requested in the call-in had not been provided. The Committee agreed that the documents needed to be provided, in line with the Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities, as a matter of urgency or failing that a written statement be provided in justification of the refusal of each requested document. | Hamid Ali Leader of the Council | Accept All documentation that is readily available and relevant for the committee to discharge its function, subject to the Council's consideration on commercially sensitive or confidential issues, will be released to the appropriate council committee in accordance with the relevant committee's work programme. | Chris Buss | Given the historic nature of some of the information requested, there may be delays in provision due to the availability of officers to locate. | Underway | 19 October 2021 |

Agenda Item 10

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| REPORT TO: | Scrutiny & Overview Committee 7 September 2021 |
| SUBJECT: | Scrutiny & Overview Committee Work Programme 2021-22 |
| LEAD OFFICER: | Simon Trevaskis – Senior Democratic Services & Governance Officer – Scrutiny |
| PERSON LEADING AT SCRUTINY COMMITTEE MEETING: | Councillor Sean Fitzsimons – Chair of the Scrutiny & Overview Committee |
| PUBLIC/EXEMPT: | Public |

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| ORIGIN OF ITEM: | The Scrutiny & Overview Committee receives an update on its work programme at each of its meeting |
| BRIEF FOR THE COMMITTEE: | The Scrutiny & Overview Committee is asked to:- <ol style="list-style-type: none">1. Note the current position of its Work Programme for 2021-22,2. To consider whether there are any other items that should be added to the work programme. |

1. SCRUTINY & OVERVIEW COMMITTEE WORK PROGRAMME 2021-22

- 1.1. The purpose of this report is to set out the work programme for 2021 – 2022 for the Scrutiny & Overview Committee. A copy of the work programme as it currently stands can be found at Appendix A to this report.
- 1.2. Although the work programme has been populated as far as possible at this stage, it is recognised that given the challenges facing the Council, the work programme needs to remain flexible enough to respond to emerging priorities during the year.
- 1.3. At its meeting on 15 June 2021, the Committee agreed that the work programme process will be overseen by a Reference Group of scrutiny members who will meet on a monthly basis to review all available data in order to identify items that should be prioritised for inclusion in the work programme for both the Committee and its three Sub-Committees (Children & Young People, Health & Social Care and Streets, Environment & Homes).
- 1.4. The Committee also agreed a number of workstream priorities for the year ahead for itself and the three sub-committees. For the Scrutiny & Overview Committee there are two main priorities, which are:-
 - W1: Corporate recovery, including corporate oversight by exception.
 - W 2: Understanding and acting on risks. To initially focus substantively on BBB and the council's reserves position
- 1.5. Although the Reference Group will be responsible for identifying emerging issues for scrutiny, the Scrutiny & Overview Committee will still have oversight of its work programme and this report will be presented at each Committee

meeting to provide an update on the latest position of the work programme and allow for consideration to be given to any additions or amendments.

- 1.6. It is recognised that given the challenges facing the Council, it will not be possible for scrutiny to accomplish everything it needs to within the committee setting. As such it is likely that informal briefings and visits will need to be arranged during the year, to ensure that the Committee is as informed as possible when scrutinising an item at one of its meetings. For transparency, this report will also confirm any briefings or visits undertaken by the Committee.
- 1.7. Since the last meeting held on 6 July 2021 the Committee, in preparation for its consideration of the Community Safety Strategy elsewhere on this agenda, has held a number of briefings with the various partners involved in the creation of the Strategy, including the Police, the Prison & Probation Service and Croydon Voluntary Action, as well as meeting with Council Officers such as the Head of the Violence Reduction Unit and the Performance and Intelligence Manager.

2. Conclusions

- 2.1. The Scrutiny & Overview Committee is asked to note the current position of its Work Programme for 2021-22 set out in Appendix A.
- 2.2. The Committee is asked to consider whether there are any other items that should be added to its work programme.

CONTACT OFFICER: Simon Trevaskis – Senior Democratic Services & Governance Officer - Scrutiny

APPENDICES TO THIS REPORT

Appendix A – Scrutiny & Overview Committee Work Programme

Scrutiny & Overview Committee**Chair:** Sean Fitzsimons**Committee Members:** Leila Ben-Hassel (Deputy-Chair), Robert Ward (Vice-Chair), Shafi Khan, Oni Oviri, Joy Prince

Workstream Priorities

W 1: Corporate recovery, including corporate oversight by exception.

W 2: Understanding and acting on risks. To initially focus substantively on BBB and the council's reserves position

| Meeting Date | Agenda Items | Officer |
|-------------------------|--|---------------------------|
| 15 June 2021 | Update from the Leader of the Council | |
| | Croydon Renewal and Improvement Plan – Performance Reporting Framework & Measures | Caroline Bruce |
| | RIPI – Quarter 1 Update | Henry Butt |
| | Scrutiny Work Programme 2021-22 | Simon Trevaskis |
| | Scrutiny Annual Report | Simon Trevaskis |
| 6 July 2021 | Brick by Brick | Chris Buss |
| | Scrutiny Work Programme 2021-22 | Simon Trevaskis |
| | Cabinet Response to Scrutiny Recommendations | Simon Trevaskis |
| 17 August 2021 | CALL-IN: Novation of building works and profession services contracts from Brick by Brick for Fairfield Halls | Sarah Hayward |
| 7 September 2021 | Community Safety Strategy | Christopher Rowney |
| | RIPI – Quarter 2 Update | Henry Butt |
| | Finance Monitoring Update | Richard Ennis |

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|-------------------------|---|----------------------|
| 19 October 2021 | Review of the Digital Strategy | Neil Williams |
| | Annual Complaints/FOI/SAR Report | Kim Hyland |
| 7 December 2021 | It is anticipated that this meeting will focus on the priority areas in workstream 1 & 2, however the agenda will be confirmed as soon as possible before the date to ensure that there is capacity for the Committee to consider any other emerging urgent issues. | |
| 8 February 2022 | Budget 2022-2023 | Chris Buss |
| | RIPI – Quarter 3 Update | Henry Butt |
| 22 February 2022 | It is anticipated that this meeting will focus on the priority areas in workstream 1 & 2, however the agenda will be confirmed as soon as possible before the date to ensure that there is capacity for the Committee to consider any other emerging urgent issues. | |
| 29 March 2022 | It is anticipated that this meeting will focus on the priority areas in workstream 1 & 2, however the agenda will be confirmed as soon as possible before the date to ensure that there is capacity for the Committee to consider any other emerging urgent issues. | |

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| REPORT TO: | Scrutiny & Overview Committee |
| SUBJECT: | MEMBERSHIP OF THE HEALTH & SOCIAL CARE SUB-COMMITTEE |
| LEAD OFFICER: | Simon Trevaskis – Senior Democratic Services & Governance Officer – Scrutiny |
| PERSON LEADING AT SCRUTINY COMMITTEE MEETING: | Councillor Sean Fitzsimons – Chair of the Scrutiny & Overview Committee |
| PUBLIC/EXEMPT: | Public |

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|---------------------------------|---|
| ORIGIN OF ITEM: | In accordance with the Scrutiny and Overview Procedure Rules set out in Part 4E of the Council’s Constitution, it falls within the remit of the Committee to approve changes to the membership of its Sub-Committees. |
| BRIEF FOR THE COMMITTEE: | <p>The Scrutiny & Overview Committee is asked to:-</p> <ol style="list-style-type: none"> 1. Approve the addition of a co-optee (non-voting) from the Croydon Adult Social Services User Panel (CASSUP) to the membership of the Health & Social Care Sub-Committee. 2. To confirm the appointment of the Vice-Chair from CASSUP to fill this co-optee role for the remainder of 2021-22. |

1. MEMBERSHIP OF THE HEALTH & SOCIAL CARE SUB-COMMITTEE

- 1.1. In order to provide insight from the perspective of service users to its work, the Health and Social Care Sub-Committee is keen to add a co-optee (non-voting) to its membership from the Croydon Adult Social Services User Panel (CASSUP). It is felt that this appointment will be particularly valuable in providing insight on the impact upon service users from changes made to the provision of social care.
- 1.2. The Vice-Chair of CASSUP Yusuf Osman, has been put forward to fill the vacancy should it be approved by the Committee. Mr Osman attended the previous meeting of the Sub-Committee as a guest and is keen to become involved in the work of the Sub-Committee.
- 1.3. As with all appointments to Council committees, it would be made for the remainder of the Council year and would need to be re-appointed at the Annual Council meeting in May of each year.
- 1.4. Within the Scrutiny and Overview Procedure Rules set out in Part 4E of the Council’s Constitution, it is the responsibility of the Committee to approve changes to the membership of its sub-committees and make appointments.
- 1.5. The Committee is therefore request to approve the addition of a co-optee (non-voting) to the membership of the Health & Social Care Sub-Committee and confirm the appointment of the CASSUP vice-chair, Yusuf Osman to fill this role.

CONTACT OFFICER: Simon Trevaskis – Senior Democratic Services &
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