



**CABINET
AGENDA**
for the meeting
on
12 April 2021 at
6.30 pm

To: Croydon Cabinet Members:

Councillor Hamida Ali, Leader of the Council
Councillor Stuart King, Deputy Leader (Statutory) and Cabinet Member for Croydon Renewal
Councillor Muhammad Ali, Cabinet Member for Sustainable Croydon
Councillor Janet Campbell, Cabinet Member for Families, Health & Social Care
Councillor Alisa Flemming, Cabinet Member for Children, Young People & Learning
Councillor Patricia Hay-Justice, Cabinet Member for Homes
Councillor Oliver Lewis, Cabinet Member for Culture & Regeneration
Councillor Manju Shahul-Hameed, Cabinet Member for Communities, Safety and Business Recovery
Councillor Callton Young OBE, Cabinet Member for Resources & Financial Governance

Invited participants:
All other Members of the Council

A meeting of the **CABINET** which you are hereby summoned to attend, will be held on **Monday, 12 April 2021 at 6.30 pm. This meeting will be held remotely**

JACQUELINE HARRIS BAKER
Council Solicitor and Monitoring Officer
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31 March 2021

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AGENDA – PART A

1. Apologies for Absence

2. 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.

3. Urgent Business (If any)

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

4. Financial Performance Report - Period 10 (Pages 5 - 14)

Cabinet Member: Cabinet Member for Croydon Renewal, Councillor Stuart King and Cabinet Member for Resources & Financial Governance, Councillor Callton Young
Officer: Interim Director of Finance, Investment & Risk, Chris Buss
Key decision: no

5. Croydon Renewal and Improvement Plan - Performance Reporting Framework & Measures (Pages 15 - 36)

Cabinet Member: Leader of the Council, Councillor Hamida Ali
Officer: Interim Assistant Chief Executive, Elaine Jackson
Key decision: no

6. Report in the Public Interest Progress Update (Pages 37 - 102)

Cabinet Member: Leader of the Council, Councillor Hamida Ali
Officer: Interim Executive Director Resources, Asmat Hussain
Key decision: no

7. Real Letting/Resonance Property Fund Extension (Pages 103 - 156)

Cabinet Member: Cabinet Member for Resources & Financial Governance, Councillor Callton Young

Officer: Interim Director of Homes & Social Investment, Ozay Ali

Key decision: yes

8. Call-In Referral to Cabinet: Crystal Palace and South Norwood Low Traffic Neighbourhood (To Follow)

Cabinet Member: Cabinet Member for Sustainable Croydon, Councillor Muhammad Ali

Officer: Interim Executive Director Place, Sarah Hayward

Key decision: yes

9. Investing in our Borough (Pages 157 - 162)

Cabinet Member: Cabinet Member Resources & Financial Governance, Councillor Callton Young

Officer: Interim Executive Director Resources, Asmat Hussain

Key decision: no

a) Care UK - Provision of Care Home Services extension of contract (Pages 163 - 174)

Cabinet Member: Cabinet Member for Families, Health & Social Care, Councillor Janet Campbell

Officer: Director of Operations – Health, Wellbeing and Adults, Annette McPartland

Key decision: yes

10. 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.”

Agenda Item 4

REPORT TO:	CABINET 12 April 2021
SUBJECT:	FINANCIAL PERFORMANCE REPORT – PERIOD 10
LEAD OFFICER:	Chris Buss, Interim Director of Finance, Investment And Risk (Section 151 Officer)
CABINET MEMBER:	Councillor Stuart King – Cabinet Member for Croydon Renewal Councillor Callton Young – Cabinet Member for Resources and Financial Governance
WARDS:	ALL

CORPORATE PRIORITY/POLICY CONTEXT:

The information in the report make elected members aware of the financial position of the council and give elected members information to help ensure effective management, governance and delivery of the Council's medium term financial strategy and ensure a sound financial delivery of the 2020/21 in-year budget. This will enable the ambitions for the borough for the remainder of this financial year to be developed, programmed and achieved for the residents of our borough.

AMBITIONS FOR CROYDON & WHY WE ARE DOING THIS:

Strong financial governance and stewardship ensures that the Council's resources are aligned to enable the priorities, as set out in the Corporate Plan, to be achieved for the residents of our borough and further enables medium to long term strategic planning considerations based on this strong financial foundation and stewardship.

FINANCIAL IMPACT

This report summaries the current draft financial position of the council's general fund and the impact on the outturn as a result of the continuing demand for services, loss of income and unachieved savings. The report also summaries details of the funding from MHCLG in respect of the pandemic. Period 10 has seen an adverse movement of £4.4m from Period 9 and we are now projecting an overspend of £69m , this follows the crystallization of some of the risks relating to Brick By Brick identified earlier in the year. (Period 9 £64.6m).

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 net projected general fund financial overspend of **£69.1m** for the full year as at the end of Month 10, January 2021 which includes all projected COVID-19 related expenditure and income of **£40.9m**, a net increase of **£4.4m** from Period 9, see section 5.

- 1.2 Note that a number of risks may materialise which would see the variance increase. These include dividends and interest receivable from Brick By Brick (both historic accrued and in-year expectations) of **£20.5m**, and pending external audit verification of assumptions around 2019/20 accounting treatment of MRP and Transformation funding that could impact by **£6.0m**. Should all these risks which total **£26.6m** materialise, which is unlikely, the impact on the current forecast overspend of **£69.1m** is an increased overspend to **£95.7m**, with draft general fund reserves of just **£7.4m**.
- 1.3 Note, the above figures are predicated on forecasts from Month 10 to the year end and therefore could be subject to change. Forecasts are made based on the best available information at the time.
- 1.4 Note that the Spending Control Panel which was set up at the beginning of November 2020 continues to meet on a daily basis. Further details on the outputs of the SCP is provided within section 5.
- 1.5 Note that ELT are to continue to take further immediate action to mitigate spend during the remainder of the financial year, and work with their departments to ensure forecast figures are thoroughly reviewed.

2. EXECUTIVE SUMMARY

- 2.1 This reports sets out the council's current revenue budget projected outturn as at Month 10, January 2021.

3. BACKGROUND

- 3.1 Due to the current Covid-19 pandemic and other underlying financial pressures the council is facing severe financial pressures as a result of additional costs, lost income and unachieved savings. A S114 Notice was issued on the 11 November 2020 as the Council could not deliver a balanced budget this year and a further S114 notice was issued on the 2 December as the budget remained unbalanced. This notice is still in place, however when the Secretary of state confirms the issuing of the capitalization direction the S114 notice will no longer apply, but similar controls on spending will still apply.
- 3.2 This current financial forecast is based on the known position at the time of writing this report. It is still indicative at this time and may alter given the significant uncertainty about the pandemic including the impact of the third Covid lockdown. Along with the continued bad practice in the organisation where purchase orders continue to be raised after goods or services have been received. It is also expected that the economic recovery and continuing associated impact on residents will require significant Council response going forwards, even after the virus has been contained.
- 3.3 MHCLG have been continuing to collate data from Councils on a monthly basis since April to gain a national understanding of the financial impact of COVID-

19 on the sector. In the last submission, made on the 1st March 2021, the forecast financial impact for Croydon was a net overspend of **£49.8m** for the General Fund, after receipt of £33.0m government funding which is currently held corporately and will be allocated to departments once this report is approved. The £33.0m reflects the confirmed support the Council has received from Government, however the Council is projecting a further £8.9m of Covid Grant support monies within the Monitor.

Table 1 – MHCLG Covid19 return

	Jan 2020 (£,000's)	Feb 2021 (£,000's)	
Additional Expenditure	39,764	41,382	
Unachieved Savings	28,705	30,559	
Lost Income	10,872	10,872	(a)
Gross Total	79,341	82,813	
Grants Received	(32,998)	(32,998)	(b)
Net After Grants	46,343	49,815	

(a) Excludes £22.3m Collection Fund losses on Council Tax / NNDR

(b) Further receipt of Covid-Related Grant funding is expected and included in Table 1

- 3.4 The above MHCLG Covid19 return focuses purely on financial impacts resulting from the pandemic. It does not include other spending pressures that may be occurring which are not directly as a result of the pandemic nor reflects the impact of in-year savings measures approved to help mitigate the current financial forecasts.
- 3.5 The following table shows the latest overall financial forecast for the General Fund taking into account all currently known factors:

Table 2 – Period 10 Projection per Directorate

	Month 9 Forecast Variance (£,000's)	Month 10 Forecast Variance (£,000's)	Change in Month (£,000's)
Children's Families and Education	23,219	23,219	0
Health, Wellbeing and Adults	24,676	24,236	(440)
Place	18,063	16,683	(1,380)
Resources	4,900	4,806	(94)
Exceptional items : Schools Closure Deficits	5,216	4,889	(327)
Capitalisation of Redundancy Costs	(800)	0	800
Departmental Total	75,274	73,833	(1,441)

Non-Departmental Items	32,989	38,847	5,858
Total General Fund	108,263	112,680	4,417
Corporate Covid-Grants	(41,882)	(41,882)	0
Net GF Position after Grants	66,381	70,798	4,417
Savings Programme	(1,700)	(1,700)	0
	64,681	69,098	4,417

3.6 The Period 9 Quarter 3 forecast had identified **£106.6m** of departmental and corporate service pressures but was offset by **£41.9m** of Covid grant funding and £1.7m of in-year savings initiatives held centrally, resulting in a forecast net General Fund projected overspend of **£64.7m**.

3.7 The latest forecast for Period 10 shows a net forecast overspend of **£69.1m**, an increase of **£4.4m** on the prior month's forecast. Section 4 of this report sets out a more detailed analysis of the forecast variances by department.

4 DETAIL

4.1 The departmental level forecast outturn position has improved by £1.4m. The most significant of these variances relate to the following:

- Place department - £1m in reduction in the write off for Croydon Park Hotel
- Health Wellbeing and Adults department - projecting a reduction of £0.4m due to an increase in bereavement services income due to the second spike and some improvements in bed and breakfast forecasts .

4.2 Non-Departmental (Corporate) Items forecasts have seen an increase in cost of £5.8m. This is due to the Director of Finance being of the view that a proportion of the Brick X Brick income amounting to £5.2m will need to be provided for as a bad debt and costs of early retirement and pension strain costs which have arisen as part of the targeted and voluntary severance scheme that was launched (£1.5m). Against this there has been an improvement in minimum revenue provision costs of (£1.5m)

4.4 Further Covid grant claims have been submitted. The Council has so far received £33.0m in cash and is projecting a further **£8.9m** in new grant monies by the end of March 2021 which will result in a total Covid Grant income of **£41.9m** being received.

Additional Risks

4.5 The forecast General Fund position as set out above is forecasting a £69m overspend. Potential additional risks that could cause the overall position to worsen and are identified in the table below:

Table 3 – Additional Risks

Additional Risks	£'000
BxB Accrued interest	11,380
BxB In-Year Interest	9,200
Minimum Revenue Provision	200
Possible Transformation Funding	5,800
Total	26,580

- 4.6 Should the potential risks identified in the above bullet points materialize, the forecast overspend of **£69.1m** would increase by £26.6m to **£95.7m**.
- 4.7 With unaudited General Fund reserves at £7.4m and having utilized the in-year contingency provision any in-year over-spend will need to be funded by a capitalisation direction from MHCLG. The request for the Capitalisation Direction was submitted to MHCLG on the 15 December 2020 and was received for 2020/21 and 2021/22 for £70m and £50m respectively. Such a capitalisation direction is not “*free money*” but allows the Council to charge the deficit to capital and then incur capital financing costs as part of future years’ revenue charges to finance. Based on current PWLB lending rates and statutory guidance as to the treatment of MRP costs each £10m of capitalisation would cost in the region of **£802k** per year (on a straight line MRP basis). Capital receipts from asset disposals and repayment of Brick by Brick loans will be used to minimise these borrowing costs.

5 Spend Control Panel

- 5.1 The Council set up the Spend Control Panel (SCP) in early November when the first S114 was issued. The purpose of the Spend Control Panel is to administer on behalf of the S151 officer that the spend taking place within the Council continues to meet the S114 criteria as indicated within 4.13.
- 5.2 The Spend Control Panel provides final approval on all expenditure requests including for Recruitment. The Panel has provided exception to Children Social Care and Adult Social care and the S151 officer has delegated this spend to two the Care Panels as they have a better knowledge of the needs of service users.
- 5.3 Table 4 below provides for details of total spend that has been sent to the SCP since the panel was set up. It also breaks down the total spend that has been approved and rejected as at the end of January 2020.

Table 4 – Spend Control Panel Data

	PO £	Manual Ad hoc £	OTP £	MISC £	Total £
Approved	33,477,022	13,504,767	952,176	13,620,454	61,554,419
Pending	317,843	228,950	-	70,594	617,387
Cancelled/Returned/Withdrawn	1,757,672	-	-	-	1,757,672
Rejected	6,409,231	655,048	-	1,065,568	8,129,846
	41,961,768	14,388,765	952,176	14,756,616	72,059,324

5.4 Whilst table 5 indicates that the SCP has rejected £8.1m of requests this does not seem to be reflected within the forecasts that are being submitted by the departments. However, there are some genuine explanations for this and these are detailed below

- The table above includes all spend within the Council including Capital and HRA
- Whilst some request may have been rejected initially these could have been re-sent with further supporting evidence and subsequently approved, or indeed rejected a second time.

5.5 Had the Spending Control Panel not been in place the impact of some of the rejected items would have seen the projected forecast variance being higher than it is currently forecast.

6 MHCLG Covid Funding

6.1 MHCLG have made a number of different funding streams available. A number of these grants are service specific which are not held corporately and accounted for within the services net forecast. These covid grants are in addition to the amounts indicated in Section 3 Table 2. Grants indicated within Table 2 are non-specific and are held corporately, and will be allocated.

6.2 The tables below give details of the service specific grants.

Table 5 - Service specific additional Covid support

Service Specific Covid Grants	£'000
Infection control fund for adult social care (tranche 1)	4,121,000
Infection control fund for adult social care (tranche 2)	3,954,000
Test and Trace	1,998,000
Welfare support grant	447,000
Next Steps Accommodation Programme	635,000

Test and trace support grants	338,000
LA compliance & Enforcement grant	218,000
Clinically Extremely Vulnerable Support Grant	195,000
Covid Winter Grant	1,199,000
Cold Weather Payment (housing)	50,000
Contain Outbreak Management Fund	3,094,000
COMF - December tier 2 funding	773,000
Total	17,022,000

Table 6 – Covid Relief Business Grants

Covid Relief Business Grants	£'000
Discretionary Business Grants Fund	3,029,400
Reopening High Streets Safely	341,995
Additional Restrictions Grant.	7,734,200
Local Restrictions Support Grant (Closed)	5,845,518
Total	16,951,113

7. NEXT STEPS

- 7.1 Further grant claims and statistical returns to be collated and submitted as they become due (Covid Return monthly and Sales Fees and Charges claims four-monthly).
- 7.2 Now that the Council has received its confirmation for a Capitalisation Direction Finance will continue to monitor the overall outturn to ensure the overspend does not exceed the allocated amount. The Council has been allocated £70m for capitalisation direction for 2020/21. Finance will provide a detailed year end outturn report once all 20/21 position is closed and all transactions accurately accounted for.

- 7.3 The Spending Control Panel will remain in place as part of the financial control arrangements and details of the work of the panel will be included in the next monthly monitoring report.

8. PRE-DECISION SCRUTINY

- 8.1 The budget has been an agenda item on two recent Scrutiny and Overview Committees. In July the Committee scrutinised the July Financial review and Responding to the Local Government Financial Challenge Cabinet papers and called them back in for further scrutiny in August.

9. LEGAL CONSIDERATIONS

- 9.1 The Head of Litigation and Corporate Law comments on behalf of the interim Director of Law and Governance that 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.
- 9.2 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
- 9.3 The monitoring of financial information is also a significant contributor to meeting the Council's Best Value legal duty and therefore this report complies with that legal duty.

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

10. HUMAN RESOURCES IMPACT

- 10.1 Any proposals on budget that may have any impact on the workforce would be consulted on in line with agreed formal consultation arrangements with the recognised trade unions and managed through the relevant HR policies and procedures.

Approved by: Sue Moorman, Director of HR

11. EQUALITIES IMPACT

- 11.1 There are no specific issues arising from this report. Equality analysis will need to be undertaken to ascertain the potential impact on staff, service users,

vulnerable groups and wider communities groups that share protected characteristics and take actions to mitigate any negative impact as each project is developed and implemented

11.2 This current forecast is based on the known position at the time of writing this report. It is indicative at this time and may alter given the significant uncertainty about the pandemic e.g. the risk of a second spike and the ongoing impact on Council services over the medium term. It is expected the economic recovery and continuing associated impact on residents will require significant Council response going forwards, even after the virus has been contained.

11.3 The Council will ensure that as part of the process of delivering current and future savings, it will protect the most vulnerable in our communities and ensure when making difficult decisions about funding it maintains an absolute commitment to promoting equality for everyone who lives and works in the Borough

Approved by Yvonne Okiyo, Equalities Manager

12. ENVIRONMENTAL IMPACT

12.1 There are no specific issues arising from this report.

13. CRIME AND DISORDER REDUCTION IMPACT

13.1 There are no specific issues arising from this report.

14. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

14.1 These are detailed within the report.

CONTACT OFFICER: Matthew Davis (Deputy Section 151 Officer)

BACKGROUND DOCUMENTS: None

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REPORT TO:	CABINET 12 April 2021
SUBJECT:	Croydon Renewal and Improvement Plan - Performance Reporting Framework & Measures
LEAD OFFICER:	Elaine Jackson, Interim Assistant Chief Executive
CABINET MEMBER:	Councillor Hamida Ali, Leader of the Council
WARDS:	All

SUMMARY OF REPORT

The Croydon Renewal Improvement Plan (CRP) builds on the new priorities and ways of working adopted by the Council, and brings together over 400 recommendations that have been received with the support of external expert advisors.

This report provides an update on the development of the Council’s Performance Action Plan and associated performance reports, to improve the corporate performance offer from its current state, as well as the KPI’s which will be used to monitor delivery of the actions within the CRP.

The performance framework will ensure that everyone in the organisation has a part to play in monitoring our services, finances and risks with the use of performance management, ensuring line of site and transparency of reporting.

It is intended that a further report is presented to Cabinet on 7 June 2021. This further report will provide a final set of CRP measures as well as targets and a further update on the work streams in place to produce a full set of corporate performance reports by September 2021.

FINANCIAL IMPACT

There are no direct financial implications arising from this report.

FORWARD PLAN KEY DECISION REFERENCE NO.: This is not a key decision

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 Note the work that has taken place to date in order to address areas of performance reporting where weaknesses have been highlighted within the Croydon Renewal and Improvement Plan.
- 1.2 Review the set of performance measures in **Appendix A** of this report which will be used to measure performance against the delivery of actions within the

Croydon Renewal Improvement Plan. A finalised set with targets will be presented to Cabinet on 7 June 2021

- 1.3 Note the roadmap **Appendix B** which details future work and delivery of additional reports in order to have a complete suite of reports in place by September 2021.
- 1.4 That this report be reviewed at Overview and Scrutiny for input and comment on the proposals contained within this report. Any recommendations received, will then be contained in the report update to Cabinet on 7 June 2021.

2. EXECUTIVE SUMMARY

- 2.1 The Croydon Renewal Improvement Plan, sets out how the Council will respond to the various reviews and recommendations that have highlighted substantial need for improvements. The Improvement Plan has also identified key areas of focus which are essential to changing the overall culture of the Council to one that is evidence led, manages resources well, and is open and transparent with stakeholders.
- 2.2 Various actions within the plan relate to the recommendations made with regard to improving the current performance function in relation to reporting, benchmarking, evidence to support decision making, improvements to data quality and the culture of the organisation toward performance management.
- 2.3 In addition, it has been highlighted that areas such as programme management, expenditure and risk need to be reported alongside performance in order to present a holistic view of the council to both the executive leadership team, Members and residents.
- 2.4 In order to support the delivery of this plan, and the actions in relation to our performance management, the Council has been reviewing its current performance management arrangements, in order to strengthen our current systems for monitoring and reporting performance in order to provide assurance on delivery of these critical activities.
- 2.5 The actions within this report detail the benefits of the organisation having a robust corporate performance function and reporting plan in place. This will ensure;
 - Production of timely, high quality data/information performance reports
 - Regular monitoring of operational performance measures, outcomes, Key Performance Indicators and statutory reporting.
 - Regular co-ordinated performance review across the whole Council
 - Timely internal and external escalation
 - Clear and robust accountability and governance arrangements
 - Leadership across the system on performance issues that require system approach/response

- Clear visibility and accountability
 - Pulling together the previous silo reporting of finance, performance and risk together with programme reporting
 - Create a mechanism of reporting that will ensure transparency on performance reporting eliminating any blockers which may prevent openness and scrutiny of council performance both internally and externally, allowing escalation and challenge as detailed in the the RIPI.
 - Benchmarking against other London Boroughs and our nearest statistical neighbours.
- 2.6 The Road Map, appendix B of this report, will ensure the delivery of key milestones for improving the Councils performance culture, quality and capability of reporting in order to reach our long term goals. The roadmap continues to be under review as we identify additional milestones which will be required to be fulfilled. The development of the full suite of performance reports is an iterative process, and we are working toward having a full version of reports in place for the reporting of September performance.
- 2.7 A set of measures, which are a mix of CRP specific and operational, 175 in total as detailed in appendix A, will be used specifically to monitor the delivery of the Croydon Renewal Improvement Plan actions and identify any associated risks with delivery as well as unintended consequences. The measures are linked, where possible, to an action contained within the Croydon Renewal Plan, which are monitored by the Programme Management Office. The proposed measures will be reviewed on a timely basis to ensure they continue to be fit for purpose where actions are completed, or move onto a different phase of delivery. We are currently reviewing these proposed measures with directors and service leads, looking at target setting, challenging suitability etc. The final version of measures with targets will be reported in the 7 June 2021 Cabinet report.

3. Background

- 3.1 Cabinet and Council agreed in September 2020 to the development of the Croydon Renewal and Improvement Plan (CRP) which incorporates a financial recovery plan to develop a sustainable budget over the medium term, the submission to MHCLG to secure the necessary capitalisation direction as part of that financial recovery, a corporate Improvement Plan to deliver the required changes to ensure the financial investment and rebalancing of the budget is sustainable and an Improvement Board that will oversee and ensure delivery and improvement actually takes place. A further CRP update report was presented to Cabinet 12 December 2020
- 3.2 Measuring and monitoring delivery and actual change is central to provide assurance on the implementation of the Improvement Plan. The interim Chief Executive and the management team have been working with staff and Members to co-create criteria to measure and evidence progress in a

meaningful way.

- 3.3 The Report in the Public Interest found that due to a weak performance culture within the organisation, Corporately the council has been lacking in reports which provide timely and accurate performance data highlighting areas which need improving. As part of this work, the Council's current performance management arrangements, its Data Culture, Data Capability and Data Quality have been reviewed. A suite of actions in order to first deliver on the actions highlighted within the CRP have been identified and these are included within this report, as well as what is needed in order to ensure a culture of honesty, openness and transparency to provide clarity and accountability for council staff, Members and residents.

4. Croydon Renewal Improvement Plan

- 4.1 The Croydon Renewal and Improvement Plan (CRP) gives effect to nearly 400 recommendations arising from the independent expert-led reviews of the Council's governance, financial management and subsidiary companies
- 4.2 The Plan includes actions to effect a change in culture and governance behaviour, as well as changes to processes and systems. The scope includes decision-making, transparency, performance management, accountability and establishing value for money across the council. This report focuses on the performance management element. As part of the overall improvement plan, the council's senior leadership recognises that it needs to ensure the following:
- Clearly articulate and make transparent the behaviours expected from all staff through to the senior leadership levels
 - Re-induct all staff on the expected behaviours and a clear, transparent performance framework
 - Hold all staff accountable for the expected behaviours and results (with consequences for inappropriate behaviours addressed through organisational processes).
- 4.3 Changing the council's culture around performance management requires a whole council approach. The leadership team is closely involved in reinforcing the key cultural behaviours required. As is strengthening the reporting to the leadership team and Members, regarding any areas of concern around performance, risk and expenditure

5. Current position and challenges

- 5.1 Croydon faces an unprecedented level of challenge, with the reality of significantly reducing resources, both financial and physical, whilst at the same time striving to maintain the service experience and quality for our residents. To continue our on-going improvement journey and to successfully cope with the external challenges we face, the Council recognises the importance of strong performance management, to develop a

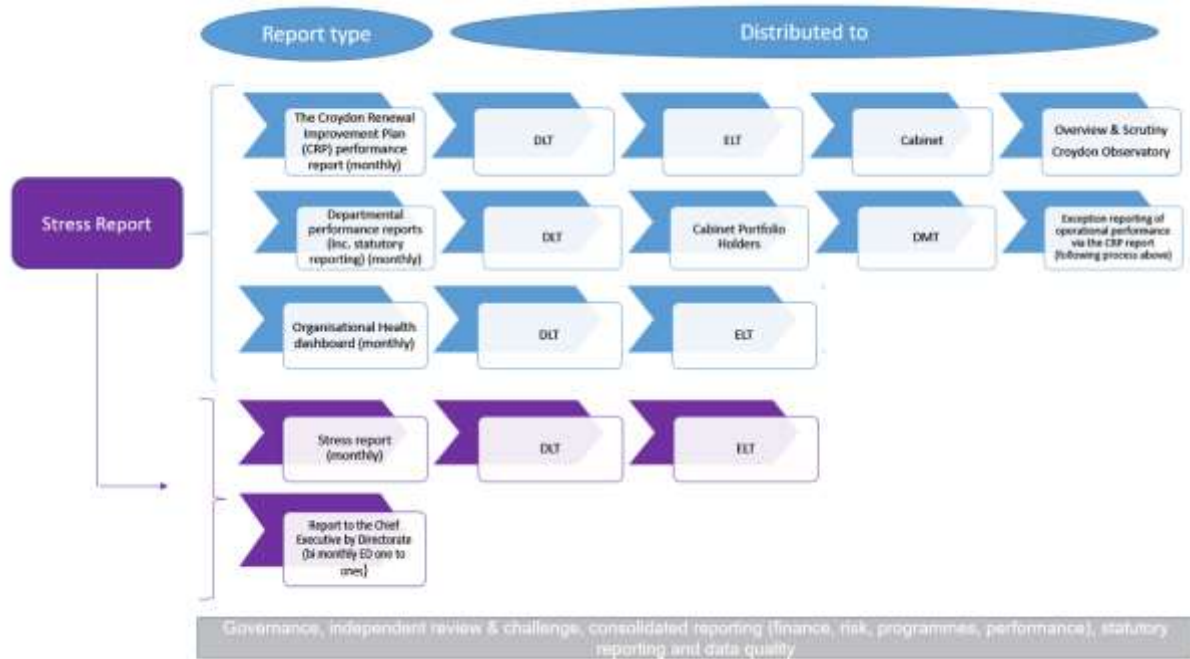
culture of strong performance behaviour and ensure our performance delivers the commitments and actions within the Croydon Renewal and Improvement Plan.

- 5.2 As detailed in 3.3 of this reports, corporately the council has been lacking in reports which provide timely and accurate performance data highlighting areas which need improving. As a consequence of this
- There has been no opportunity for early identification of problems to enable actions to be put in place to address / rectify the situation
 - There has been no process to enable ELT or Cabinet Members to monitor performance, manage effectively, and plan for the future.
 - Investment into a corporate function have been limited and to date there is 0.5 FTE dedicated to the corporate performance reporting function.
 - There is currently no corporate performance reporting taking place to either ELT or to DLT's meaning no line of sight
 - Performance, expenditure and risk are all disparate both on the systems used and any reports created are in silo.
 - There are no reports to Members meaning there is no line of sight for Cabinet Members, Councillors, Scrutiny, GPAC and our residents.
- 5.3 Staff perceive the quality of the existing data as poor, the Council does not have one go to place for data and much potentially useful data is locked away in various systems (for example the Children's Recording System) or on spreadsheets. There is no owner of data at a senior level. This allows focus during challenge to be about the data and not about the actual performance, or addressing areas of concern.
- 5.4 There are known data quality issues and data is not joined up. There are many disparate, separate, unlinked data sets and possibly hundreds of separate spreadsheets. These form a barrier as data quality is essentially uncontrolled and there are often several conflicting versions of a spreadsheet.

6. What we have done so far

- 6.1 Since the publication on the reports and relevant recommendations, much work has taken place to action these recommendations. These recommendations / actions will support, direct and guide the organisation through the challenging journey ahead in order to ensure we are best placed to manage our performance, risk, programmes, finance and outcomes for our residents. It is recognised that much work is still to be done, the road map detailing how we will address both the recommendations within the CRP and those within this report can be found in appendix B of this report. Work to date is detailed below and we will provide a further update in our follow up report to Cabinet on the 7 June c2021.
- 6.2 A Performance reporting framework as detailed below has been created to ensure delivery of a robust suite of corporate performance reports. This proposed reporting mechanism will ensure that what the data is telling us is visible to everyone and open to challenge. Details of each of the reports can

be found in section 7 of this report.



7. The reports

7.1.1 The Croydon Renewal & Improvement Plan performance report (monthly)

- will provide Members, ELT, Directors, Scrutiny and Residents with high-quality information on the performance of major programmes and projects. This report, by exemption will highlight if the projects and programmes are not running on time, and within budget, progressing against delivery of expected savings to time. This report will be produced on a monthly basis commencing in April 2021, with a full report in June 2021.

7.1.2 An LBC programme, performance and savings tracker has been developed in house by Croydon Digital Service. Data will be extracted from the LBC tracker which monitors the progress and delivery against each of the actions within the CRP, performance and finance. This tracker will enable combined reporting across four main areas within the Croydon Renewal and Improvement Plan as detailed below;

<p>Finance</p> <ul style="list-style-type: none"> Savings and growth targets as identified in the Croydon Renewal Action Plan which are locked down within the tracker Finance leads will update the tracker with signed off savings on a monthly basis 	<p>Risks</p> <ul style="list-style-type: none"> Associated with the Croydon Renewal Action Plan delivery only (not cross cutting corporate risk)
<p>Programmes & Projects</p> <ul style="list-style-type: none"> Monitoring of milestones Deliverables / issues 	<p>Performance Management</p>

<ul style="list-style-type: none"> • Tracker is updated monthly by all designated project managers • RAG status is reviewed against Finance, Risk & Performance 	<ul style="list-style-type: none"> • Regular review and monitoring against the agreed performance measures • Impact performance will have against finance, risk and programme deliverables. • CRP performance measures will be updated within the LBC tracker
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7.1.3 The LBC tracker will be the only data source in use for reporting against the Croydon Renewal and Improvement Plan and will feed into the Councils data lake. This will ensure that the data used to produce reports is trusted and there is only version of the truth. It will also allow the future development of dashboards using Microsoft Power BI allowing the data to be more visual, accessible and dynamic, giving access to real time reporting. A proto type of this dashboard for programmes and finance is now complete and is at the user testing phase.

7.2 **Departmental and statutory performance reporting** – these reports will include a suite of measures from the CRP report, operational performance reports and statutory measures. These reports will be presented at monthly Departmental Leadership Team meetings (being reinstated from May 2021) to allow a process of review, check and challenge by the Executive Director with their Directors. Relevant data, based on the principle of exception reporting, from these reports will then be incorporated into the CRP report and Stress reports which will in turn be presented to ELT Cabinet Members and Overview and Scrutiny. Executive Directors / Directors will be responsible for discussing the contents of departmental and statutory performance reports with the relevant Cabinet Member to ensure line of sight and accountability. This will allow Members the opportunity for discussion and challenge of performance where required and to understand potential risks. Directors will be responsible for the dissemination of this report for discussion at Divisional Management Team meetings to ensure all managers and Heads of Service are sighted.

7.3 **Organisational Health Dashboard** – This dashboard contains detailed information relating to the organisations workforce and residents, specifically looking at areas of agency spend, sickness, staff turnaround and satisfaction, to complaints, FOI requests and so on. This data is available now and will be reported with effect from April 2021. Further development work is taking place and we are currently developing two additional modules to the current dashboard to include Health and Safety and Equalities measures. Data from this dashboard, which can be accessed in real time outside of the reporting framework, will be reported to DLT's, and ELT on a monthly basis, by exception, with the developed modules becoming part of the suite from September 2021.

7.4 **Stress report** - This report will be used to scan for;

- unintended consequences as a result of the changes the council needs to undertake over the next three years;

- Potential increased demand, population demographics, risks, expenditure and the impact these may have to the council and its journey, and the impact on residents;
- Areas of continued underperformance in areas of the council - as identified via Departmental Leadership and service reports;
- Areas of performance where the current direction of travel is in a downward trajectory – as identified via Departmental Leadership and service reports;
- Areas of high spend low output;
- Ensuring there are 'no surprises' and always for informed and planned decision making;
- Ensuring the use of robust data, including financial and benchmarking to support the delivery of the new priorities for the council.

7.4.1 The stress report will also look at longer term changes, using a geodemographic segmentation tool detailing the UK's population at household level, and working closely with colleagues in finance and risk and other external bodies, council analysts will be able to report on anticipated changes to the borough and its population. This allows the Executive Leadership Team to plan ahead. Benchmarking is also being undertaken against other London boroughs and the Council's statistical neighbours, findings will be detailed within this report. It is anticipated this report will be complete and ready for circulation in July 2021.

7.5 **Overview and Scrutiny** - It is recommended that this report is reviewed at Overview and Scrutiny in order to ensure that the proposals meet the needs of the Overview and Scrutiny panel. As O&S will use data to examine performance, detect trends and identify key areas of concern, as well as challenging Cabinet to ensure that they are fulfilling their responsibilities, Overview and Scrutiny Members will be supplied with the Croydon Renewal Plan performance report (as detailed in 7.1.1) on a monthly basis. In addition, officers will discuss any additional reporting requirements with Members of the Overview and Scrutiny committee. An update on these requirements will be provided in the 7 June Cabinet report.

7.6 **Report to the Chief Executive** – These reports will focus on the data from the suite of reports as detailed above, with the focus being on one department per report. This will allow for informed one to one sessions between the Chief Executive and the relevant Executive Director.

7.7 **Reporting of corporate risks** will continue to be delivered as part of the existing framework requirements which is ongoing and under review to enhance organisational culture and behaviour towards the management of risk. Increased scrutiny is currently being applied via GPAC with regular 'deep dives' being delivered on specific high rated corporate risks. Collaboration is ongoing with all appropriate specialist teams to identify a delivery route for the reporting of organisational risk in terms of corporate / strategic risk management under the existing framework and alignment with the programme and project management environment under the Programme Management Steering Group.

7.8 Reports to the Independent Assurance Panel do not form part of the above framework. Regular reporting will be co-ordinated by the IAP with input and support from officers within the council, and narrative from Leadership and Senior Responsible Officers.

8. Frequency of reporting

8.1 Once the framework is fully established and implemented, performance reporting will take place at different frequencies as deemed appropriate (monthly, quarterly, annually) depending on the type of report and audience. Progress against the performance of the projects as well as associated risk and expenditure information will also be reported as detailed in point 7.1 of this report.

8.2 It is recommend that for the first six months, from when the framework becomes active in May 2021, performance reports to Cabinet will be presented on a monthly basis, with frequency of reporting being reviewed in November 2021.

8.3 Reports to ELT, DLT and Cabinet Members will take place on a monthly basis and will be aligned with the financial reporting timetable. We are working closely with colleagues in finance and will provide a detailed reporting schedule, for the suite of reports as in section 7 of this report, for the remainder of the year, in the update report to be presented at the 7 June Cabinet.

9. What we still need to do

9.1 Further developmental work is required to increase the access to data from Line of Business Software into the council's data lake to further eliminate the silo reporting of the past. Details below in italics show the next phase with anticipated delivery dates in the roadmap in appendix B of this report.

<p>Finance</p> <ul style="list-style-type: none"> • Savings targets as identified in the Croydon Renewal Action Plan which are locked down within the tracker • Finance leads will update the tracker with signed off savings on a monthly basis • <i>Support the finance data review taking place and the implementation of any actions</i> • <i>My Resources & My finance module, explore solution for connection to the Councils data lake</i> 	<p>Risks</p> <ul style="list-style-type: none"> • Associated with the Croydon Renewal Action Plan delivery • Cross Cutting Corporate risks • <i>Explore the possibility of the council's JCAD risk management software to connect to the councils data lake</i>
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<p>Programmes & Projects</p> <ul style="list-style-type: none"> • Monitoring of milestones • Deliverables / issues • Tracker is updated monthly by all designated project managers • Monitoring of milestones • Deliverables / issues • Tracker is updated monthly by all designated project managers • RAG status is reviewed against Finance, Risk & Performance 	<p>Performance Management</p> <ul style="list-style-type: none"> • Regular review and monitoring against the agreed performance measures • Impact performance will have against finance, risk and programme deliverables. • CRIP performance measures will be updated within the LBC tracker • Impact performance will have against finance, risk and programme deliverables. • CRIP performance measures will be updated within the LBC tracker • <i>Creation of the performance tab within the tracker</i> • <i>Completion of the report design</i>
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10. Creation of an internal control board – performance management

10.1 As part of the Council’s improvement programme, a series of control boards will be established. In order for us to progress and deliver the actions in the ‘what we need to do’ section of this report and the milestones within the road map Appendix C, it is proposed that an Internal Control Board for Performance is created with members from all parts of the organisation such as HR, CDS, Finance, Performance, System Leads, Subject Matter Experts (statutory). This will strengthen operational oversight of performance and data across all areas of the organisation.

11. Data Not Received (DNR) reporting

11.1 In order to support the culture change toward performance management across the whole organisation, where data has not been received / input into relevant systems to allow for the data to be extracted in time for report production, reports will contain a section detailing areas where we have been unable to report. This will allow accountable offers to investigate why data has not been input into the relevant system in a timely manner, which can then be addressed. This will also support the organisations goal to have ‘one version of the truth’ when reporting, with data only being extracted from the one recognised source and not multiple sources (see points 5.3, 5.4 of this report).

12. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

12.1 It is essential that the Council takes steps to ensure that a robust performance

management plan and framework are in place, alongside the work of the Programme Management Office, Finance and Risk. Delivery against the actions in the CRIP and sustainable improvements in services are unlikely to happen without it.

13. OPTIONS CONSIDERED AND REJECTED

13.1 None.

14. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

14.1 There are no direct financial implications arising from this report. There will be financial implications associated with the delivery of the projects and actions within the Croydon Renewal and Improvement Plan which have been factored in to the Medium Term Financial Strategy. The delivery of these projects and actions, and the resulting savings is essential. It is therefore critical that effective monitoring and reporting is in place.

Approved by: Matthew Davis, Head of Finance, (Deputy S151 Officer)

15. LEGAL CONSIDERATIONS

15.1 The Head of Litigation and Corporate Law comments on behalf of the interim Director of Law and Governance that section 3 of the Local Government Act 1999 requires the council as a best value authority to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. Monitoring of performance information and acting on the findings is an important way in which that obligation is being fulfilled.

15.2 The report provides performance information. It is consistent with good administration for the council to consider performance related monitoring information to assist the council in its improvement journey. This also assists the council achieve Best Value and may demonstrate continuing improvement.

15.3 The recommendations in this report promote the Council’s statutory duty of best value and continuous improvement.

15.4 Any legal implications arising in relation to individual actions will be dealt with as projects and decisions come forward for approval.

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

16. HUMAN RESOURCES IMPACT

- 16.1 Key to delivery of the Croydon renewal and Improvement Plan will be to retain and invest in a skilled workforce, who are enabled and engaged through a positive organisational culture. The council's workforce strategy is aligned to the Croydon Renewal & Improvement Plan and supports building the workforce skills and capacity for the future.
- 16.2 Any planned service changes through informed review, will be subject to the council's organisational change procedure and consultation with staff and trade unions.

Approved by: Sue Moorman, Director of Human Resources.

17. EQUALITIES IMPACT

- 17.1 In April 2011 the Equality Act (2010) introduced the public sector duty which Extends the protected characteristics covered by the public sector equality duty to include age, sexual orientation, pregnancy and maternity, and religion or belief.
- 17.2 Section 149 Equality Act 2010 requires public bodies to have due regard to the need to:
- eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act;
 - advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
 - foster good relations between people who share a protected characteristic and people who do not share it.
- 17.3 Having due regard means consciously thinking about the three aims of the Equality Duty as part of the process of decision-making. This means that decision makers must be able to evidence that they have taken into account any impact of the proposals under consideration on people who share the protected characteristics before decisions are taken. Equalities impact assessments will be a key part of our governance framework for the Improvement Board, with direct input from the Council's Equality & inclusion Manager.

Approved by: Gavin Handford, Director of Policy & Partnership.

18. REASONS FOR RECOMMENDATIONS/ PROPOSED DECISION

- 18.1 It is essential that the Council takes steps to address the necessary improvements required to enable Croydon Council to be a financially sustainable council delivering value for money efficient and effective services.

19. DATA PROTECTION IMPLICATIONS - WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

19.1 **NO** - The Director of Policy & Partnership comments that there are no data protection implications arising from the contents of this report

Approved by: Gavin Handford, Director of Policy & Partnership.

CONTACT OFFICERS:

Gavin Handford, Director of Policy & Partnership
Caroline Bruce – Head of Business Intelligence, Performance and Improvement

APPENDICES TO THIS REPORT:

Appendix A – Draft Croydon Renewal and Improvement Plan measures
Appendix B – Corporate Performance Reporting Road Map

BACKGROUND PAPERS:

Croydon Renewal and Improvement Plan

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CRP & Operational measures (draft)

Appendix A

Dept / Division	Division	Proposed Measures	Operational / CRP
HWA	ASC	Number of clients (18-64) in: Day Care	Operational
HWA	ASC	Number of clients (18-64) in Dom Care	Operational
HWA	ASC	Number of clients (18-64) in: Nursing	Operational
HWA	ASC	Number of clients (18-64) in: Residential Care	Operational
HWA	ASC	Number of clients (18-64) in Supported Living	Operational
HWA	ASC	Number of clients (18-64) in Respite	Operational
HWA	ASC	Number of clients (65+) in: Day Care	Operational
HWA	ASC	Number of clients (65+) in: in Dom Care	Operational
HWA	ASC	Number of clients (65+) in: Nursing	Operational
HWA	ASC	Number of clients (65+) in: Residential Care	Operational
HWA	ASC	Number of clients (65+) in: Supported Living	Operational
HWA	ASC	Number of clients (65+) in: in Respite	Operational
HWA	ASC	Number of clients on the waiting list	CRP
HWA	ASC	% of Carers receiving direct payments	Operational
HWA	ASC	Net Current Expenditure on Adults Social Care	Operational
HWA	ASC	Total number of Long Term Clients - 18-64	CRP
HWA	ASC	Spend on Long Term Clients - 18-64	Operational
HWA	ASC	Total number of Long Term Clients - 65+	CRP
HWA	ASC	Spend on Long Term Clients - 65+	Operational
HWA	ASC	Total number of Short Term Clients - 18-64	CRP
HWA	ASC	Spend on Short Term Clients - 18-64	Operational
HWA	ASC	Total number of Short Term Clients - 65+	CRP
HWA	ASC	Spend on Short Term Clients - 65+	Operational
HWA	ASC	% of concluded Section 42 enquiries where a risk was identified, the reported outcome was that risk was reduced or removed	Operational
HWA	ASC	% Clients on Waiting List for 6 weeks or more	CRP
HWA	ASC	% Annual Reviews completed on time	CRP
HWA	ASC	% Annual Reviews more than 6 months overdue	CRP
CFE	CSC EH	Net current expenditure on Early Help	operational
CFE	CSC EH	Number of cases (children) open to Early Help (EH 3)	CRIP
CFE	CSC EH	Number of cases (family) open to Early Help (EH 4)	CRIP
CFE	CSC EH	Percentage of Early Help cases closed that were stepped up to CSC (EH 9)	operational
CFE	CSC EH	Percentage of CSC referrals that were stepped down from CSC into Early Help (EH 25)	operational
CFE	Adolescents	Net current expenditure on Adolescent Services	operational
CFE	Adolescents	Activity measure - TBC	TBC
CFE	CSC CWD	Net current expenditure on Children with disabilities care packages	Operational
CFE	CSC CWD	Activity measure - TBC	TBC
CFE	CSC CLA	Net current expenditure on local CLA placements	operational

Dept / Division	Division	Proposed Measures	Operational / CRP
CFE	CSC CLA	Net current expenditure on UASC CLA placements	operational
CFE	CSC CLA	Number of local CLA (CLA 3)	CRIP
CFE	CSC CLA	Rate of local CLA per 10,000 under 18 population (CLA 2a)	CRIP
CFE	CSC CLA	Number of UASC CLA (CLA 4)	CRIP
CFE		Number of young people who have Appeals Rights Exhausted (ARE)	CRIP
CFE	CSC	Average Caseload per Worker - CSC (W 1)	operational
CFE		Net Current Expenditure on systemic model of practice	operational
CFE	CSC EH	Number of children accessing children's centre services known to EH&CSC	CRIP
CFE		Commissioning spend on Children's Centres	CRIP
CFE	SEND	Number of children with SEND accessing children's centre services	CRIP
CFE		Number of children living in most deprived areas accessing children's centre services	CRIP
CFE		Number of children and young people with an EHCP	CRIP
CFE		Average caseload per SEN caseworker	operational
CFE		Number and percentage of children with an EHCP educated in borough	CRIP
CFE		Activity measure - TBC	TBC
CFE		Finance measure - TBC	TBC
CFE		Activity measure - TBC	TBC
CFE		Finance measure - TBC	TBC
CFE		Number of young people reached	CRIP
CFE		Activity measure - TBC	TBC
Resources	Corporate	CTAX / NNDR collection	CRP
Resources	Corporate	FOI response rates	CRP
Resources	Corporate	Cost per transaction / online take-up?	CRP
Resources	Corporate	Customer satisfaction - number of complaints	CRP
Resources	Corporate	Agency spend / usage	CRP
Resources	Corporate	Workforce measures - sickness?	Operational
Resources	Corporate	Contract spend / performance	operational
Resources	Corporate	Staff satisfaction / engagement?	operational
Resources	Corporate	% payments made to suppliers in 30 days	CRP
Resources	Corporate	Average days to process an invoice from date received in Accounts Payable	Operational
Resources	Corporate	Monitor recruitment process from application to successful candidate based on protected characteristics	operational
Resources	Corporate	Agency usage is reduced to an organisational average below 10% (with local targets) - Measure % of staff covering agency roles	operational
Resources	Corporate	% Turnover (starters/leavers) of contracted staff by number and protected characteristics	operational
Resources	Corporate	90% of new joiners rate their corporate induction experience as good or excellent	operational
Resources	Corporate	Monitoring gender, ethnicity and disability pay gaps	CRP
Resources	Corporate	% formal employee relations cases that are resolved within 12 weeks	operational

Dept / Division	Division	Proposed Measures	Operational / CRP
Resources	Corporate	Monitor workforce profile including declared ethnicity, gender, disability and sexual orientation. Measure - % LBC workforce declared as female, % LBC workforce declared as BME, % LBC workforce declared as LGBT, % LBC workforce declared as disabled.	CRP
Resources	Corporate	Monitor workforce diversity disclosure rate is at 85% Measure - % LBC who declared their gender, %LBC who declared their ethnicity, % LBC who declared their sexual orientation, % LBC who declared whether they are disabled.	CRP
Resources	Corporate	% of staff rate their appraisal experience as good or excellent	Operational
Resources	Corporate	% participation rate in staff surveys and / or temperature checks	Operational
Resources	Corporate	No of sick days per FTE The organisational temperature checks demonstrate improved levels of engagement and satisfaction in the following key areas: - I am proud to work for the council	Operational CRP
Resources	C&P	Number of procurement exemptions granted	Operational
Resources	C&P	Contract Spend (per annum by Dept.)	Operational
Resources	C&P	Contract Performance (Tier 1 >£1m pa) Quality, Finance, Risk	CRP
Resources	C&P	Live Tenders (number per qtr)	Operational
Resources	C&P	Contracts Ending in next 12 months (number by Dept.)	Operational
Resources	C&P	Contract Compliance - Number of non-compliant waivers (per qtr by Dept.)	Operational
Resources	C&P	Contract Compliance - Number of compliant waivers (per qtr by Dept.)	Operational
Resources	C&P	Contract Compliance - Formal procurement challenges (number per annum by Dept.)	Operational
Resources	C&P	Community Equipment - Income targets performance / council pay back performance	Operational
Resources	C&P	Community Equipment - New business £	Operational
Resources	HR	Grievances resolved at informal stage	Operational
Resources	P&P	BIPI - as per actions in CRIP - reporting / corporate offer	Operational
Resources	P&P	BIPI - as per actions in CRIP - reporting aligned with finance	Operational
Resources	P&P	BIPI - as per actions in CRIP - reporting aligned with PMO	Operational
Resources	P&P	BIPI - as per actions in CRIP - reporting aligned with risk	Operational
Resources	L&G	Spend on external legal resource	
Resources	L&G	% of cases / enquiries meeting legal gatekeeping timescales - acknowledgement within 24 hours	Operational
Resources	L&G	% of legal client feedback rated as satisfactory or better (inc. BJ)	Operational
Resources	L&G	% hours recorded as billable against total hours available	Operational
Resources	L&G	% of recharge statements sent to client within 30 days	Operational
Resources	CDS	No of incidents	CRP
Resources	CDS	Average downtime	Operational
Resources	CDS	# support tickets / SLA?	CRP
Resources	CDS	No of services available online – end to end (whole thing automated) / form only (initial contact-free) / hybrid?	Operational
Resources	CDS	No of online service transactions completed	Operational
Resources	CDS	No of website visitors (unique/repeat)	Operational
Resources	CDS	No of website visits	CRP
Resources	CDS	Bounce rate	Operational

Dept / Division	Division	Proposed Measures	Operational / CRP
Resources	CDS	No of active MyAccount users	CRP
Resources	CDS	No of projects in Discovery / Implementation	CRP
Resources	CDS	No of projects completed	CRP
Resources	CDS	No of projects completed in-house vs contracted	Operational
Resources	CDS	No of calls to contact centre (year on year)	Operational
Resources	CDS	Customer satisfaction (website)	Operational
Resources	CDS	Amount saved through in-house project delivery	Operational
Resources	CDS	No of emails vs Teams messages	Operational
Resources	HR	Time taken from successful candidate selected to contract/offer letter issued	Operational
Resources	HR	Time taken from contract/offer letter issued to confirmed start date	Operational
Resources	HR	48 hour turnaround for pre-employment health checks to be cleared	Operational
Resources	HR	48 hr turnaround for OH referrals to be completed by Medigold (except for ill-health retirement cases) within 15 days of receipt.	Operational
Resources	HR	% of new starters who complete e-learning as part of induction	Operational
Resources	HR	% compliance in completing mandatory training	Operational
Resources	HR	% employee accessing the LMS system for learning and development opportunities	Operational
Resources	HR	Average days to process and notify pension benefits for a retiring member	Operational
Resources	HR	Average days to calculate and notify pension benefits due on notification of the death of a member	Operational
Resources	HR	Payroll accuracy	Operational
Resources	HR	No of manual payments	Operational
Resources	HR	Time taken for HR consultancy to evaluate a job	Operational
Resources	HR	% TBD of manager satisfaction surveys sent, completed and % TBD of satisfaction rating	Operational
Resources	Comms	Percentage of staff using the intranet	operational
Resources	Comms	Intranet news weekly page views	operational
Resources	Comms	No of staff attending MS Teams corporate briefings	operational
Resources	Comms	No of live briefings held per year	operational
Resources	Comms	Percentage of staff participating in corporate engagement (staff survey)	operational
Resources	Comms	Increase in subscribers to YC Weekly e-bulletin	CRP
Resources	Comms	Increase in subscribers to corporate social media accounts – FB, Twitter, Instagram	CRP
Resources	Comms	Engagement on social media posts	CRP
Resources	Comms	Income from Croydon Film Office	Operational
Resources	Comms	Percentage of media enquiries responded to in time for deadline?	Operational
Resources	Comms	Get Involved / digital engagement platform – no of consultations meeting	Operational
Resources	Comms	Digital news hub – visits to site/click throughs	Operational
Resources	Comms	Message recall / campaign recognition on core corporate campaigns – DMWC anc	Operational
Place	HIS	Statutory compliance tasks (H&S) completed throughout the corporate estate (not housing) / Impact of reducing FM	CRP
Place	PST	% Major planning applications processed in time	CRP
Place	PST	% Minor planning applications processed in time	CRP

Dept / Division	Division	Proposed Measures	Operational / CRP
Place	PST	% other planning applications processed in time	CRP
Place	Housing	Number of Households in Temporary Accommodation	CRP
Place	Housing	Number of homeless applications accepted as being priority need	CRP
Place	Public Realm	Fly Tipping reports	CRP
Place	Public Realm	ASB in parks	CRP
Place	Public Realm	Number of PCNs issued through ANPR scheme	Operational
Place	Public Realm	Parking income	Operational
Place	Public Realm	Income recovered from Parking charge increase	Operational
Place	Public Realm	Increased Insurance Claims	Operational
Place	Public Realm	managing expectations and setting Service Level Agreements	operational
Place	Public Realm	increased in complaints, Cllr Enq & MP Enq	operational
Place	Public Realm	managing expectations and setting Service Level Agreements	operational
Place	Public Realm	increased in complaints, Cllr Enq & MP Enq	operational
Place	Public Realm	managing expectations and setting Service Level Agreements	operational
Place	Public Realm	increased in complaints, Cllr Enq & MP Enq	operational
Place	Public Realm	managing expectations and setting Service Level Agreements	operational
Place	Public Realm	increased in complaints, Cllr Enq & MP Enq	operational
Place	Public Realm	managing expectations and setting Service Level Agreements	operational
Place	Public Realm	increased in complaints, Cllr Enq & MP Enq	operational
Place	Public Realm	Asset condition indicators	CRP
Place	Public Realm	Customer Satisfaction	operational
Place	Public Realm	Highways reactive cost versus planned maintenance	CRP
Place	Public Realm	Impact in encouraging walking and cycling	CRP
Place	Public Realm	Percentage of streets assessed as having unacceptable levels of litter	cannot measure
Place	Public Realm	Percentage of household waste sent for reuse recycling and composting	cannot measure
Place	Public Realm	Number of kilograms per household of residual waste collected	CRP
Place	VRU	new community safety strategy	TBC
Place	VRU	new ASB policy	TBC
Place	VRU	impact of Library closures	TBC
	KEY		
	HIS	Homes & Social Investment	
	VRU	Violence Reduction Unit	
	GER	Growth Employment & Regeneration	
	CSC	Children Social Care	
	ASC	Adult Social Care	
	EH	Early Help	
	PST	Planning and Strategic Transport	

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2021

Action required	February	March	April	May	June	July	August	September
LBC tracker into data lake (PMO / Finance)								
Development of performance tab in LBC tracker								
LBC tracker into data lake (CRIP performance)								
Addition of finance module to LBC tracker (savings targets)								
Develop performance action plan / framework								
Implement performance action plan / framework								
Development of Internal Control Board - performance reporting								
Go Live of Internal Control Board - performance reporting								
Development of ELT stress report								
ELT - Stress report produced								
Commence reporting cycle (CRP / operational)								
Target setting								
CRP performance report (PMO, Savings)								
CRP performance report (PMO, Savings, performance)								
CRP performance report (PMO, Savings, performance & Risk)								
CRP performance report (PMO, Savings, performance, risk & finance)								
Organisational Health - workforce & residents								
Organisational Health - development of Health & Safety & Equalities reporting								
Reports to the Chief Executive								
Review of Risk systems integration (JCAD) to LBC Tracker								
Outcome of Risk systems integration (JCAD) to LBC Tracker								
Review of finance system integration (My Finance / My Resources)								
Outcome of finance system integration review (My Finance / My Resources)								
Implementation of finance system integration (My Finance / My Resources) to data lake								
Review of CoNTROCC system integration								
Outcome of CoNTROCC system integration review								
Implementation of CoNTROCC system integration to data lake								

Work stream currently underway / will begin
 Delivery expected by
 Unable to determine at present



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REPORT TO:	CABINET 12th April 2021
SUBJECT:	Report in the Public Interest Progress Update
LEAD OFFICER:	Asmat Hussain, Interim Executive Director of Resources
CABINET MEMBER:	Councillor Hamida Ali, Leader of the Council
WARDS:	All
COUNCIL PRIORITIES 2020-2024	
<p>This covering report provides an overview of the work that has been progressed to achieve the recommendations as set out from the Report in the Public Interest. 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.</p> <p>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.</p>	
FINANCIAL IMPACT	
<p>This report will have no direct financial impact on the borough as its focus is on updating against the recommendations as accepted by the Council in November 2020. Some of the recommendations implemented will have an attached financial cost,. This will be included in the costs of the overall improvement plan being developed for the Council and will be reported to Members when these are fully known. This will need to be contained within the existing approved budget for 2021/22.</p> <p>The external auditor’s costs have totaled £65,000 to date.</p>	
FORWARD PLAN KEY DECISION REFERENCE NO.: This is not a key decision	
The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below	
1. RECOMMENDATIONS	
The Cabinet is recommended to	
1.1	Note and agree the progress the Council has made in regard to achieving the recommendations set out by external auditor in the Report in the Public Interest (appendix 1) with 35 out of 99 actions complete;
1.2	Note that the recommendations as suggested by General Purposes and Audit Committee and the Scrutiny & Overview Committee that were agreed at Cabinet on January 18 th have been added to the action plan (appendix 2 and 3);
1.3	Agree the refreshed action plan for the recommendations including actions marked complete, new actions and amended deadlines;

- 1.4 Note the current proposed reporting structure, including dates, as set out in this paper that quarterly reports go to Cabinet, General Purposes and Audit Committee, Scrutiny & Overview Committee and Full Council;
- 1.5 Agree to recommend to Full Council the approval of the refreshed action plan

2. EXECUTIVE SUMMARY

- 2.1 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 RIPI, the Council held an Extraordinary Council meeting on 19th November 2020 to discuss the report and the proposed action plan to address it.
- 2.2 The action plan was reviewed by both the Scrutiny and Overview Committee (SOC) and General Purposes and Audit Committee (GPAC). Recommendations from these reviews were approved at Cabinet on the 18th January. This report provides an update on the implementation of all actions contained in the action plan to date including those incorporated following the referenced reviews.
- 2.3 This report also sets out the current approach to reporting in the next financial year. Cabinet is to note the reporting schedule as agreed previously across GPAC, SOC, Cabinet and Council. Additionally, Cabinet should note the ongoing discussions to review this reporting schedule to assess the best approach to provide effective updates to Council members as appropriate whilst limiting duplication.

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	Number of new recommendations following GPAC and Scutiny & Overview Committee
99	35	64	15

- 3.2 Actions in the refreshed plan have varying deadlines with the latest being December 2021. The Council has a number of deadlines (53) coming up between April and June which will see an acceleration in the number completed or that have reached key milestones. This will represent a significant step towards our improvement ambitions. Cabinet will be updated on these actions in the next quarterly update in June 2021 per reporting deadlines in section 5.
- 3.3 The table below sets out the actions identified as high priority by the external auditor with a RAG rating. To ensure aligned with the wider Croydon Renewal

Plan activities the following criteria was utilised as developed by the PMO Steering Group.

High Priority Action	Actions Completed/Total Actions	Rag
R1a Children's Social Care	1/5	Delays on some actions expected of 1-2 months as per action plan. Work has progressed however across all actions.
R1b Adult Social Care	4/9	Review of Liquid Logic/Controc now expected April 2021 in line with Rapid Review recommendations/deadlines.
R2 Adequacy of Council Reserves	2/4	
R3 Use of Transformation Funding	0/2	
R9 Budget Challenge/Rigour	5/5	
R12 Revolving Investment Fund	3/3	
R14 Treasury Management	2/2	
R18 Ongoing investment in Brick by Brick	1/1	
R20 Governance of subsidiaries	0/9	Per the action plan a working group will be established with Legal and Finance to work through the existing list of companies that the Council has an interest in. The group will undertake work around the governance process, directorships, status and relationship with its third party companies as well as assist in elements of the wider asset management review.

3.4 Rag Definitions used:

Green - no known blockers to delivery

Amber - blockers to delivery with mitigations in place/planned

Red - blockers to delivery with no resolution identified

4. KEY MILESTONES ACHIEVED SO FAR

- 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 details on some of the actions completed.

- 4.2 Croydon Council's budget for 2021/22 was agreed by Cabinet and Full Council on 8th March 2021. In the setting of the budget the Council went to great lengths to ensure appropriate challenge on underlying assumptions in approach as per the RIPI recommendation 9 actions. This included completing an extensive Budget Development Meeting process across services attended by members, utilising support from external bodies including the LGA and CIPFA and developing an in year savings tracker to regularly scrutinise savings activities. The Council is taking further action to make the setting of future budgets transparent and ensure discussions on its development come earlier in the year. In the 2021/22 financial year monthly reports on the in year budget will be introduced and further savings proposals are to be identified by July 2021.
- 4.3 PWC had been commissioned to complete a strategic review of the Council's companies. The first phase of the review was presented to Cabinet on November and included potential options regarding the Council's interest in Brick by Brick (BBB). As a result of this report, further decisions went to Cabinet on February 18th on the future approach to BBB and the existing equity investment arrangements. An additional update is expected at Cabinet in the near future to further progress this work.
- 4.4 The Council has made significant progress in relation to its management of assets including on Croydon Park Hotel (recommendation 13). An Interim Assets Strategy has been implemented, as agreed by Cabinet on the 18th February 2021. This has identified 7 assets to be disposed of by September 2021 to generate income and has enabled work on the future of Croydon Park Hotel with an update to also come to Cabinet September 2021.
- 4.5 Both Children's and Adult's Services have developed comprehensive delivery plans for their services up until 2024 which recognise the Council's improvement priorities including the necessity to embed robust financial controls and system processes whilst also ensuring those most vulnerable are supported. The delivery plans address several factors covered by the RIPI including the need to tackle the underlying concerns leading to social care overspend, Croydon's approach to supporting UASC and a 5 year Dedicated School Grant Deficit Recovery Plan (Recommendations 1a, 1b, 5, 6, 7).
- 4.5 The Council has developed a process to report monthly on Corporate Finance, Performance and Risk. A report setting out the proposed reporting process will come to Cabinet April 12th 2021, it is acknowledged that this will be an iterative process with the agreed method of reporting improving as the practice becomes an established feature of Council working.
- 4.6 The Council is in the middle of a piece of work to refresh its approach to member development. Work is ongoing alongside the Head of Learning and Organisational Development to ensure the training offer meets the needs of users and the Council's improvement priorities. Training to date has been delivered to members covering Finance, Risk, Committee responsibilities and Cabinet Training. A programme of training for Members will be taken to the Ethics Committee on or about the 5th May.

5. FUTRE UPDATES ON THE REPORT IN THE PUBLIC INTEREST

5.1 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 5 years.

5.2 Per the action plan (appendix 1), quarterly RIPI updates are to be provided to GPAC, SOC, Council and Cabinet. The dates for the next financial year for these updates are below. It is proposed separate RIPI quarterly updates continue throughout the next financial year before being incorporated into the regular monthly Corporate Finance, Performance and Risk reporting.

5.3

RIPI Update Report	SOC	Cabinet Date	Council Date	GPAC
Q.1 Update	15 th June	7 th June	5 th July	10 th June
Q.2 Update	7 th Sept	13 th Sept	11 th October	16 th Sept
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

5.4 It is recognised that the above schedule consists of levels of duplication and the Council is reviewing mechanisms and alternative reporting structures that will increase efficiency whilst providing adequate oversight to members on progress made delivering the action plan. Any such alternative approaches will need to give due regard to the role of our external partners and the wider community.

6. CONSULTATION

6.1 The action plan was reviewed by both GPAC and the SOC who both made recommendations to enhance what was being progressed (appendix 2 and 3). The Head of Internal Audit has reviewed the refreshed action plan to give assurance these views were taken on board and worked into the report.

7. PRE-DECISION SCRUTINY

7.1 The revised action plan has been formulated following review from both the Scrutiny & Overview Committee and the General Purposes and Audit Committee.

8. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

8.1 To date, the external auditor's costs have totalled £65,000, however additional will be incurred as a result of the further work on Fairfield Halls refurbishment.

8.2 There will be costs associated with the implementation of the recommendations detailed within the report.

- 8.3 The Council is currently assessing its capacity to deliver the overarching improvement plan, of which this action plan forms a key part, and those costs will be reported to Members when they are fully known together with the source of funding. These costs will need to be met from within the existing approved Council budget.

Approved by: Chris Buss Interim Director of Finance , Investment and Risk

9. LEGAL CONSIDERATIONS

- 9.1 The Report in the Public Interest (“the Report”) dated 23 October 2020 was issued under the provisions of the Local Audit and Accountability Act 2014 (“the Act”). The Council must comply with the requirements of the Act in responding to the Report.
- 9.2 Under the provisions of paragraph 5(5) and (6) of Schedule 7 to the Act, the Council must decide within a period of one month whether the Report requires the authority to take any action or whether the recommendations are to be accepted. It must also decide what, if any, action is to be taken in response to the Report and its recommendations. The Report was considered at the Council meeting on 19 November when all of the Report’s recommendations R1 – R20 and additional recommendations LBC1 – LBC3 were agreed together with an Action Plan in response to each of the recommendations. Paragraph 7 goes on to provide that the authority’s functions under paragraph 5 are not to be the responsibility of the executive.
- 9.3 Paragraph 10(1) of the Act provides that after considering the Report and its response to it, the Council must notify the external auditor of its decisions, and publish a notice on its website containing a summary of those decisions which has been approved by the external auditor.
- 9.4 At the time of writing this report, all of the relevant requirements of the Act have been complied with.

Approved by: Doutimi Aseh, Interim Director of Law & Governance & Interim Deputy Monitoring Officer

10. HUMAN RESOURCES IMPACT

- 10.1 There are no human resource impacts arising directly from the recommendations in this report. However, there will be impacts associated with the delivery of the improvement plan. The improvement plan is part of a range of measures relating to improving the Council’s financial position and it is inevitable that this will ultimately impact on the Council’s workforce, when the Council’s agreed Human Resources policies and procedures will be followed.
- 10.2 Human resources impacts will be appropriately reported to the relevant decision-making bodies as individual actions from the plan are implemented.

Approved by: Gillian Bevan, Head of Human Resources on behalf of Sue Moorman, Director of HR

11. EQUALITIES IMPACT

- 11.1 There are no equality impacts arising directly from the recommendations in this report. As such, an equality analysis has not been undertaken following the initial response to the external auditor's report. However, there will be impacts associated with the delivery of the improvement plan. The improvement plan is part of a range of measures relating to improving the Council's financial position and it is inevitable that this will ultimately impact on the Council's workforce and the communities it serves.
- 11.2 Consideration will be given as each of the individual actions included in the Action Plan are implemented as to whether they are relevant to equalities and will require an equalities impact assessment undertaken to ascertain the potential impact on vulnerable groups and groups that share protected characteristics.
- 11.3 Any improvements to governance that arise from the implementation of the recommendations in the action must pay due regard to ensuring that all residents in Croydon are able to understand the actions the Council takes in their name, the decisions it makes to spend resources on their behalf, and who is accountable for that action.
- 11.4 Close attention will need to be paid to ensure the Council is as transparent as possible and is as open and engaging with all its local communities through this process of improvement and afterwards in the new governance practices that are established.

Approved by: Yvonne Okiyo, Equalities Manager

12. ENVIRONMENTAL IMPACT

- 12.1 There are no positive or negative impacts on the environment as a result of any of the recommendations of this report.

13. CRIME AND DISORDER REDUCTION IMPACT

- 13.1 There are no implications in this report that would have an impact on crime prevention or reduction.

14. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 14.1 To ensure that Cabinet has confidence that the RIPI recommendations are being progressed and that comments from GPAC and SOC have been incorporated into the Council's approach.

15. OPTIONS CONSIDERED AND REJECTED

15.1 No other options were considered

16. DATA PROTECTION IMPLICATIONS

16.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

NO

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

NO, as the report contains no sensitive/personal data

Approved by Elaine Jackson, Assistant Chief Executive

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

APPENDICES TO THIS REPORT: Appendix 1 – Refresh RIPI Action Plan
Appendix 2 – Recommendations from Scrutiny & Overview Committee
Appendix 3 - Recommendations from GPAC

BACKGROUND DOCUMENTS: None

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

Appendix 1

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:

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	

Overall accountability for the action plan rests with the Interim 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	Original Deadline	Progress made to date	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 	February 2021	Outcomes from care panel & new entries to care are monitored weekly at DLT. Process maps to formalise challenge, authorisation and decision making for Children in Care / at risk of care. The Interim Director is reviewing/refreshing from March – April 2021 Transformation of Early Help Offer to enhance multi agency partnership provision with scoping workshop held on 22 nd March 2021.	April 2021	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. 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	Monthly Departmental Leadership Team (DLT) meetings whilst Corporate Finance, Performance & Risk report is developed with	The PMO is presenting an approach to monthly Corporate, Finance, Performance and Risk Reporting to Cabinet on April 12 th . The monthly reports will develop over time as recommendations are progressed.	Monthly Departmental Leadership Team (DLT) meetings whilst Corporate Finance, Performance &	Interim Executive Director, Children Families and Education

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

Appendix 1

including full year forecast, and benchmarking against best practice.	target date for May 2021		Risk report is developed with target date for June 2021	
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.	March 2021	The Corporate Finance, Performance and Risk report will provide an update on improvement actions across the Council including Children’s. Detail on the statutory and non-statutory areas of service will be shared as an appendix from previous work carried out in November 2020.	May 2021	Interim Executive Director, Children Families and Education
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.	January 2021	Report from LB Camden received under Partners in Practice Programme – December 2021 Independent Financial Adviser commissioned by the DFE to provide expert challenge and support commenced on 22/2/21 for a period of 9 months.	Ongoing support until November 2021	Interim Executive Director, Children Families and Education
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.	New recommendation	Dataset in development, aligned to the CRP performance reporting.	July 2021	Interim Executive Director, Children Families and Education

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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.

Cabinet Member Accountability: Councillor Campbell, Cabinet Member for Families, Health and Social Care

Action	Original Deadline	Progress made to date	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.	COMPLETED October 2020	This was carried out and used during November 2020 to inform development of the Adult Social Care Improvement Plan	Completed	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.	December 2020	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.	Completed during budget round February 2021	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	January 2021	Placements boards have been implemented in the Council to challenge placements and reduce expenditure. 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. Placements programme is in place with an agreed scope. Funding	In place and operating	Executive Director Adult Social Care

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

Appendix 1

		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)	December 2020	Diagnostic review and benchmarking data has been used to shape the Adult Social Care Improvement plan. Croydon Adults Improvement plan has been fully developed and aligned to budget as signed off at March Cabinet. LBC delivery tracker being updated fortnightly.	Completed	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.	Monthly DLT meetings whilst wider Finance, Performance & Risk Report is developed with target date for May 2021	The PMO is presenting an approach to monthly Corporate, Finance, Performance Risk Reporting to Cabinet on April 12 th . The monthly reports will develop over time as recommendations are progressed.	Monthly DLT meetings whilst wider Finance, Performance & Risk Report is developed with target date for June 2021	Executive Director Adult Social Care
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 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.	May 2021	The Corporate Finance, Performance and Risk report will provide an update on improvement actions across the Council including Children's. Detail on the statutory and non-statutory areas of service will be shared as an appendix from	June 2021	Executive Director Adult Social Care

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		previous work carried out in November 2020.		
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.	December 2020	<p>Review of Controc/Liquid Logic to be finalised in April 2021.</p> <p>Leads have been identified to align a response on both the LAS (case notes system) and Controcc (finance system), and they are aligned with the overarching Corporate Programme Office workstream, ensuring there is alignment with the children’s service element of the review.</p> <p>SAO is holding weekly meetings to manage progress and have approached internal audit to review.</p>	April 2021	Executive Director Adult Social Care
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.	May 2021	Training request has been recorded under LBC recommendation 3 and the Council will look to deliver alongside the other training proposed.	May 2021	Executive Director Adult Social Care
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	New recommendation	A finance and performance workstream has been established and meets fortnightly. The key objectives for this workstream are to ensure a dashboard is developed enabling the senior management team to track activity against the benchmarking forecasts set out in the adults	May 2021	Executive Director Adult Social Care

		improvement plan; and against the move towards both London (younger adults) and England (older adults) averages.		
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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.				
Cabinet Member Accountability: Councillor King, Cabinet Member for Croydon Renewal				
Action	Original Deadline	Progress made to date	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.	February/March 2021	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	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.	February/March 2021	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	Interim Director of Finance, Investment and Risk
iii) Training to be delivered to relevant members to raise understanding of reserves	New Recommendation	Cross reference to LBC rec 3 as this will form part of the wider Member	May 2021	

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		<p>Development Programme to be developed and agreed.</p> <p>A programme of training for members will be taken to the Ethics Committee on 5th May.</p>		<p>Director of HR</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>New Recommendation</p>	<p>The Council has taken steps to give all members further regular insight into the status of its financial performance. For the 2021/22 financial year the Council will begin reporting to members on financial performance on the in year budget, via a new report structure, each month through the Cabinet process as opposed to the current quarterly process. These papers will be published for Scrutiny to review, call in and challenge where they feel appropriate.</p> <p>The Council has already implemented a number of controls to mitigate against potential budget risks. This includes the continued operation of our Spending Control Panel, existing budget tracker, the development of finance training to increase financial literacy in the Council and the ongoing work to improve our financial control system.</p> <p>A forensic financial audit has been commissioned</p>	<p>May 2021</p>	<p>Interim Director of Finance, Investment and Risk</p>

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.

Cabinet Member Accountability: Councillor King, Cabinet Member for Croydon Renewal

Action	Original Deadline	Progress made to date	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.	January 2021	This work is ongoing and is subject to detailed discussions with the external auditor, report will be made to GPAC as part of the report on the 2019/20 accounts.	Review April 2021	Interim Director of Finance, Investment & Risk
ii) Training to be delivered to relevant members on transformation funding to raise understanding.	New Recommendation	Cross reference to LBC rec 3 as this will form part of the wider Member Development Programme A programme of training for members will be taken to the Ethics Committee on 5 th May.	May 2021	Interim Director of Finance, Investment and Risk/ Director of HR

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Recommendation 4				
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	Original Deadline	Progress made to date	Updated Deadline	Accountability
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.	January 2021	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.	April 2021	Interim Director of Finance, Investment & Risk
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. All schemes approved for funding under this strategy will be assessed individually and against the overarching risk exposure and affordability for the Council.	February 2021	See 4i above.	April 2021	Interim Director of Finance, Investment & Risk
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	December 2021	Report to be prepared at the end of each financial year from 21/22 onwards	June 2022	Interim Director of Finance, Investment & Risk

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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.				
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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.				
Cabinet Member Accountability: Councillor Flemming, Cabinet Member for Children, Young People and Learning				
Action	Original Deadline	Progress made to date	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.	February 2021	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.	COMPLETED October 2020	Initial meetings held with further meetings to be scheduled to update on the progress of the DSG recovery plan.	Complete	Interim Director of Education
iii) Training to be provided to members to ensure the committee possess a working understand of education funding and budgets	New Recommendation	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 	Early adopter Locality areas from September 2020 Ongoing discussions with current provider (Croydon College) for 2020/21 academic year Opened September 2020 in temporary location and from September 2021 in substantive location	Initial review of the impact of the project in the early adopter areas has been undertaken. Report to go to School Forum for the agreement to widen the project to two further locality areas. 1% increase in CYP with an EHCP being educated in a Mainstream school.	Review June 2021	Interim Director of Education

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

Appendix 1

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.	Quarter 3 report to Cabinet February 2021	Progress update to be included in the monthly budget monitoring to Education SLT and CFE DLT.	May 2021	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	December 2020	Included in the forward plan of agenda items for Schools’ Forum	Review June 2021	Interim Head of Finance, Children, Families and Education

Recommendation 6				
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	Original Deadline	Progress made to date	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	December 2021	Review completed and is informing Council's approach to UASC support offer.	Completed	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. 	Initial meeting end November 2020	Meetings have been held with senior officials in the Home Office and Department for Education, underpinned by forensic review and modelling of additional costs. Negotiation of full cost recovery for the age assessment team is at an advanced stage. The DfE have requested other councils to take full care responsibility for UASC placed by Croydon in their area.	Review June 2021	Interim Executive Director, Children Families and Education
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.	Initial meeting held October 2020	Follow up meeting and presentation to London DCSs 22/3/21	Review June 2021	Interim Executive Director, Children Families and Education
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	December 2020	Feb 21 – 50 SW's trained in HRA Assessment Practice first 20 in cohort identified	Review June 2021	Director Early Help and Children's Social Care

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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.		March 21 – 15 HRA's commenced – target is 10 completed in 28 days		
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Recommendation 7				
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	Original Deadline	Progress made to date	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.	December 2020	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	Completed	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.	February 2021	Options for the delivery of safe services will be developed for cabinet, currently included on the forward plan for June 2021	June 2021	Interim Executive Director, Children Families and Education

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	Original Deadline	Progress made to date	Updated Deadline	Accountability
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.	September 2021	A process for monthly reporting is being developed with the draft report to come to Cabinet in June 2021. These reports will develop iteratively over the coming months. A monthly Corporate Finance, Performance and Risk update report is being developed for Cabinet. This will be a developing process to be fully embedded and adopted by staff come September 2021.	June 2021	Interim Director of Finance, Investment & Risk
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. 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 Management Office function using savings and actions trackers	April 2021	The Council is actively developing a new Corporate framework to deliver monthly Corporate Finance, Performance and Risk update reports. These will 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. The PMO is presenting an approach to monthly Corporate, Finance, Performance Risk Reporting to Cabinet on April 12 th . The monthly	April 2021	Interim Chief Executive

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		reports will develop over time as recommendations are progressed. The monthly reports will develop over time as recommendations are progressed.		
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.	November 2020	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. This will be reviewed as part of the financial forensic audit.	Review May 2021	Interim Director of Finance, Investment & Risk

Recommendation 9 – HIGH PRIORITY				
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	Original Deadline	Progress made to date	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.	October / November 2020 -	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	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.	December 2020	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	Interim Director of Finance, Investment & Risk
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.	January 2021	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	Interim Director of Finance, Investment & Risk

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<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>January 2021</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 keep Scrutiny committees sighted on budget matters.</p>	<p>Complete</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>April 2021</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 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>Complete</p>	<p>Interim Director of Finance, Investment & Risk</p>

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.

Member Accountability: Councillor Karen Jewitt, Chair of General Purposes and Audit Committee

Action	Original Deadline	Progress made to date	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.	October 2020	<p>Phase 1 of the review have been established and the work on the 75 recommendations in the initial review is ongoing. Updates on these will be presented to GPAC, with dates set aside in June and 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 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>	Update to come in June	Interim Director of Finance, Investment & Risk
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	New Recommendation	Updates on phase 1 of the Finance Review are currently scheduled on the GPAC work plan up until September including updates on	September 2021	Interim Executive Director of Resources

		<p>phase 1. It is suggested that it remain this way but Scrutiny call in as they feel appropriate to ensure correct level of challenge.</p> <p>Phase 2 and 3 of the finance review have been delayed to prioritise other pieces of work.</p>	<p>Interim Director of Finance, Investment & Risk</p>
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Recommendation 11				
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	Original Deadline	Progress made to date	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.	December 2020	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.	February 2021	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.	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.	New recommendation	Project closure process in place as part of the governance of all projects.	Complete	Interim Director of Finance, Investment & Risk

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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.				
Cabinet Member Accountability: Councillor King, Cabinet Member for Croydon Renewal				
Action	Original Deadline	Progress made to date	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.	December 2020	Report by PwC on governance & strategic review delivered in November 2020 to Cabinet. Treasury Management strategy updated 1st March 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	February 2021	See recommendation 12i	Complete	Interim Director of Finance, Investment & Risk
iii) Cabinet paper with recommendations to be issued March 2021.	March 2021	See recommendation 12i	Complete	Interim Director of Finance, Investment & Risk

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Recommendation 13
 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	Original Deadline	Progress made to date	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.	December 2020	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.	January 2021	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.	March 2021	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.	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	March 2021	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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Recommendation 14 – HIGH PRIORITY

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	Original Deadline	Progress made to date	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.	February 2021	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.	February 2021	See recommendation 14i	Complete	Interim Director of Finance, Investment & Risk

Recommendation 15				
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	Original Deadline	Progress made to date	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.	January 2021	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.	Completed	Interim Chief Executive

Recommendation 16 The s151 officer should revisit the Minimum Revenue Provision policy to demonstrate that a prudent approach is being taken.				
Cabinet Member Accountability: Councillor King Cabinet Member for Croydon Renewal				
Action	Original Deadline	Progress made to date	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.	December 2020	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

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	Original Deadline	Progress made to date	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.	December 2020	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. 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 Cabinet in April / May 2021. This specific action is complete however, ongoing activity with regard to BBB still needs to be taken hence further updates suggested.	May 2021	Interim Chief Executive
ii) Council to review the risks relating to Brick by Brick to ensure they are appropriately listed on the risk register	New Recommendation	The Risks for Brick by Brick have been reviewed and are as follows per the Corporate Risk Register: 1. Investigation or ownership	Complete	Interim Director of Finance, Investment & Risk

		<p>taken on all activities that the Council undertakes by the Executive Leadership Team, Cabinet and all Scrutiny Committees (including GPAC).</p> <p>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> <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>		
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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.

Cabinet Member Accountability: Councillor King Cabinet Member for Croydon Renewal

Action	Original Deadline	Progress made to date	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.	December 2020	<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	Interim Chief Executive

Recommendation 19
 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	Original Deadline	Progress made to date	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>January 2021</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>May 2021</p>	<p>Interim Executive Director of Resources</p> <p>Interim Director of Finance, Investment & Risk</p>

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Recommendation 20 – HIGH PRIORITY
 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	Original Deadline	Progress made to date	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.	March 2021	A working group will be established with Legal and Finance to work through the existing list of companies that the Council has an interest in. The group will undertake work around the governance process, directorships, status and relationship with its third party companies as well as assist in elements of the wider asset management review.	Update to be provided June 2021	Interim Executive Director of Resources Interim Director of Finance
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.	March 2021	See recommendation 20i	Update to be provided June 2021	Interim Executive Director of Resources Interim Director of Finance
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.	March 2021	See recommendation 20i	Update to be provided June 2021	Interim Executive Director of Resources Interim Director of Finance
iv) Process for identifying gaps in knowledge and or experience will be brought forward to include training	March 2021	See recommendation 20i	Update to be	Interim Executive Director of Resources

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considerations. If necessary interim arrangements will be made to remove risks and ensure effective governance.			provided June 2021	Interim Director of Finance
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.	March 2021	See recommendation 20i	Update to be provided June 2021	Interim Executive Director of Resources Interim Director of Finance
vi) The impact of these changes will need to be reflected in the Council's Constitution and relevant protocols.	March 2021	See recommendation 20i	Update to be provided June 2021	Interim Executive Director of Resources Interim Director of Finance
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.	March 2021	See recommendation 20i	Update to be provided June 2021	Interim Executive Director of Resources Interim Director of Finance
viii) Raise awareness of the timing of the Annual General Meetings of subsidiaries amongst Members.	New Recommendation	See recommendation 20i	Update to be provided June 2021	Interim Executive Director of Resources Interim Director of Finance
IX) Cost effective mechanism to publish Board membership of Council subsidiaries to be investigated	New Recommendation	See recommendation 20i	Update to be provided June 2021	Interim Executive Director of Resources Interim Director of Finance

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LBC Recommendation 1
 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	Original Deadline	Progress made to date	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.	January 2021	Cabinet risk management session has been carried out which will need to have a follow up session during the 21/22 financial year. A similar exercise for Corporate Management team to be developed.	Sept 2021	Interim Director of Finance, Investment & Risk Director of HR
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.	February 2021	PMO developing initial Corporate Finance, Performance and Risk report. 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 will be considered April 12 th 2021. Iterative monthly updates are then expected to shared and developed iteratively.	June 2021	Interim Executive Director of Resources
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.	November 2020	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 as complete.	Sept 2021	All Executive Directors
iv) Develop training for Members and Officers to understand effective risk management.	January 2021	Training request has been recorded under LBC recommendation 3 and the Council will look to deliver	May 2021	Interim Director of Finance Director of HR

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		alongside the other training proposed. Update to be provided June 2021		
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	March 2021	This is part of the review undertaken by Centre for Governance & Scrutiny to identify gaps in governance.	June 2021	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	New Recommendation	Cabinet training workshop took place in January 2021. This will need to be developed further to ensure that proper attention to changing financial position is considered throughout the year.	May 2021	Interim Executive Director of Resources

LBC Recommendation 2				
Clarifying member and officer roles to support good governance arrangements				
Cabinet Member Accountability: Councillor Young Cabinet Member for Resources and Financial Governance				
Action	Original Deadline	Progress made to date	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.	February 2021	The Interim Chief Executive has begun a consultation on the management arrangements for the council which is paused but due to recommence in near future.	September 2021	Interim 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.	March 2021	Process will begin in April. At next ethics committee proposals are to take a report reviewing the TOR of Ethics Committee incorporating a refreshed approach to the role of the Ethics Committee for members and the Council. This will include a work programme that includes member development, a reviewed code of conduct, member/officer protocol, training & development, complaints process and so forth.	Update on progress in June 2021	Interim Executive Director of Resources
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	March 2021	The Local Government Association Code of Conduct 2020 was reported into Ethics Committee in February 2021. Members have asked for a gap analysis to come back to the	June 2021	Interim Executive Director of Resources

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standards expected of elected and appointed public office holders.		committee in April to inform any potential future changes This is linked to ii.		
iv) Development sessions for Members and officers to better understand each other’s respective roles.	March 2021	See LBC Recommendation 2 ii and iii.	June 2021	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.	March 2021	A monthly meeting has been implemented between the Head of Paid Services, S151, Monitoring Officer and Scrutiny Chairs to provide opportunity for regular discussion and planning. An Information Sharing Protocol has been drafted to be agreed with Councillors. Workplan to be agreed and linked in to the Council’s forward plan. On the 30 th March the Centre for Governance and Scrutiny report is being presented to the Scrutiny & Overview committee	April 2021	Interim Executive Director of Resources
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.	Commenced October 2020	This needs to be considered in conjunction with LBC Recommendation 2 V. See above therefore.	April 2021	Interim Executive Director Resources

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LBC Recommendation 3				
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	Original Deadline	Progress made to date	Updated Deadline	Accountability
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: <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 	December 2020	A training programme is in development for all members including where appropriate, specific training for committee members. Some training has been carried out during the latter part of 2020 early 2021. This includes Finance, Treasury Management, Risk but this needs to form part of a wider programme of work that is being drawn up for agreement with Members. The Council will need to consider how it reports against attendance and records training on Mod.gov.	Training programme to Ethics Committee May/June 2021	Interim Chief Executive Interim Executive Director of Resources Director of HR
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.	January 2021	LGA have carried out a facilitated session for Cabinet members	Completed	Interim Executive Director of Resources

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<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>December 2020</p>	<p>See Recommendation LBC2 V</p>	<p>April 2021</p>	<p>Interim Executive Director of Resources</p>
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LBC Recommendation 4
 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	Original Deadline	Progress made to date	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 	April 2021	<ul style="list-style-type: none"> • Process for Monthly finance updates established and to be implemented • £1m investment for additional capacity in Finance. • Risk Review • Corporate management restructure (to be recommended in near future) • Council Ecosystem • Financial Control System developing • Priorities set to be achieved by September 2021. • Interim Assets Strategy delivered 	Update on next phase of work September 2021	Interim 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.	April 2021	A Cabinet paper on a potential Community Panel is going to May Cabinet with operating principles and outcomes defined.	May 2021	Interim Executive Director of Resources
iii) 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,	April 2021	The Council is accelerating work to deliver a renewed financial control system and a review and refresh of our internal meetings structure. Work on these is ongoing with delivery and	Update on these September 2021	Interim Chief Executive Officer

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

<p>Executive Leadership Team, Cabinet and Scrutiny & Overview as appropriate.</p>		<p>full compliance by staff expected in September 2021.</p> <p>The Council has already developed processes that will ensure monthly reporting on its financial performance and on Corporate Finance, Performance and Risk.</p>		
<p>iv) 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>April 2021</p>	<p>The Council has launched a Guardians Programme in order to provide its staff a safe space to share concerns and have conversations around working issues including potential problems related to bullying or discrimination.</p> <p>The Leader & Interim CEO will be participating in a roadshow of staff engagement sessions not only to share corporate priorities but to hear directly from staff on their views and experiences. The Council has held a whole staff conference in March, to initiate such staff engagement and to start to create a working environment where staff are listened to and involved in priority setting process.</p> <p>The Council recognises it will take time to build staff trust and confidence.</p>	<p>Next update June 2021</p>	<p>Interim Executive Director of Resources Director of HR</p>

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

Appendix 1

<p>v) Create a new system of staff performance appraisal, co-created with staff and agreed with the trade unions.</p>	<p>April 2021</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 June 2021</p>	<p>Interim Executive Director of Resources 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>Commenced with appointment of Interim Chief Executive</p>	<p>See recommendation LBC 4 iv</p>	<p>Next update June 2021</p>	<p>Interim Executive Director of Resources Director of HR</p>
<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>January 2021</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>May 2021</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>Complete</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>Interim Executive Director of Resources</p>

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

Appendix 1

ix) Corporate level sponsorship to be allocated to all projects to ensure clarity of responsibility for delivery.	New Recommendation	ELT members already allocated across all actions. Further project managers to be identified to deliver the recommendations.	Complete	Interim Chief Executive
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.	New Recommendation	A restructure had been proposed and consulted on however, this was paused. The restructure is expected to recommence in the near future.	September 2021	Interim Chief Executive
xi) Council is to provide appropriate officer support is given to Scrutiny in order that it can fulfil its role.	New Recommendation	See recommendation LBC 2 V	April 2021	Interim Executive Director Resources

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Cabinet - 18 January 2021

Recommendations from the Scrutiny & Overview Committee on the Report in the Public Interest Action Plan.

Introduction

The Scrutiny & Overview Committee (SOC) was given the opportunity to review the action plan created in response to the Report in the Public Interest (RIPI) issued by Grant Thornton at its meeting on 8 December 2020.

This report has been prepared to summarise the recommendations of the Committee on the action plan. At the meeting each recommendation in the action plan was reviewed in turn and the feedback is presented in this format.

General Feedback

Overall the Committee came to the view that the action plan presented was a robust piece of work, particularly considering the time frame for its creation. Given the short time frame for the creation of the action plan, the Committee recommended that it should be viewed as a live document to guide the organisation going forward, which could be amended as and when needed.

The Committee also recognised that the scale of the action plan was very ambitious in terms of the work it was proposing to deliver and recommended that robust assessment criteria be used to prioritise delivery, taking account of the available capacity.

Recommendation 1a: 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.

1. Regarding action iii, it was recommended that prior to providing progress reports, Members needed a greater understanding of the current arrangements for Children’s Social Care, including clarity over what were the statutory and non-statutory areas of the service and the meaning and impact of ‘demand management’.
2. The Committee recognised that further consideration needed be given to how to demonstrate within the progress reports the wider impact of work to address cost pressures within Children’s Social Care beyond the purely financial implications. For instance any progress reports needed to provide reassurance that robust assessments were being undertaken to determine the potential impact on future demand from either reducing or stopping a service.

Recommendation 1b: 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.

3. Training needed to be provided for Members to understand the budget for Adult's Social Care. This should include an explanation of the reasons for the persistent overspend. Training was also required to help Members understand the complex health and care landscape in the borough.
4. As with Recommendation 1a, consideration needed be given to how to demonstrate within the progress reports the potential impact of the work to address cost pressures within Adult's Social Care beyond the financial implications.

Recommendation 2: 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.

5. Consideration was needed to identify the most appropriate mechanism for the Committee to monitor and assess progress made against delivering the budget throughout the year.
6. Furthermore, consideration needed to how reassurance could be provided to Members that effective budget controls were in place to mitigate against potential risks to the delivery of the budget.
7. The governance of the Council needed to be mapped in order to reduce the risk of duplication and conversely to ensure that nothing was missed.

Recommendation 3: 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.

8. 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, any interdependencies with other projects and any wider benefits.

Recommendation 4: The s151 officer should set out the strategy for applying capital receipts for transformation annually as part of the budget setting process.

As set out in recommendation 8 above.

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.

9. It was identified that training was needed for Members on education funding and budgets.

Recommendation 6: 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.
The actions set out in the report were supported by the Committee and no further recommendations were made. It was presumed that the delivery date for item 6 is December 2020, not 2021.
Recommendation 7: 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.
The actions set out in the report were supported by the Committee and no further recommendations were made.
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.
10. It was recognised that urgent action needed to be taken to address the culture of the Council to ensure that all officers and Members are aware of budgetary pressures and acted accordingly.
Recommendation 9: 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.
11. It was felt that it was important for the Cabinet to take collective responsibility for addressing the Council's budget challenges, with further work recommended to consider how this can be demonstrated.
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.
12. That work be undertaken to clarify the roles of both Scrutiny and Audit to reduce duplication and also to ensure nothing was being missed.
Recommendation 11: 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.
13. It was recognised that 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.

Recommendation 12: 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.
See SOC Recommendation 13 above.
Recommendation 13: The s151 officer should review the purchase of Croydon Park Hotel to identify lessons learned to strengthen future due diligence arrangements.
See SOC Recommendation 13 above.
Recommendation 14: 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.
14. As mentioned above in recommendation 12, it is recommended that work be undertaken to clearly define the roles of Scrutiny and Audit, with particular regard to risk management and treasury management.
Recommendation 15: 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.
See SOC Recommendation 14.
Recommendation 16: The s151 officer should revisit the Minimum Revenue Provision policy to demonstrate that a prudent approach is being taken.
The actions set out in the report were supported by the Committee and no further recommendations were made.
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.
The actions set out in the report were supported by the Committee and no further recommendations were made.
Recommendation 18: The Cabinet and Council should review and reconsider the ongoing financial rationale for the Council in the equity investment arrangement with Brick by Brick.
15. The Committee recommended that the December 2020 deadline for the action is reviewed to ensure further consultation could be undertaken.

Recommendation 19: The s151 officer and monitoring officer should monitor compliance with loan covenants with Brick by Brick and report any breaches to Members.

16. The Committee recommended that the December 2020 deadline for the action is reviewed to ensure further consultation could be undertaken.

Recommendation 20: 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.

The actions set out in the report were supported by the Committee, with no further recommendations made.

Recommendation LBC1: 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.

17. It was recommended that consideration be given to how to provide Members with assurance that there is sufficient risk management expertise within the Council to manage risk going forward.

18. It was recognised that the Council needed to define its appetite for risk and that as part of any future governance, risks are regularly reviewed to ensure that the appropriate level of mitigation is in place.

19. That work is undertaken to reconcile the various risks managed by the Council to understand how they impact upon each other.

Recommendation LBC2: Clarifying member and officer roles to support good governance arrangements.

20. The Committee agreed that any review of the governance arrangements, needed to give greater clarity to responsibility and accountability.

Recommendation LBC3: Ensuring that Members are appropriately trained across all aspects of the Council's financial duties and responsibilities.

21. That training be provided for Members to improve understanding of the commissioning process.

22. That appropriate training is offered to the committee members who are not elected members.

Recommendation LBC4: The Council develops an improvement programme that has the necessary elements for it to function effectively and within its financial resource.

23. The Committee recommended that corporate level sponsorship should be allocated to all projects to ensure clarity of responsibility for delivery.
24. It was also recommended that work needed 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.
25. That appropriate officer support is given to Scrutiny in order that it can fulfil its role.

Cabinet - 18 January 2021

Recommendations from the General Purposes and Audit Committee on the Report in the Public Interest Action Plan.

Introduction

The General Purposes and Audit Committee (GPAC) was given the opportunity to review the action plan created in response to the Report in the Public Interest (RIPI) issued by Grant Thornton at its meeting on 2 December 2020.

This report has been prepared to summarise the recommendations of the Committee on the action plan. At the meeting each recommendation in the action plan was reviewed in turn and the feedback is presented in this format.

Recommendation 1a: 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.

1. The Committee recommended that action be taken to enable the ongoing production of a transparent data set which allowed Members to track progress on managing demand within social care.

Recommendation 1b: 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.

The actions set out in the report were supported by the Committee, with no further recommendations made.

Recommendation 2: 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.

2. The Committee felt that further consideration needed to be given to how to improve Members understanding of the Council's reserves.
3. It was also requested that sufficient time is built into the budget setting process to allow GPAC to provide comment.

Recommendation 3: 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.

4. The Committee recommended that further consideration needed to be given to how to improve Member's understanding of transformational funding.

Recommendation 4: The s151 officer should set out the strategy for applying capital receipts for transformation annually as part of the budget setting process.

5. It was recommended that GPAC receive an annual report in addition to the Scrutiny & Overview Committee.

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.

The actions set out in the report were supported by the Committee, with no further recommendations made.

Recommendation 6: 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.

6. Recommendation: That work is undertaken to understanding what provision is currently available for flagging safeguarding risks and thresholds for the number of UASC that can be safely looked after by the Council. Following on from this, to work with Ofsted on a system for other authorities to house UASC once the safe limit had been exceeded.

Recommendation 7: 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.

The actions set out in the report were supported by the Committee, with no further recommendations made.

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.

7. The Committee recommended that the relevant Cabinet Member should be identified as one of the 'accountable people' mentioned in action ii.

Recommendation 9: 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.

8. The Committee felt it would be helpful for Councillor Callton Young to be included as the accountable Cabinet Member in addition to Councillor Stuart King.

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.
9. The Committee suggested that the underway deadline needed to be reviewed to provide more clarity on progress made with the actions.
Recommendation 11: 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.
The actions set out in the report were supported by the Committee, with no further recommendations made.
Recommendation 12: 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.
The actions set out in the report were supported by the Committee, with no further recommendations made.
Recommendation 13: The s151 officer should review the purchase of Croydon Park Hotel to identify lessons learned to strengthen future due diligence arrangements.
10. The Committee recommended that the strategic review be asked to expand its feedback on how asset investment decision was made, beyond simply the governance processes. 11. It was requested that fourth Action be expanded to include input from SOC and GPAC
Recommendation 14: 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.
The actions set out in the report were supported by the Committee, with no further recommendations made.
Recommendation 15: 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.
12. The Committee requested the provision of training for Members to improve their understanding of Treasury Management.
Recommendation 16: The s151 officer should revisit the Minimum Revenue Provision policy to demonstrate that a prudent approach is being taken.

The actions set out in the report were supported by the Committee, with no further recommendations made.

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.

13. The Committee recommended that the risks relating to Brick by Brick are reviewed to ensure they are appropriately listed on the risk register.
14. It was highlighted that the accountable Cabinet Member should be Councillor Hamida Ali.

Recommendation 18: The Cabinet and Council should review and reconsider the ongoing financial rationale for the Council in the equity investment arrangement with Brick by Brick.

The actions set out in the report were supported by the Committee, with no further recommendations made.

Recommendation 19: The s151 officer and monitoring officer should monitor compliance with loan covenants with Brick by Brick and report any breaches to Members.

15. It was requested that GPAC have the opportunity to review the new loan covenant arrangements once finalised.
16. It was also suggested that parent guarantees be included within the scope of the review

Recommendation 20: 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.

17. The Committee recommended raising awareness of the timing of the Annual General Meetings of subsidiaries amongst Members.
18. It was also recommended that a cost effective mechanism for publicising the Board Membership of any Council subsidiaries is investigated.

Recommendation LBC1: 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.

19. The Committee recommended that Action 4 be expanded to clarify the level of training for Members depending on the roles.

Recommendation LBC2: Clarifying member and officer roles to support good governance arrangements.

20. The Committee recommended that Action 5 be expanded to clarify the ability and process for Members requesting information.

Recommendation LBC3: Ensuring that Members are appropriately trained across all aspects of the Council's financial duties and responsibilities.

21. It was recommended that thought be given to what should be considered to be mandatory training for Members.

22. It was also recommended that a training needs assessment of Members is undertaken to establish training requirements.

Recommendation LBC4: The Council develops an improvement programme that has the necessary elements for it to function effectively and within its financial resource.

23. It was requested that Action 3 be expanded to include GPAC

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For General Release

REPORT TO:	CABINET 12 April 2021
SUBJECT:	Real Lettings / Resonance Property Fund Extension
LEAD OFFICER:	Ozay Ali, Interim Director of Homes & Social Investment Rachel Soni, Interim Director of Commissioning & Procurement Yvonne Murray, Director of Housing
CABINET MEMBER:	Cllr Callton Young, Lead Member for Resources & Financial Governance
WARDS:	All
COUNCIL PRIORITY/POLICY CONTEXT	
<p>The council has a range of statutory duties in relation to homelessness and delivering services through best consideration.</p>	
FINANCIAL IMPACT	
<p>The Real Lettings Property Fund 1 investment is contracted to end in February 2022. This report sets out the option to extend the fund to February 2023 to provide for optimal follow on arrangements given the current market conditions caused by the pandemic and other market factors with the aim of a sale completion date of December 2022. Croydon Council invested £29,389,809 in 2014 for the acquisition of properties by this social impact fund managed by Resonance, a leading impact investment manager and social enterprise, for onward leasing to St Mungo's homelessness charity for temporary letting to homeless households. On exiting the fund, the Council will benefit from a capital receipt, which may be in excess of the original investment which would be used to offset borrowing costs which will support financial recovery. Extending the Real Lettings Property Fund 1 to February 2023 is projected to increase the value of this capital receipt and make it easier to sell the fund on as originally planned to an institutional investor to avoid disruption for existing tenants, and re-housing costs for the Council and provide the Council with additional annual investment income of £1,029k until exit.</p> <p>The Real Lettings Property Fund is a cost effective solution for housing homeless families compared to the average annual cost of temporary accommodation and additional support is provided to families through the scheme, such as move on and tenancy support at no cost to the council, upon exit this supply will be maintained.</p>	
FORWARD PLAN KEY DECISION REFERENCE NO.: 1021CAB	
<p>The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee.</p>	

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

1. RECOMMENDATIONS

The Cabinet is recommended to:

- 1.1 agree to a one year extension of the Council's participation in the Real Lettings Property Fund 1 from February 2022 to February 2023 with a planned sale date of December 2022 for the reasons set out in this report and delegate to the Chief Executive acting in consultation with the section 151 officer and the Council's Monitoring Officer the authority to agree all necessary documentation to secure that extension;
- 1.2 agree to the variation of the Limited Partnership Agreement to provide for a winding up period of the fund after the end of its legal term of one year, rather than the current three years, with the effect that the latest possible date for return of capital to Croydon is therefore brought forward from the current position of February 2025 to February 2024.

2. EXECUTIVE SUMMARY

- 2.1 In January 2013, Cabinet approved the Council's participation and investment in the Real Lettings Property Fund 1 (RLPF1) of £29,389,809, to deliver accommodation for homeless families at lower than market rates for temporary accommodation. Full details of the fund, how it operates, its financial model and the benefits it derives to the Council are set out in Appendices 1 and 2 to this report. In addition to RLPF1, Cabinet agreed a further investment of £15m in the Real Lettings Property Fund 2 (RLPF2) in December 2016 to support access to additional properties for temporary housing of homeless families. (https://democracy.croydon.gov.uk/Data/Cabinet/20161212/Agenda/cab20161212_07_01_report788f.pdf?cmte=CAB&meet=53&href=/akscroydon/images/att8309.pdf).
- 2.2 Both Partnership Agreements for the RLPF1&2 are for a term of 7 +1 +1 years. For RLPF1, the current end date is February 2022. It is proposed to further extend the investment for an additional year to February 2023. For RLPF2, the initial term currently ends in 2024. It is recommended that the current terms in the Limited Partnership Agreement for RLPF1 and RLPF2 be amended to reduce the wind down period after these legal end dates to the term of each fund from three years (as currently provided for in the fund legal documentation) to one year. This would result in the wind down period for RLPF1 ending in February 2024 instead of 2025 and RLPF 2 ending in January 2025 instead of 2027.
- 2.3 Since entering into the agreement, the RLPF initiative overall has delivered 182 properties for Croydon Council's use, allowing the council to discharge their housing duty for the majority of these families. 289 tenancies in total have been supported to date as voids are offered back to Croydon Council through a nominations agreement with St Mungo's.
- 2.4 The extension for RLPF1 to 2023 is considered to be the optimal option for both

the council and current tenants and supports the position of supporting a follow on fund for the council to retain future access to the properties after receiving its capital investment back. To attempt to exit RLPF1 in February 2022 carries a risk to the return on the original capital investment with a sale of the property portfolio during the pandemic, and other market conditions such as Brexit, and in the current financial climate with the prospect of recession, as well as likely having to try to sell the properties with vacant possession meaning a move of the families would be required. Further analysis on these points is provided below.

- 2.5 This report sets out proposals to extend the legal end date for RLPF1 to February 2023 (with a maximum 1 year wind up period beyond that to Feb 2024). Failure to agree the extension will mean that Croydon's participation in the RLPF1 investment will end in February 2022 (with a maximum 3 year wind up period to Feb 2025), but likely also bringing to an end the Council's receipt of income (yield) from the investment and incurring the potential eviction and additional costs of rehousing up to 142 households across London. 34 of the current tenancies are in Croydon (27 who have connection), the remainder are within the M25.
- 2.6 Extending the investment to February 2023 provides a further year to agree and implement the exit strategy between now and the end of the investment period, providing more optimal conditions for a sale. There is a significantly higher likelihood of delivering both financial value and preserving the longer term impact of the initiative on homelessness.

3. BACKGROUND

- 3.1 The Real Lettings Property Fund 1 ("The Fund") is a UK limited partnership which offers investors the opportunity to invest in a diversified portfolio of London residential property which achieves a significant social impact in the area of London homelessness. Croydon Council became an investment partner in 2014, and gained nomination rights to the properties through partnership with St Mungo's as they became available for homeless families.
- 3.2 Croydon Council has invested £29,389,809 in RLPF1 for properties to be acquired within the M25 to place homeless families through leases to St Mungo's who issue Assured Shorthold Tenancies and allows for the council to discharge its housing duty. Although the fund is pan-London, its portfolio allows for around 80% of nominations from Croydon Council to be in or nearby Croydon over time. Of the 142 properties 135 are currently let to originating Croydon residents. Of the 135 current lettings to Croydon nominees 35 are inside the two year tenancy period and 100 remain in occupation beyond the initial fixed-term contract (as statutory period tenants). 27 of the properties are in Croydon, and 108 are out of borough.
- 3.3 The Fund is managed by its General Partner, Resonance Real Lettings GP Limited. The Directors of the General Partner are experienced professionals with expertise across social and financial investment and property transactions. The General Partner appointed Resonance Impact Investment Limited ("RIIL")

as Fund Manager. RIIL is a subsidiary of Resonance Limited, a company with a nineteen year track record in social impact investment with a specialism in property. Resonance has a mission of connecting capital to charities and social enterprise and is also a social enterprise itself. This property fund model recently won “Good Deal of the Decade” from the Natwest Social Enterprise Awards. Resonance partner with St Mungo’s homelessness charity through lease arrangements who then let the tenancies to residents and provide support and move on assistance.

3.4 The Fund has been structured in order to achieve significant social impact in the area of homelessness. It achieves this by scaling up a proven effective model for transitioning formerly homeless people, or those at risk of homelessness, into successful Private Rented Sector tenancies, with resulting improvements in housing options, progress towards work and connection with communities, and greater resilience against becoming homeless.

3.5 The Fund offers a number of features that a standard investment into residential property would not normally provide, namely:

- minimum 5 year lease agreements,
- a one-point-contact for tenants and a strong covenant
- as such, no void risk and free from operational repair obligations (due to lease structure)
- measurable social impact in addressing homelessness
- lease payments linked to Local Housing Allowance for the relevant properties ensuring tenants have access to affordable housing
- the Fund retains exposure to the capital growth dynamics of the London housing market.

3.6 These factors, combined with the tenancy structure of the Fund, aim to create a more secure and socially beneficial total return profile than would otherwise be achievable in the general market. The Fund has a competitive cost structure in line with similar property funds of this nature.

3.7 With respect to outcomes for tenants, the below table sets out the overall summary of tenancies and positive move on figures for total households referred from Croydon:

Current tenanted households	182
Total tenancies supported to date	289
Positive move/neutral moves	66
Notable positive moves	Alternative Private Rented Sector Tenancy: 28 Homeowner: 1 Local Authority Tenancy: 17 Housing Association Tenancy: 3

In addition to the numbers listed above, other tenancy ends classed as neutral move ons have still in fact been a positive outcome for the household. i.e. if it has been found that a household has higher support needs, or their circumstances change, the RLPH has worked proactively to support their move to more appropriate housing, whether that be in a new location or type of tenancy.

The support offered by St Mungo's to prepare and facilitate tenants with move on from the RLPF includes:

- 6 monthly tenancy review meetings
- advice on saving for deposits, accessing a credit union account, help to save accounts, advice on working with letting agents and what is needed to secure private rented sector accommodation, tenancy sustainment advice in order to meet criteria for move on
- annual move on meeting
- referrals to employment services
- referrals to welfare rights advice to maximise income.

3.8 The current investment term is due to come to an end in February 2022. However, based on the analysis undertaken by the Fund (including Figure 1 below) and further to advice from our Finance and Legal teams, this report sets out proposals to agree to extend the partnership for a further year to February 2023 in order to mitigate the identified risks, including those of a property sale within a pandemic and as we potentially enter into a recession, as well as the housing and homelessness costs arising for the Council.

Figure 1

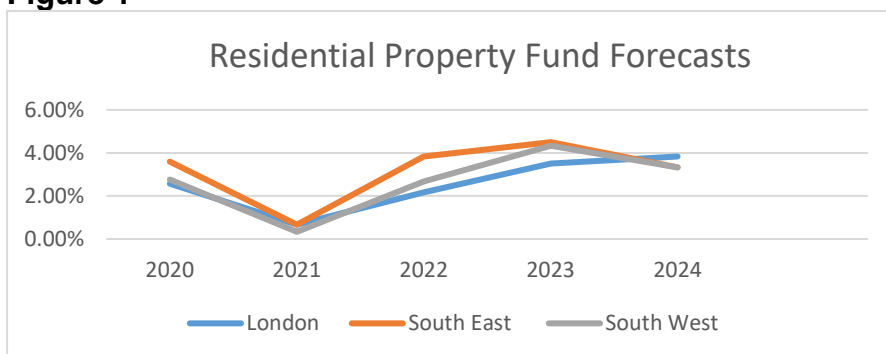


Figure 1 shows the latest average forecasts from the key property market forecasting houses (JLL, Savills, Knight Frank). This data highlights the risks with seeking an accelerated sale of the portfolio in 2021 at a time of significant volatility in the outlook for the market.

3.9 The primary exit strategy for the Fund has always been to create a “follow-on fund” which can acquire the existing housing portfolios at arms length market value from existing investors. This follow-on fund is itself to be primarily invested in by large scale institutional investors such as pension funds who can hold these assets for much longer periods (20 years plus) whilst continuing to make them available, through the follow-on fund, for this type of homelessness move-on accommodation provision. This is the best solution for existing investors, including Croydon, since it gives the best possible likelihood of a return of capital at a good valuation but also the continued availability of the housing stock for this need.

3.10 Significant progress has been made by Resonance in preparing for a follow-on fund. However, in May 2020, Resonance reached the conclusion that the outbreak of the pandemic had now made a deadline of February 2022 for the exit of RLPF1 a much more risky scenario and it was therefore in the interests of investors to extend the life of the RLPF1 to 2023.

3.11 The updated analysis, including that in Figure 1 above, show that the rationale for this decision to extend the fund life to 2023 has increased in the time since it was first proposed. Given the considerable uncertainty caused by the combination of an ongoing pandemic and post Brexit transitions, an exit by February 2022 would likely lead to both a discounted sale of the portfolio and to buyers who require vacant possession with consequent high costs of rehousing families for the Council and adverse consequences for individual vulnerable tenants.

3.12 If the extension to 2023 is agreed, the exit strategy is being developed by the Fund Manager, Resonance, as follows:

- Resonance is continuing to develop plans for a follow-on fund of up to £600m which can acquire portfolios from the RLPF in London, and also similar portfolios built up in Oxford, Bristol and Milton Keynes. The follow-on fund will aim to continue to invest in this type of homelessness move-on accommodation in the future.
- The total size of these portfolios is now over £200m, and the greater scale of this overall portfolio will be key in attracting good, long term institutional investors for this follow-on fund.
- Resonance is in active dialogue with institutional investors looking at developing their strategy for impact investment, and in December 2020 achieved the important precedent of the first Local Government Pension Scheme (LGPS) to invest into one of its homelessness property funds.
- In addition, in December 2020 the Schroder BSC Social Impact Trust plc successfully listed on the London Stock Exchange and has included in its initial portfolio a stake in the RLPF1, which brings further prominence and credibility to this form of impact investment in the institutional market.
- This precedent provides a strong backdrop to Resonance's ongoing discussions with institutional investors around a follow-on fund for the homelessness property funds as a whole and gives good confidence that this can be achieved by December 2022 sale with a fund end date of February 2023 and a wind down end date, being the last date the council could receive its capital receipt of February 2024.

3.13 The key steps underway to deliver this strategy are to put in place long term lease arrangements with charity partners in London (primarily St Mungo's) during the next 6-9 months, followed by the marketing of the follow-on fund in early 2022 which could target completion as early as December 2022 (with an ultimate legal backstop of February 2024). It should be noted that the reason that the strategy can be delivered by December 2022 is that the Real Lettings Property Fund 1 portfolio would be ready for sale into that follow-on fund by that date, with long term leases in place, so it could form the first investment by the follow-on fund at that date even if other portfolios (including those outside London) were sold into the follow-on fund at a later date.

4. REGULATORY FRAMEWORK

4.1 The homes are managed by St. Mungo's Housing Association, which is a Registered Provider, subject to full regulatory oversight through the Regulator for Social Housing. The homes are well managed and provide a good quality

housing solution to homeless families who have benefited from the scheme.

- 4.2 The Council does not undertake any management or maintenance services in relation to these homes. This is an investment based housing solution to which the Council has nomination rights.
- 4.3 The key legal document which governs the running of the fund is the Limited Partnership Agreement (LPA), to which Croydon, like other investors in the fund, is a signatory. The LPA sets a legal end date for the fund, which is currently February 2022 and this report at recommendation 1.1 requests an extension to February 2023. It is important to note that if the legal end date of the fund is reached, and the sale of the property portfolio and distribution of proceeds to investors has not been completed by that date, the LPA allows (in clause 14.4) for **a winding up period of up to a further 3 years** after this date (i.e. until February 2025) during which the portfolio can be sold and proceeds distributed to investors. Recommendation 1.2 requests a variation to this agreement to alter the wind down period from three years to one year (i.e. to February 2024).
- 4.4 Croydon Council entered into the LPA by completing and signing a Subscription Agreement for the fund at the time of its investments, which includes adhering to the original LPA.
- 4.5 The extension of the fund can be enacted by special resolution, with 75% of the investors agreeing to the extension. Of which Croydon Council and one other investor make up 75% of investment to RLPF1. The other investor has agreed to the extension period.

5. MONITORING AND IMPLEMENTATION

- 5.1 Should the proposal to extend to February 2023 be agreed, and the exit strategy outlined above be enacted, Resonance will report on further progress with these exit plans through quarterly investor meetings, and more frequently as required to monitor the progress towards a receipt being returned by December 2022. A month on month impact of delay is provided at section 10.3 and will be tracked.
- 5.2 The Lead Officer responsible for managing the required activity to implement the exit strategy is the Executive Director of Place, subject to approval of the interim S151 Officer on the financial elements of the return of the Council's investment. This will be reported to the Capital Board, and the council's Improvement Board and Lead Members, along with other similar investments.
- 5.3 The existing nominations agreement between the council and St Mungo's will be re-negotiated to provide for continued access to properties for placing homeless families from Croydon after the return of the capital investment.
- 5.4 St Mungo's have issued a statement of intent regarding their continued partnership, offer of nominations to Croydon residents and support to tenants in the follow on arrangements:

“St Mungo’s confirms that it is currently in discussions with Resonance over potential future arrangements for use of the Real Lettings Property Fund portfolio beyond the life of the current fund. This includes discussions over the terms of long term leases for some or all of this portfolio. St Mungo’s values its ongoing partnership with Croydon Council across various initiatives relating to homelessness and in the event that satisfactory commercial terms can be reached it would be pleased to continue this partnership in the future through appropriate nominations agreements to be agreed in due course, in order to benefit Croydon residents in need of this service.”

6. CONSULTATION

- 6.1 The proposal set out in this report to extend the current investment term to 2023 has been produced in consultation with the council’s Executive Leadership team, Strategic Leadership, the Section 151 Officer, and colleagues from across the Council including Legal and Finance. Consultation has also taken place with the Lead Members for Resources & Financial Governance, and Housing & Gateway Services.

7. PRE-DECISION SCRUTINY

- 7.1 Democratic Services have confirmed that this report does not need to go to pre-decision Scrutiny.

8. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 8.1 The General Partner to the Fund, Resonance, has provided estimated values for the return on the Fund, analysed and tested by council officers, for exit in December 2022 as an optimal time for the council to exit given current conditions and the requirement to receive a capital receipt to support reducing borrowing costs. There is significant risk in exiting at the current planned end date of February 2022 of a potential 10% downward move in market prices, and a further 10% process discount driven by an accelerated sale process with fixed deadline which, could drive a risk of 20% discount, which would represent an outcome of £27m capital receipt against an initial investment of £29.4m.
- 8.2 The aim of exiting in December 2022 with an end date for fund of February 2023 could through assessment of conditions potentially obtain a higher capital receipt of around £36m, a return of c£7m subject to market conditions.
- 8.3 The impact of families approaching the council or other councils for re-housing could be up to £7k per household per annum, for 142 families (as would let the 7 voids pre exit, as currently only 135 tenanted, as stated in 3.2 above) this is £994k per annum as the worst case scenario. It is difficult to know how much of this cost would ultimately be born by Croydon. However, if an exit in Feb 2022 were attempted it is more likely that a significant amount of this cost would arise for Croydon, alongside negative outcome for families concerned. By contrast, an exit in December 2022 would support a higher likelihood of

being delivered in a way whereby housing provision can continue and these costs to Croydon be avoided.

8.4 In the past, the received wisdom has been that selling residential property with “vacant possession” (i.e. no tenant in the property) would achieve the highest value for the property, compared to selling residential property with a tenant in place. However, in recent years there has been growing demand from UK institutional investors (e.g. pension funds) to invest into large residential property portfolios where there are long term leases in place with housing providers. This is driven by the pension funds seeking a stable and predictable yield on investments, which has good correlation to inflation in the long term. This has meant that in recent years good precedent has been established for residential property portfolios to be sold at above vacant possession valuations to institutional investors, with 110-150% of vacant possession valuation not being uncommon.

8.5 An example of evidence for this is provided in the most recent financial statements of the Triple Point Social Housing REIT (Real Estate Investment Trust) which has tenanted residential property portfolios under leases to registered housing providers:

“Investors should be aware that the basis of valuation used by JLL (the Company's independent valuer) reflects a higher value for the Portfolio than would otherwise be obtained on a vacant possession valuation basis.”

8.6 This evidences that institutional investors are attributing significant value to residential property portfolios with tenants in place, where it can be shown that the long (e.g. 20 year) leases in place with good counterparties will deliver inflation linked yields over long periods. Whilst the exact valuation will depend on a number of factors, including income levels and lease counterparties, it does show that the sale of a leased portfolio to institutional investors can be an attractive alternative to vacant possession sales.

8.7 Resonance has undertaken initial analysis which shows that even at the income levels of the Real Lettings portfolio (Local Housing Allowance) it is reasonable to assume that a valuation at or around vacant possession levels could be achieved with longer term leases in place.

8.8 **The effect of the decision**

8.8.1 Extending the Fund to February 2023 would result in additional investment income of £1,029k per annum. On exiting the Fund, the returned capital would enable the Council to reduce its revenue borrowing costs and support its financial recovery. A reduction in borrowing costs may be offset by any additional housing costs which may arise from the loss of housing supply, though by granting the extension to February 2023 it becomes much more likely that an exit can be achieved which keeps the housing supply in place even after Croydon receives back its capital.

8.9 Revenue and Capital consequences of report recommendations

8.9.1 By exiting in December 2022 there would be minimal impact to net revenue in 22/23, but in 23/24 there would be a saving of £1.8m on minimum revenue provision and interest (based on a prudent assumption of £30m capital receipts), reduced by loss of income from the fund of around £1m per annum and any additional housing costs (which should be minimal in this scenario). This implies a net benefit of exit of £0.8m in 23/24. The net benefit of exiting should then be around £1.1m per annum from 2024/25 onwards (based on the same assumptions as above).

8.10 Risks

8.10.1 The General Partner to the Fund, assessed by the council, has indicated that exiting in February 2022 could result in a lower return on capital due to the current economic uncertainty. They indicate that this risk is significantly reduced if the Fund is extended until February 2023 with a planned sale for December 2022 being the optimal point for Croydon Council given its financial recovery requirements.

8.10.2 There is a risk that the capital returned between December 2022 and February 2023 is lower than currently estimated, but this is a risk that the Council would face with any similar investment. This risk is higher for a February 2022 exit due to requiring a more accelerated sale process in the context of a high political and economic uncertainty in 2021.

8.10.3 Assuming a net benefit of exit of £0.8m in 23/24 implies that delays beyond the target for a sale of December 2022 would reduce this net benefit in 23/24 by around £70k per month.

8.10.4 The sale date would be planned for December 2022, the fund end date would be February 2023 to provide for increased negotiating influence but there is in addition as per recommendation 1.6 a winding down period in the Limited Partnership Agreement a further one year, so any legal redress for the capital receipt could not be enacted until February 2024 should there be any negligent or unforeseen delays.

8.11 Options

8.11.1 The Council will benefit from a capital return on investment as a result of the exit from RLPF1. The financial benefit arises due to the cash receipt on exit, as it can be used to replace costs of borrowing and, therefore, reduce the revenue costs associated with borrowing.

8.11.2 The Council could attempt to exit the Fund in February 2022 and receive a financial benefit sooner, but it will lose expected future capital growth and two years worth of investment income at around £1m per annum, as well as incurring the risks outlined in the previous sections above. It may also need to incur additional costs to house tenants where the nomination rights from the RLPF1 are lost by needing to sell the properties with vacant possession.

8.11.3 The Council could extend the fund to February 2024, where the market is expected to recover even further, but the capital receipt would not be achieved at the optimal point to support the council's financial recovery.

8.11.4 Exiting in February 2022 may also result in higher than expected costs to rehouse any existing tenants and to replace the supply of temporary accommodation, due to the shorter lead in time.

8.11.5 The General Partner indicates, assessed by the council, that due to the current economic uncertainty and shorter time for exit, the capital return is significantly more risky if an exit is sought in February 2022 rather than later in the year.

8.12 **Future savings/efficiencies**

As indicated, the recommended exit strategy for the Fund will enable the Council to save on borrowing costs and mitigate re-housing costs, retain the annual yield for a further year and retain access to the properties in future reducing costs by securing housing supply at reasonable placement rates.

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

9. **LEGAL CONSIDERATIONS**

9.1 The Interim Director of Law and Governance comments that the provisions of the Limited Partnership Agreement enable variations to its terms to be agreed by way of special resolution. Any such variations must not materially adversely affect the rights and interests of limited partners. Under S1 of the Localism Act 2011 the Council has the power (subject to certain restrictions) to do anything that individuals may generally do.

Approved by: Doutimi Aseh, Director of Law on behalf of the Council Solicitor and Monitoring Officer

10. **HUMAN RESOURCES IMPACT**

10.1 I confirm there are no immediate HR issues arising from the report for Croydon Council employees.

Approved by: Gillian Bevan on behalf of the Director of Human Resources

11. **EQUALITIES IMPACT**

11.1 An Equalities Analysis has not been undertaken for this proposed extension as it is not making any change to the Council's existing processes and practice, and is intended to ensure compliance with government policy and the standards of the Regulator for Social Housing.

Approved by: Yvonne Okiyo, Equalities Manager

12. ENVIRONMENTAL IMPACT

12.1 There are no anticipated impacts as a result of this report.

13. CRIME AND DISORDER REDUCTION IMPACT

13.1 There are no anticipated impacts as a result of this report.

14. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

14.1 Officers recommend an extension to February 2023 with a planned sale in December 2022 in the best interests of the Council. The reasons for this proposal are:

14.1.1 Seeking to exit the investment in February 2022 would result in additional costs to the Council and a reduced capital receipt given current market conditions and the time left to complete a sale. Disruption to families would occur and the housing service would likely need to find alternative housing supply for temporary accommodation for some of these families. The average cost to Croydon Council of using temporary accommodation is £7k per year (representing the difference between amounts paid to private landlords, including any rental tops up and claimed back from tenants using their local housing allowance). This compares less favourably to the one-off placement cost of £2.7k per property using the Real Lettings scheme.

14.1.2 There are currently 142 properties relating to RLPF1 under the Real Lettings scheme. Some families would need to find their own move-on arrangements with support from St Mungo's. A worst case scenario, however, is that every household would need re-housing by the council, which could cost £7k per annum per household, assuming suitable accommodation could be found. The recommended extension to February 2023 provides the best scenario for avoiding these costs to Croydon and negative outcomes for tenants, whilst securing an exit at good value and as early as possible for Croydon.

15. OPTIONS CONSIDERED AND REJECTED

15.1 The Council's other options are to attempt to exit the fund at the original end date in February 2022, or extend the fund even further to 2024, but these are recommended to be rejected on the following grounds:

- housing needs – an attempt to exit in February 2022 would incur disruption to up to 142 families or have to find swift move-on with short and unaffordable supply. The extension provides for a follow on fund allowing continued access to the properties for future Croydon nominations post the capital investment return at the cost of a standard

- one off placement cost.
- Size of capital receipts – an attempt to exit in February 2022 would bring a significant risk that the capital return is affected by the current economic environment and sale process with short term deadline. An extension would enable the Council to mitigate the immediate risks arising from an accelerated sale process during 2021 due to COVID-19 and Brexit, although the future risk of eventual capital receipts differing from current projections cannot be completely avoided.
- An exit in 2024 could give an even further improved capital receipt but Croydon would likely not receive the capital receipt at an optimal point supporting the current financial recovery of the council by reducing current borrowing costs.

16. DATA PROTECTION IMPLICATIONS

16.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

NO

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

NO

A DPIA has not been completed, because the policy proposed does not involve or relate to the processing of any personal data.

Approved by: Rachel Soni, Interim Director of Commissioning and Procurement

CONTACT OFFICER:

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Bianca Byrne, Head of Commissioning &
Procurement (Corporate)
bianca.byrne@croydon.gov.uk

APPENDICES TO THIS REPORT:

Appendix 1 – Homelessness Property Funds
Appendix 2 – 2013 Part B report (*To be attached separately due to being a Part B report*)

BACKGROUND DOCUMENTS:

None

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PROFIT THROUGH PURPOSE

RESONANCE HOMELESSNESS PROPERTY FUNDS

HOMELESSNESS PROPERTY FUNDS

ANNUAL GENERAL MEETING

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A
PARTNERSHIP
BETWEEN

resonance



St Mungo's
Ending homelessness
Rebuilding lives



PROFIT THROUGH PURPOSE

WITH THANKS TO INVESTORS



Page 118



WELCOME TO ANNUAL GENERAL MEETING

Attendees

- All Investors (Limited Partners)
- St Mungo's (Charity Partner)
- Resonance (General Partner)
- Transformational Index Group

Disclosure of Conflicts

Purpose of the Meeting

- Provision of Information
- No Proposed Resolutions

Housekeeping



AGENDA

- 1) Resonance During COVID-19
- 2) St Mungo's During COVID-19
- 3) Overview of Homelessness Property Funds
- 4) Portfolio Management
- 5) Property Market Post COVID-19
- 6) Progress & Future Focus
- 7) Annual Social Impact Report
- 8) Related Resonance Initiatives
- 9) Close

PROFIT THROUGH PURPOSE

REAL LETTINGS PROPERTY FUND 1

2013

Launched 2013
Maturity 2022-24



259 Homes



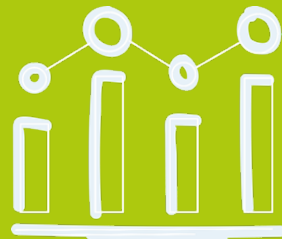
Greater London

57m

Fund size £57m
Invested 100%



September 2020
Valuation £68m
19% Premium



Stabilised Annual Income
£2.8m



Stabilised Annual Yield
£1.7m per annum = 3%



Potential Amendment
Fund Extension
to 2024

Data taken from September 2020 Quarterly Investor Report

PROFIT THROUGH PURPOSE

NATIONAL HOMELESSNESS PROPERTY FUND 1

2015

Launched 2015
Maturity 2022-24



229 Homes



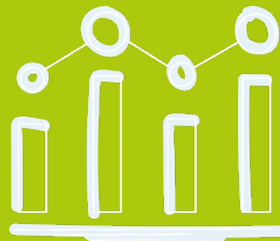
Oxford, Bristol,
Milton Keynes

44m

Fund Size £44m
Invested 100%



September 2020
Valuation £41m
7% Discount



Stabilised Annual Income
£1.6m



Stabilised Annual Yield
£1.1m per annum = 2.5%



Potential Amendment
Fund Extension
to 2024

Data taken from September 2020 Quarterly Investor Report

PROFIT THROUGH PURPOSE

REAL LETTINGS PROPERTY FUND 2

2017

Launched 2017
Maturity 2024-26



335 Homes



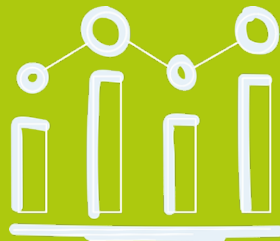
Greater London

99m

Fund Size £99m
Invested 99%



March 2020
Valuation £90m
9% Discount



Stabilised Annual Income
£3.6m



Stabilised Annual Yield
£2.5m per annum = 2.5%



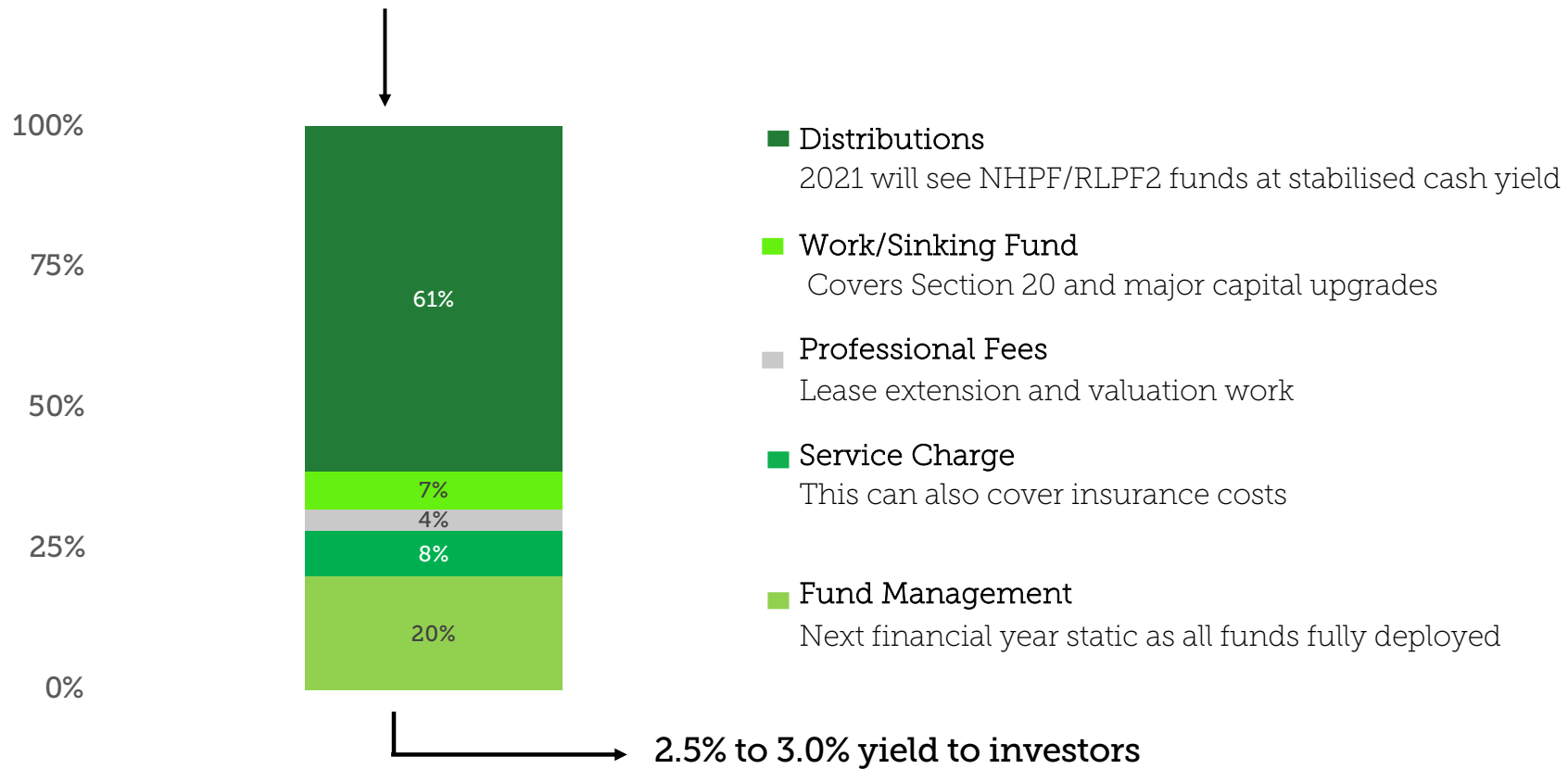
Potential Amendment
None

Data taken from September 2020 Quarterly Investor Report

PROFIT THROUGH PURPOSE

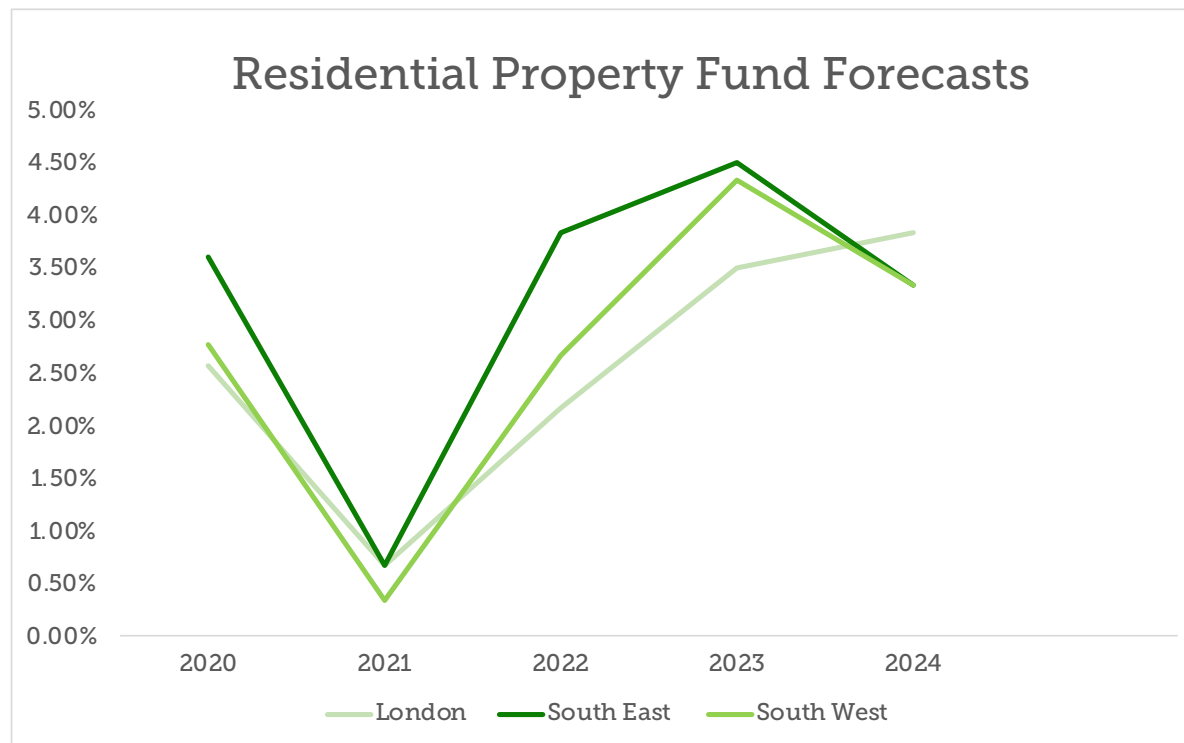
PORTFOLIO MANAGEMENT

Lease rent of c £8m per annum



PROFIT THROUGH PURPOSE

PROPERTY MARKET POST COVID-19



- Five year forecasts for capital appreciation taken from leading forecasters (Savills, JLL, Knight Frank post COVID-19)
- We have taken an average of what the forecasters have said regarding the impact of the COVID-19 crisis
- All areas see a flattening in 2021 with the most growth in 2023 and 2024
- Average annual capital growth over period of 2.8%

PROGRESS AND FUTURE FOCUS

PROGRESS MADE

- ✓ Delivering impact
- ✓ New investors (e.g. pension funds)
- ✓ Government support (e.g. Everyone In)
- ✓ Resonance launch new funds with new partners
- ✓ More traction for the aggregator

CONTINUED FOCUS

- Working families / benefit cap
- Rent setting / arrears
- Tenant engagement / communications
- Universal credit processes
- Low needs private rented

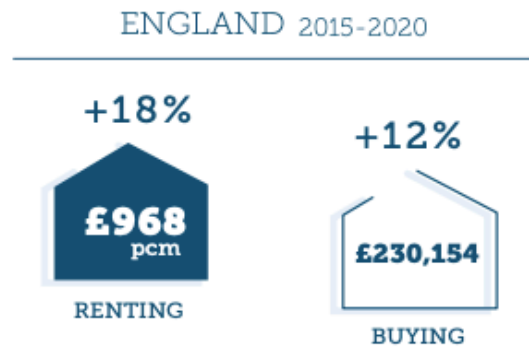
PROFIT THROUGH **PURPOSE**

ANNUAL SOCIAL IMPACT REPORT

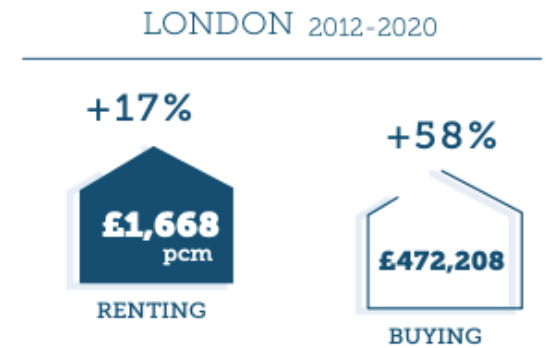
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CONTEXT THE FUNDS OPERATE WITHIN

THE MARKET COST OF HOUSING



Start dates for England align with the start of NHPF in 2015.



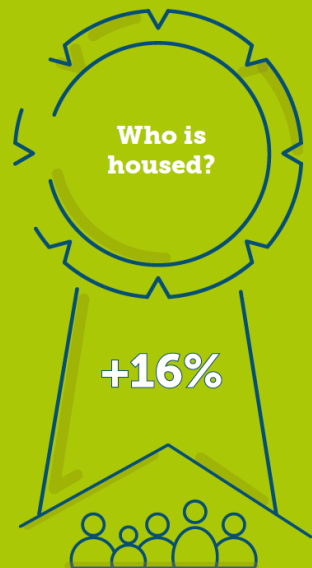
Start dates for London align with the start of RLPF1 in 2012.

THE CHALLENGE NEEDS FOR DIFFERENT HOUSEHOLDS



1. STABLE TENANCIES & POSITIVE IMPACT

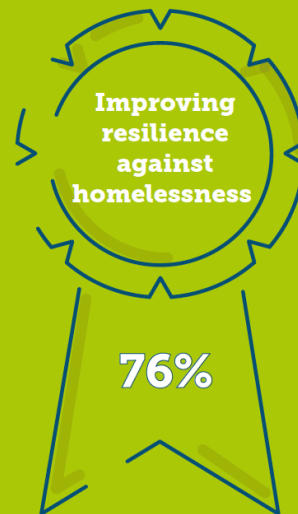
Stable Accommodation for Families



893 Adults { **1756** PEOPLE } 863 Children

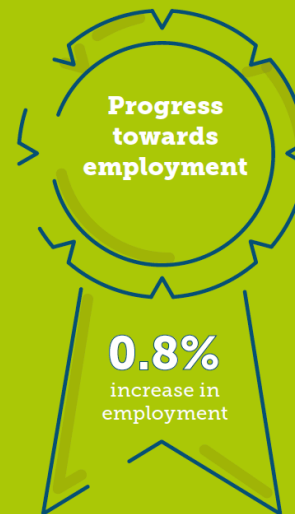
A 16% increase in people housed since last year

Positive Relationships



76% of all tenants said their support network and relationships had been positively affected

More Employment

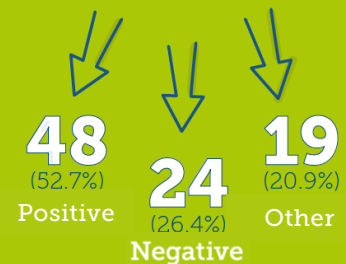


For the second year running, the percentage of tenants in work outnumbers those who are unemployed

More Households Move On Positively



Out of ninety-one households



2. POSITIVE IMPACT COEXISTIS WITH FINANCIAL STRESS FOR SOME



Minimal change in the number of people in rent arrears but an increase in level



Decrease in savings



Government policies challenge affordability

3. ADDRESSING HIGHER NEEDS



A minority of tenants are referred in error and/or develop higher needs whilst with Real Lettings



Overlap of benefits issues, poor mental health and other support needs



Finding a separate way of supporting these people and introducing pre-crisis support would release resources

KEY COMMITMENTS

1

Work more closely with partners at the point of referral

2

Improve understanding of people's financial wellbeing

3

A rescue package for those that require more support than Real Lettings can provide

4

Develop pre-crisis support

PROFIT THROUGH **PURPOSE**

Q&A

PROFIT THROUGH **PURPOSE**

CHAT WAVE – INVESTOR VOICE

**WE COULD SUPPORT THIS
INITIATIVE THROUGH...**

PROFIT THROUGH **PURPOSE**

RESONANCE RELATED INITIATIVES

HOMELESSNESS

National Homelessness
Property Fund 2

Resonance Everyone In
Fund

LEARNING DISABILITY

Resonance Supported Homes
Fund

VULNERABLE WOMEN

Women in Safe Homes Fund

PROFIT THROUGH **PURPOSE**

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THANK YOU CLOSE

A
PARTNERSHIP
BETWEEN



St Mungo's
Ending homelessness
Rebuilding lives

PROFIT THROUGH **PURPOSE**



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We also have dedicated Resonance
teams based locally in **Birmingham**,
Bristol and **London**



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of the Local Government Act 1972.

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REPORT TO:	CABINET 12 APRIL 2021
SUBJECT:	INVESTING IN OUR BOROUGH
LEAD OFFICER:	RACHEL SONI, INTERIM DIRECTOR OF COMMISSIONING & PROCUREMENT ASMAT HUSSAIN, INTERIM EXECUTIVE DIRECTOR OF RESOURCES
CABINET MEMBER:	COUNCILLOR CALLTON YOUNG CABINET MEMBER FOR RESOURCES AND FINANCIAL GOVERNANCE
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT	
<p>Effective outcome based commissioning and prudent financial transactions contribute to all corporate priorities.</p> <p>The Council's Commissioning Framework (2019 – 2023) sets out the approach to commissioning and procurement and puts delivery of outcomes at the heart of the decision making process. As the Council develops more diverse service delivery models, it is important to ensure that our contractual and partnership relationships are not only aligned to our corporate priorities but also represent value for money for citizens and taxpayers.</p>	
FINANCIAL SUMMARY: Financial implications are set out in each individual report.	
KEY DECISION REFERENCE NO.:	
There are key decisions mentioned in this report, but approval of the Recommendations would not constitute a key decision.	

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. The Cabinet is requested to approve:

1.1.1. The Care UK – Provision of Care Home Services Variation Extension of Contract which will result in an award for a maximum term of 21 months as set out at agenda item 9a, and section 4.1.1.

1.2. The Cabinet is requested to note:

1.2.1 The contracts between £500,000 and £5,000,000 anticipated to be awarded under delegated authority from the Leader by the nominated Cabinet Member, in consultation with the Cabinet Member for Resources and

Financial Governance and with the Leader in certain circumstances, before the next meeting of Cabinet, as set out in section 4.2.1

1.2.2 The list of delegated award decisions made by the Director of Commissioning and Procurement, between 26/02/2021 – 16/03/2021, as set out in section 4.2.2.

2 EXECUTIVE SUMMARY

2.1 This is a standard report which is presented to the Cabinet, for information, at every scheduled Cabinet meeting to update Members on:

- Contract awards and strategies to be agreed by the Cabinet at this meeting which are the subject of a separate agenda item;
- Contracts between £500,000 and £5,000,000 anticipated to be awarded under delegated authority from the Leader by the nominated Cabinet Member, in consultation with the Cabinet Member for Resources and Financial Governance and with the Leader in certain circumstances, before the next meeting of Cabinet;
- Delegated contract award decisions made by the Director of Commissioning and Procurement 26/02/2021 – 16/03/2021;
- Decisions taken by the Director of Commissioning & Procurement under delegated powers, and decisions to be taken by Cabinet Members or Cabinet as listed in this report have been confirmed to have met the Essential Criteria as set out in Section 114 Notice;
- Delegated contract award decisions under delegated authority from the Leader by the Cabinet Member for Children, Young People and Learning in consultation with the Cabinet Member for Resources and Financial Governance related to the Health and Social Care Services - DPS 3 Lot 3 – Young People Semi Independent Accommodation;
[As at the date of this report there are none]
- Delegated contract award decisions under delegated authority from the Leader by the Cabinet Member for Families, Health & Social Care in consultation with the Cabinet Member for Resources and Financial Governance related to the Adult and Young People Social Care Dynamic Purchasing Systems (DPS);
[As at the date of this report there are none]
- Property lettings, acquisitions and disposals agreed by the Cabinet Member for Resources and Financial Governance in consultation with the Leader since the last meeting of Cabinet;
[As at the date of this report there are none]

- Partnership arrangements to be agreed by the Cabinet at this meeting which are the subject of a separate agenda item.
[As at the date of this report there are none]

3 DETAIL

- 3.1 Section 4.1.1 of this report lists those contract and procurement strategies that are anticipated to be awarded or approved by the Cabinet.
- 3.2 Section 4.2.1 of this report lists those contracts that are anticipated to be awarded by the nominated Cabinet Member
- 3.3 Section 4.2.2 of this report lists the delegated award decisions made by the Director of Commissioning and Procurement, between 26/02/2021 – 16/03/2021.
- 3.4 The Council's Procurement Strategy and Tender & Contracts Regulations are accessible under the Freedom of Information Act 2000 as part of the Council's Publication Scheme. Information requested under that Act about a specific procurement exercise or contract held internally or supplied by external organisations, will be accessible subject to legal advice as to its commercial confidentiality, or other applicable exemption, and whether or not it is in the public interest to do so.

4 PRE-DECISION SCRUTINY

- 4.1 This report does not require pre-decision as all the reports listed below are compliant with the Council's Tender & Contracts Regulations.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 Proposed Strategy and Award approvals

- 5.1.1 Procurement strategies and awards for the purchase of goods, services and works with a possible contract value over £5 million decisions to be taken by Cabinet which are agenda item 9a.

Strategy	Contract Revenue Budget	Contract Capital Budget	Dept/Cabinet Member
Care UK – Provision of Care Home Services Variation Extension of Contract	£10,700,000 (Original award of £75,000,000 for 10 years) (Extension period 21 months)		Families, Health & Social Care / Cllr Campbell

5.2 Contract Awards

5.2.1 Revenue and Capital consequences of contract award decisions to be made between £500,000 and £5,000,000 by the nominated Cabinet Member in consultation with the Cabinet Member for Resources & Financial Governance or, where the nominated Cabinet Member is the Cabinet Member for Resources & Financial Governance, in consultation with the Leader.

Contract Title	Contract Revenue Budget	Contract Capital Budget	Dept/Cabinet Member
Hosted IT Solution for Revenue and Benefits	£1,350,000 (Contract length 5+1+1 years)		Croydon Renewal / Cllr Stuart King

5.2.2 Revenue and Capital consequences of delegated decisions made by the Director of Commissioning and Procurement for contract awards (Regs. 19, 28.4 a & b) between £100,000 and £500,000 and contract extension(s) previously approved as part of the original contract award recommendation (Reg. 28.4 d) and contract variations (Reg.30).

CONTRACT VARIATIONS & EXTENSIONS					
Contract Title	Value of Contract to Date	Value of Extension Term	Total Revenue value including extension term	Contract Capital Budget	Dept.
General Building Works Extension Contract Award	£170,058,157	£39,941,843 (3 years extension)		£210,000,000 (Decision taken on 16th Mar 2021)	Place

Approved by: Matthew Davis, Head of Finance – MTFS, on behalf of Chris Buss, Interim Director of Finance, Investment and Risk and Section 151 Officer

6 LEGAL CONSIDERATIONS

6.1 The information contained within this report is required to be reported to Members in accordance with Appendix B of the Council's Tenders Contracts Regulations and, in relation to the acquisition or disposal of

assets, Regulation 9.3 of the Council's Financial Regulations which states 'Recommendations on acquisitions or disposals valued between £500k and up to £5m must also be approved by the Cabinet Member for Finance and Resources in consultation with the Leader of the Council, subject to the intention to do so having been reported to a previous meeting of Cabinet and in accordance with the Leader's Scheme of Delegation. Recommendations on acquisitions or disposals valued over £5m will be reported for approval to Cabinet.'

Approved by: Doutimi Aseh, Interim Director of Law and Governance

7 HUMAN RESOURCES IMPACT

- 7.1 There are no immediate HR issues that arise from the strategic recommendations in this report for LBC staff. Any specific contracts that arise as a result of this report should have their HR implications independently assessed by a senior HR professional.

Approved by: Sue Moorman, Director of Human Resources

8 EQUALITY IMPACT

- 8.1 An Equality Analysis process has been used to assess the actual or likely impact of the decisions related to contracts mentioned in this report and mitigating actions have been defined where appropriate.
- 7.2 The equality analysis for the contracts mentioned in this report will enable the Council to ensure that it meets the statutory obligation in the exercise of its functions to address the Public Sector Equality Duty (PSED). This requires public bodies to ensure due regard to the need to advance equality of opportunity; foster good relations between people who share a "protected characteristic" and those who do not and take action to eliminate the potential of discrimination in the provision of services.
- 7.3 Any issues identified through the equality analysis will be given full consideration and agreed mitigating actions will be delivered through the standard contract delivery and reporting mechanisms.

Approved by: Yvonne Okiyo, Equalities Manager

9 ENVIRONMENTAL IMPACT

- 9.1 Any issues emerging in reports to the relevant Cabinet Member will require these considerations to be included as part of the standard reporting requirements, and will not proceed without full consideration of any issues identified.

10 CRIME AND DISORDER REDUCTION IMPACT

10.1 Any issues emerging in reports to the relevant Cabinet Member will require these considerations to be included as part of the standard reporting requirements, and will not proceed without full consideration of any issues identified.

11 DATA PROTECTION IMPLICATIONS

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

NO

11.2 Has a Data Protection Impact Assessment (DPIA) been completed?

NO

Data Protection Impact Assessments have been used to assess the actual or likely impact of the decisions related to contracts mentioned in this report and mitigating actions have been defined where appropriate.

Approved by: Rachel Soni, Interim Director of Commissioning & Procurement

CONTACT OFFICER:

Name:	Bianca Byrne
Post title:	Head of Commissioning and Procurement (Corporate)
Telephone no:	63138

BACKGROUND DOCUMENTS:

The following public background reports are not printed with this agenda, but are available as background documents on the Croydon Council website agenda which can be found via this link [Cabinet agendas](#)

- Hosted IT Solution for Revenue and Benefits

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REPORT TO:	Cabinet – 12 April 2021
SUBJECT:	Care UK – Provision of Care Home Services extension of Contract
LEAD OFFICER:	Annette McPartland, Director of Operations- Health, Wellbeing and Adults Rachel Soni, Interim Director of Commissioning and Procurement
CABINET MEMBER:	Cllr Janet Campbell - Cabinet Member for Families, Health and Social Care
WARDS:	ALL
COUNCIL PRIORITY/POLICY CONTEXT	
<p>A change in the way we deliver social care in order to reduce spend and live within our available resources is underway. This aligns to the following Croydon Renewal Plan priorities:</p> <ul style="list-style-type: none"> • We will live within our means, balance the books and provide value for money for our residents. • We will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy. And to keep our streets clean and safe. 	
FINANCIAL IMPACT	
<p>The proposal is to extend the existing service contract for 21 months at a cost of £4.586m for 9 months in 2021/2022 (27/06/21-31/03/22) and £6.114m for 12 months in 2022/23. The total additional cost is £10.700m. There is sufficient Adult Social Care budget to meet this expenditure with the budget held across two years £10.745m on the Care UK Budget. Total Budget available is £10.745m</p> <p>The extension of the service will secure the ongoing use of 120 residential and 30 nursing beds across three care homes (Langley Oaks, Heavers Court, Addington Heights). If the extension is approved with Care UK the effect of the decision would be to freeze the contract price at the current 20/21 rate with no inflation applied to the extension period. This results in avoidance of the additional costs of inflation.</p>	
FORWARD PLAN KEY DECISION REFERENCE NO.: 1221CAB	
<p>This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Overview Committee by the requisite number of Councillors.</p>	

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

1. RECOMMENDATIONS

The Cabinet is recommended to:

- 1.1 Approve the extension and variation of the contract for the provision of care services with Care UK in accordance with Regulation 30 of the Tenders and Contracts Regulations for an additional period of 21 months until 31 March 2023 for an additional value of **£10,700,000**.
- 1.2 Note that the Contracts and Commissioning Board has endorsed the above recommendation.
- 1.3 Note that the total value of the extension (£10,700,000) will take the overall value of the contract to approx. £72m. This figure is £3m below the original estimated award value of £75m.

2. EXECUTIVE SUMMARY

- 2.1 The purpose of this report is to seek permission to extend the Care UK – Provision of Care Home Service contract, to 31 March 2023 for our 3 care homes that are rated as 'Good' by the Care Quality Commission (CQC).
- 2.2 The contract was awarded to Care UK for a 10-year period at the Cabinet meeting of 6 April 2011 for a value of "circa £75m". The contract commenced on 27 June 2011 and has an option to extend within the Contract for a further 12 months. This is a contractual option and is subject to award approval.
- 2.3 As detailed below, the covid-19 pandemic has had a dramatic effect on the care home market. Whilst there has been good local and national support provided for care homes by various partners (Public Health, South West London CCG, Commissioners and others), bed occupancy rates have fallen from both natural and covid related deaths and new resident numbers entering care homes have been low.
- 2.4 Due to the above in 2.3, the care market industry are not expecting a return to pre-covid levels until late 2023. The Council will need time to consider the mix of its care provision as it is expected that the needs of residents will change due to covid. Therefore the most economically advantageous route for the Council is to extend the current Contract to 31/03/2023 to allow a full review of future needs to be carried out.
- 2.5 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB ref. number	CCB Approval Date
CCB1662/20-21	10/03/2021

3. DETAIL

BACKGROUND AND OVERVIEW

3.1 This service relates to the outsourcing of care services at the Homes for the Future residential care facilities schemes (the care services). The Residential Care homes were developed as part of the Homes for the Future P.F.I scheme. Three new schemes were developed:

- Heavers Resource Centre (60 beds) opened in 2008;
- Addington Heights (50 beds) opened in June 2010;
- Langley Oaks (40 beds) in July 2010.

All facilities management services on these sites are provided by the P.F.I contractor, Caring4Croydon.

3.2 The current Contract with Care UK finishes on 26 June 2021. It was awarded for an initial 10 years. There is a contractual option to extend for a further period of 12 months. A clause within the Contract says that the Council if it wishes to extend, it should enter into negotiations 12 months before the expiry of the Contract. Due to the covid-19 pandemic the Council have been predominantly working on the response to supporting care homes coupled with the uncertainty of the care market have been unable to carry out negotiations within the defined timeframe.

3.3 The recommendations within this report reflect the proposal to extend the contract until 31 March 2023 through exercising the contractual twelve month extension and approving a further extension by way of contract variation of nine months duration. As detailed in section 2.3 and 2.4 of this report the care market will not return back to pre-Covid levels until late 2023. Therefore the recommended extension will allow the Council time to carry out a full review of the potential care demand.

NEGOTIATIONS WITH CARE UK ON THE EXTENSION

3.4 The Council entered in Contract negotiations in late January 2021 and completed these on 12 February 2021.

3.5 Meetings were held with senior Care UK business development and operational managers. From these meetings and subsequent emails three options were agreed to be reviewed further. They were:-

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- **Option 1-** Extend the current Contract for the allowed 1 year extension period as defined within the Contract with no increase on the annual contract price (no inflation) based on the 20/21 contract price.
- **Option 2-** Extend the current Contract for 21 months (until 31/03/2023) with no increase on the annual contract price (no inflation) based on the 20/21 contract price.
- **Option 3-** Extend the current Contract for 36 months (until 26/06/2024) with no increase on the annual contract price (no inflation) based on the 20/21 contract price.

3.6 The Council considered these options and have recommended to pursue **Option 2** to allow a full review of the future needs of the care for Croydon residents and that this would also not increase the Contract price for the next 21 months.

CURRENT CONTRACT PERFORMANCE

- 3.7 One key indicator of the contract performance is the Care Quality Commission (CQC) rating of the sites. All three homes currently have a 'Good' rating.
- 3.8 The latest inspection by CQC found that all three homes were well led, with robust quality assurance processes in place and good engagement with residents and their families.
- 3.9 Staffing levels have remained consistent across all three homes over the past few years and this has improved the quality of care delivered.
- 3.10 Capacity levels have been consistently high (>85%) at Heavers Court and Addington Heights although Langley Oakes' capacity levels have sometimes struggled to maintain the same levels. In the summer of 2020 weekly operational calls were introduced with Care UK to discuss upcoming cases and iron out any barriers to admission. Since this was introduced steady increase in capacity at Langley has been seen.

FUTURE DIRECTION OF THE SERVICE

- 3.11 There are over 3000 care beds (128 care homes) within Croydon which makes it the largest care home market within London. To allow a full needs review, the Council will undertake a project to review the existing service over the next two years to try and create a more integrated service that will be more in line with future needs and understanding the impact of covid-19 on the care market.
- 3.12 This will be a fully commissioned review and the Council anticipates to complete this by February 2022 with a proposed strategy to return to Council Cabinet at this time for review.

FUTURE DEMAND OF CARE

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- 3.13 Adult Social Care accounts for more expenditure at Croydon than any other service, 31% of net budget. The pressures in this area are felt across the country. However, we know that our cost base is too high and we can learn from other councils. 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.
- 3.14 We are changing how we deliver social care in Croydon, in order to reduce our expenditure and live within the council's available resources. This plan will help the council to achieve the overall spending reduction required and put adult social care in Croydon on a sustainable footing. The overall objective is to reduce Croydon's expenditure on adult social care to the:
- London average or below for younger adults; and
 - The English average or below for older adults by March 2024, whilst fulfilling all our statutory responsibilities.
- 3.15 We also know the care market is fragile with rising costs, and recruitment and retention issues. Croydon has the largest care home market, with 128 care homes, and bears the safeguarding responsibility of all those residents whether or not they are placed by Croydon Council. This also places additional pressure on health services.
- 3.16 To enable this, we will create a new 3 year commissioning plan, focusing on contract spend reductions, good alternatives to care provision and support from market leaders. This will provide creative solutions for people to manage well. It includes a strategy and a model to transition peoples support to the voluntary sector away from statutory provision as well as working co-dependently through multi-agency teams. Strong micro-commissioning, market management and effective placements, brokerage and payments functions all form part of the model. Revised structures for our commissioning and procurement staff will mean priorities are aligned and resources maximised.
- 3.17 Additionally, we will review all contractual arrangements with providers in the adult social care market: as 65% of contracts end in the next two years, opportunities will be taken to design out cost and apply further efficiencies during procurement, bringing forward new service models and implanting best practice. This includes the review of care home provision.

4. CONSULTATION

- 4.1 The extension of the service is being recommended on the basis of there being no change to the care and support offer to residents and tenants living within homes and schemes for the duration of the contract. Therefore there it is not a requirement to formally consult service users on the proposal to extend.

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- 4.2 A full consultation was undertaken as part of the original procurement strategy report and any future modelling will include a full consultation.

5. PRE-DECISION SCRUTINY

- 5.1 This report was not presented to the Council's Scrutiny and Overview Committee prior to being brought to Cabinet but is subject to referral by the requisite number of Councillors.

6. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 6.1 In light of the Section 114 notice issued, this required extension to this contract is in accordance with the following 'new' spend criteria within S115(6A) '*Prevent the Council's financial situation from getting worse*'.

This is because the Council has a statutory duty under the Health and Social Care Act 2012, to provide registered care to vulnerable adults who are ordinary residents of the Borough. This contract provides a large element of registered care provision for Croydon's Older People. The three care homes form part of a wider PFI agreement that runs out in 2038 so the buildings would still need to be maintained even if the service closed.

- 6.2 The Contract price is based on a formula set out in the contract which is made up of a set price for each of the Residential and Nursing beds less any deductions for failure to meet a number of KPIs.
- 6.3 A growth bid of £254,000 per year for 2021/22 and 2022/23 has been submitted and was approved in at full Council on 8 March 2021. This amount is to cover the projected pre-existing budget shortfall for the contract. Following approval, this results in a total budget of **£10.745m** over the duration of the 21 month contract extension.
- 6.4 That the report shows the effect of 9 months of the contract extension within 21/22. The other 3 months in 21/22 was agreed at

6.5 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Revenue Budget available				
Expenditure		£4,586	£6,159	
Income				
Effect of decision from report				
Expenditure		£4,586	£6,114	
Income				
Remaining budget		£0	£45	

6.6 The effect of the decision

The proposal is to extend the existing service contract for 21 months at a cost of **£4.586m** for 9 months in 2021/2022 (27/06/21-31/03/22) and **£6.114m** for 12 months in 2022/23. The total additional cost is **£10.700m**. There is sufficient Adult Social Care budget to meet this expenditure with the budget held across two years **£10.745m** on the Care UK Budget. Total Budget available is **£10.745m**.

The extension of the service will secure the ongoing use of 120 residential and 30 nursing beds across three care homes (Langley Oaks, Heavers Court, Addington Heights). If the extension is approved with Care UK the effect of the decision would be to freeze the contract price at the current 20/21 rate with no inflation applied to the extension period. This results in avoidance of the additional costs of inflation.

6.7 Risks

The risks to extending the contract is minimal. Care UK have agreed to continue delivering the service for a further 21 months, subject to agreement by Cabinet.

Risk of challenge from any external provider is also very low and is mitigated by the fact that the original award report was for a figure of “circa £75m” and the contract has only spent between £55m – £60m over the 10 years.

The extension is also a permitted modification pursuant to Regulation 72 (1)(c) PCR 2015, the criteria for which are:

- (i) the need for modification has been brought about by circumstances which a diligent contracting authority could not have foreseen;
- (ii) the extension does not alter the overall nature of the contract; and

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- (iii) any increase in price does not exceed 50% of the value of the original contract or framework agreement

6.8 Options

Please see section 13.

6.9 Future savings/efficiencies

The contract has an indexation clause which increases the contract by the rate of inflation year on year. This proposal will freeze the current price for the duration of the extension thereby avoiding the additional cost of inflation.

Approved by: Josephine Lyseight, Head of Finance, on behalf of the Director of Finance, Investment & Risk and S151 Officer

7 COMMENTS OF THE DIRECTOR OF LAW

- 7.1 The Head of Commercial and Property Law on behalf of the Director of Law and Governance comments that it would be appropriate to undertake a data protection impact assessment given the length of the time the contract has been in place and nature of services. Other legal considerations are set out in the report.

Approved by Sean Murphy, Head of Commercial and Property Law, on behalf of the Director of Law and Governance

8 HUMAN RESOURCES IMPACT

- 8.1 The staffing for this Contract are employed directly by Care UK. As this report recommends an extension to the current Contract of 21 months there are no staffing or human resources impact from the proposed report. The staff working at the three care homes will continue to be employed by Care UK.

Approved by: Deborah Calliste, Head of Human Resources

9 EQUALITIES IMPACT

- 9.1 A full Equalities Impact Assessment was carried out as part of the original award. An additional Equality Analysis will not be required for this report as this is an extension to the contract for an existing service – no change is being made to the current service and as such there will be no impact on groups that share protected characteristics.
- 9.2 The Council will take steps to ensure equality clauses/requirements are monitored as part of the contract monitoring process and the provide supports the Council to meet its Public Sector Equality Duty via its Equality policy,

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collecting equality information and providing appropriate training

- 9.3 An Equalities Impact Assessment will be undertaken as part of the recommissioning process to ascertain the potential impact on groups that share a protected characteristic.

Approved by Yvonne Okiyo, Equalities Manager

10 ENVIRONMENTAL IMPACT

- 10.1 An environmental and design impact assessment is not required for this report

11 CRIME AND DISORDER REDUCTION IMPACT

- 11.1 There are no crime and disorder considerations arising from this report

12 REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 12.1 It is recommended to extend the current contract in accordance with the recommendations.

- 12.2 The reasons for this recommendation are:-

- The current impact of covid-19 means that the care market is not envisaged to return to pre-covid levels until the end of 2023.
- That this approach would mean that the Contract price will remain the same as the 20/21 values.
- That this will allow the Council a full review of future care demands with a recommendation to bring an updated strategy back to Council Cabinet in February 2022.
- That the current quality of care and contract performance is at good levels

13 OPTIONS CONSIDERED AND REJECTED

Option Summary	Pros	Cons
Allow contract to end	None identified	The service would need to be brought in-house at short notice with significant disruption. Current staff would have TUPE rights but there is no guarantee that all would move across.

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		<p>Risk of significant reputational damage to the Council</p> <p>Increased likelihood of safeguarding incidents and deterioration in quality of care.</p> <p>No dedicated support team in place</p>
<p>Extend the contract for a 12 month period</p>	<p>Service already in place and no need to change current contractual arrangements</p> <p>Possible to maintain current bed rates for the extension – i.e. no inflation</p>	<p>Doesn't give us enough time to review the service properly or to carry out a retender of a service of this size.</p> <p>We are still dealing with the effects of the Covid pandemic and there is next to no chance of things returning to any form of normality in 12 months.</p> <p>Would need to commission a new service half way through a financial year.</p>
<p>Extend the contract for 21 months (PREFERRED OPTION)</p>	<p>Would allow for longer transition period</p> <p>Would allow for a more detailed review of the current service to be carried out and to map future care home demand</p> <p>Allow time for the market to stabilise more post Covid.</p> <p>This aligns with the Council's 3 year commissioning plan for the service.</p> <p>No increase in contract fee</p>	<p>The contract will need to get retendered sooner or later as will be outside extensions permissible</p> <p>Risk of procurement challenge from the market but this is deemed as low risk as per details in Section 6 of this report.</p>

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<p>Extending the Service for 36 months</p>	<p>Would allow us to negotiate a potential saving on the current contract rates.</p> <p>Would provide a high level of stability and continuity to the services.</p> <p>No increase in contract fee</p>	<p>The service does require review and change to bring it line with the changing demands of the population so a long term increase does not allow this.</p> <p>Risk of procurement challenge from the market but this is deemed as low risk as per details in Section 6 of this report.</p>
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14 DATA PROTECTION IMPLICATIONS

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

YES

The provider will be classified as a "Data Processor" as defined in the Data Protection Act (2018) and the General Data Protection Regulation (*Regulation (EU) 2016/679*)

The following categories will apply

Description	Details
Subject matter of the processing	Individuals receiving care and support from our service.
Duration of the processing	For the duration of the contract period
Nature and purposes of the processing	To provide services to the data subject To store and backup data to protect against data loss
Type of Personal Data	Name, DOB, gender, address and contact information, employment status, NHS number
Categories of Data Subject	Data relating to children (either who are directly receiving a service from us or indirectly via a parent, guardian or adult in contact with them) is processed as well as the following sensitive data: ethnicity, religion, sexual orientation
Plan for return and destruction of the data once the processing is complete	Care UK's standard retention period for Adult Social Care data is 8 years from the last contact with the data subject.

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UNLESS requirement under union or member state law to preserve that type of data	
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14.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

YES

An updated DPIA has been carried out as part of the extension request to ensure that the necessary safeguards are still in place. The contract already contains safeguards around the management of personal data and as there is no change being requested to the way personal data is to be used or the service is delivered. This will be fully completed by the time of the start of the proposed extended Contract

Approved by: Stephen Hopkins, Head of Children's & Adults Placement & Brokerage on behalf of the Director of Operations, Adult Social Care

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BACKGROUND PAPERS:

None