

## **General Purposes & Audit Committee**

Meeting of the General Purposes & Audit Committee was held on Thursday, 6 December 2018  
at 6.30pm in F10 - Town Hall

### **MINUTES**

**Present:** Councillor Stephen Mann (Chair);  
Councillor Joy Prince (Vice-Chair);  
Councillors Jerry Fitzpatrick, Patsy Cummings, Jan Buttinger, Ian Parker and  
Steve Hollands, Badsha Quadir and Sherwan Chowdhury in addition to  
Nousheen Hassan (independent member)

**Also Present:** Cllr Simon Hall, Cabinet Member for Finance and Resources  
Nigel Cook, Head of Treasury and Pensions  
Malcolm Davis, Head of Risk  
David Hogan, Head of Anti-Fraud  
Simon Maddocks, Head of Internal Audit  
Annette McPartland, Head of Older Peoples' Social Care  
David Philips, Mazars  
Lisa Taylor, Director of Finance, Investment and Risk  
Sarah Warman, Director of Commissioning and Procurement  
Matt White, Head of Older People Commissioning

**Apologies:** Councillors Clive Fraser and Oni Oviri in addition to Muffaddal Kapasi

### **PART A**

#### **29/18 Minutes of the Previous Meeting**

The minutes of the meeting held on Wednesday 10 October 2018 were agreed as an accurate record subject to the addition of Cllr Simon Brew and Lisa Taylor, Director of Finance, Investment and Risk, being noted as in attendance.

#### **30/18 Disclosure of Interests**

There were no disclosures of interests.

#### **31/18 Urgent Business (if any)**

There were no items of urgent business.

**Presentation on Adult Social Care**

Officers from the Adult Social Care team provided a presentation on the Adult Social Care market in Croydon (as provided in the agenda pack). This highlighted the gap between funding and demand and how this is expected to grow, the fragility of the care market and contributory factors. Risks were detailed including the lack profitability of Adult Social Care beds and the impact this had including difficulties discharging patients from hospital.

Information was provided on what mitigation had been and was being taken by the Council to address the difficulties including prevention and dynamic purchasing to encourage higher quality care. It was highlighted that workforce development was key in terms of driving the quality of care. However, a national funding solution was still required which it was hoped would be provided in Green Paper due in December 2019.

In response to Member questions, officers provided the following points of clarification:

- Croydon had sought to protect itself from provider failure by putting in place diversity of provision and limiting exposure to any one provider. Contingency planning had also been put in place to address any provider failure;
- The KPMG cost of care review, currently being undertaken was to provide clarity on market rates for care;
- Croydon was paying about the average rate for home care, lower than the average for older, nursing and residential care and over the average for care for under 65s;
- The Council's planning was beginning to have an impact; still managed to provide care despite budgetary pressures and most of the care provided was rated as good. Resident feedback also demonstrated satisfaction with the quality of care provided;
- In order to attract care workers, Croydon had become an ethical care provider. This meant offering the London Living Wage, agreed levels of training and support, zero hour contracts were no longer used and contracts with flexible, school hours etc were offered;
- The One Croydon Alliance had reduced the length of hospital stays resulting in benefit in terms of costs (longer stays in hospital were to be avoided as they resulted in greater frailty);
- It was noted that Brexit may exacerbate everything in the report;
- Care standards are set nationally by the Care Quality Commission (CQC). Croydon never place with an inadequate provider. All in borough providers that were identified as needs improvement were visited with the CQC and their action plan considered. Croydon had its own quality monitoring which went further than the CQC. The Council's monitoring team was being restructured to be able to undertake repeat provider visits every 12 rather than every 18 months. This meant the Council had better intelligence than Ofsted which inspected every three years;

- All providers had to have a CQC registration in order to offer any form of personal care. The Council work closely with the CQC; inform the CQC of any concerns which has led to inspections being triggered; and
- Acknowledgement of the advantage of the Council developing its own workers and encouraging market entry by new workers. Apprenticeships were being highlighted. A workforce strategy was the next big piece. It was due early in 2019.

**RESOLVED:** Members resolved to note the content of the presentation and to thank officers.

### 33/18 **Treasury Mid-Year Review**

The Head of Treasury and Pensions introduced the item. It was highlighted that some commercial debt had been restructured which provided immediate cost savings in this financial year as well as going forward over the remaining life of the loans. It was noted that borrowing and investing was offering small marginal benefits; there were limited opportunities to make money. Whilst the costs of borrowing were at historic lows, only small returns were being made on investments.

In response to Member questions, officers provided the following clarification:

- The Council was avoiding doing anything significant in late February and March 2019 in order to limit exposure to any circumstances that would result from Brexit. Investments were only to be made in the short term and no new borrowings were to be made due to the risk of rate fluctuations as far as that could be possible;
- Funding from the European Investment Bank had been for school improvements and was established as a contract with a fixed interest rate. Contact was regular and it was not possible for the contract to be broken. However, it was noted that further rounds were less likely as the UK would no longer be a partner county;
- Borrowing had been restructured to get more reasonable rates whilst accounting procedures had allowed the premium charged to do this to be written off over 40 years which was the term of the loan. This is referenced above. However, other commercial debt providers were not so keen to take the same opportunities;
- The gap between actual debt outstanding and affordable/authorised debt represented loans to be taken to support future capital investment. The gap between the affordable limit and the authorised limit was to allow for contingency. For example, if there was an operational issue such as a problem with the banking services. The limits reflected the Council's budget restrictions. Noted that public debt was being offered at historically low rate levels; and
- Borrowing increased in year because this was phased based on need; borrowing only taken on when actually needed.

In response to Member questions, Cllr Hall, the Cabinet Member for Finance and Resources, provided the following clarification:

- The allocation of £100m for the acquisition of commercial investment properties and the approach to be taken for acquiring investment assets was set out in the Medium Term Financial Strategy as part of the Council's overall borrowings and expenditure. This was approved by Council at its meeting in October 2018. To mitigate risk, the approach taken to investments was characterised by diversity and longevity. The potential of the asset and income stream were considerations and important for risk management;
- Long term borrowing was being used to fund operational assets needed by the Council to achieve savings. These savings compensated for the interest being paid;
- An assessment of the Council's appetite for borrowing was undertaken as part of the budgeting process each year. There would be concern where the actual and approved/authorised borrowing limits were getting close. However, noted that these were still 20% apart. Also highlighted that it was the statutory role of the Section 151 Officer to ensure regulation and monitoring of borrowing which is why this came to the Committee twice a year as well as being included in the budget papers; and
- Agreed that it was possible to review the actual level of borrowing more frequently through inclusion in quarterly financial monitoring to Cabinet.

**RESOLVED:** the Committee resolved to note the content of the report and to endorse the continued implementation of the Council's Treasury Strategy Statement, Annual Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2018/2019 by the Executive Director of Resources (Section 151 Officer).

#### 34/18      **Internal Audit Update Report**

The Head of Internal Audit introduced the item. The report provided an update on activity between April and October 2018. It was noted that work was advanced with 26 draft reports produced and over half the expected audit days had been delivered. There was a satisfactory assurance given based on work done to date. It was explained that Priority 1 recommendations continue to be followed-up until they are all implemented and for other recommendations until they are at least 80% complete even where these are from previous years.

In response to Member questions, officers clarified:

- Soft market testing was happening in advance of procurement of a new service to remove abandoned vehicles; and
- A Pay & Display tender was imminent.

**RESOVLED:** the Committee resolved to note the content of the report.

35/18      **Anti-Fraud Update Report**

**RESOLVED:** the Committee resolved to:

1. Note the Anti-Fraud activity of the Corporate Anti-Fraud Team for the period 1 April 2018 – 31 October 2018; and
2. Approve the revised Anti-Fraud and Corruption Strategy.

36/18      **Corporate Risk Register**

The Head of Risk introduced the item and noted that there had been no escalations or de-escalations since the report was last presented to the Committee.

**RESOLVED:** the Committee resolved to note the report.

37/18      **Council Meeting Dates**

The item was introduced by the Senior Democratic Services Officer who highlighted the Council and Cabinet dates in July 2019 would be transposed. Also that the Cabinet meeting in December 2019 would be moved back a week.

**RESOLVED:** the Committee resolved to approve on behalf of Council the schedule of Full Council meeting dates for 2019/20 as detailed in the report.

38/18      **Members' ICT Provision**

Cllr Simon Hall, the Cabinet Member for Finance and Resources, introduced the item and highlighted that the report and recommendations had resulted from cross party consultation. The recommendations recognised the importance of Member ICT equipment which is required to enable them to discharge their duties, would allow all Members to receive an £800 ICT allowance every four years and give newly elected Members parity with those who were re-elected and had already been in receipt of an ICT allowance. Representations had been received from Members from both parties regarding the need for an ICT upgrade in order to do their role. The allowance could be declined by Members who felt their equipment was sufficient. The ICT allowance would be subject to the same annual increase as all other aspects of the Scheme of Members' Allowances (benchmarked against staff wage increases). It was also noted that the whole Scheme of Members' Allowances would be reviewed in 2022. It had been agreed this would be an allowance as opposed to a reimbursement. It was noted this would be paid in December 2018.

**RESOLVED:** the Committee resolved to:

1. Approve the adoption of the revised Scheme of Members' Allowances detailed in Appendix A (with the amendment to remove the word 'by-election' from the description 'Members newly elected in 2017');
2. Note in relation to these proposals, any adjustment to allowances will be by reference to the annual local government staff pay settlement as agreed in July 2018; and
3. Authorise the Director of Law and Governance to comply with the necessary statutory publicity requirements arising from the approval of revised Scheme of Members' Allowances.

39/18      **Exclusion of Public and Press**

There was no requirement for this item.

The meeting ended at 8.00pm

**Signed:**

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**Date:**

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