

Appendix 1

ANNUAL GOVERNANCE STATEMENT (AGS) 2019/20

Overview

The Annual Governance Statement (AGS) considers several elements of the Council's control framework including:

- External Audit
- Internal Audit
- Risk Management
- Performance Management
- Financial Management

This provides the basis to allow the AGS to be constructed with two key documents as evidence to provide context and to allow the key risks to be identified. These key documents are:

- The Head of Internal Audit Report; and
- The Corporate Risk Register.

These documents allow the Council to understand its key risks, organisational resilience and performance as it applies to compliance. The AGS reports on clearly defined parameters and assists in formulating the control strategy that the Council will implement over the coming financial year. The Council is committed to ensuring that all identified activities are rigorously applied and monitored during the course of the year and accountability is assigned for each specific identified risk and control measure.

The overall context for the AGS relies on the recognition that since 2010, the Council has received significant reductions in its grant funding provided by Central Government amounting to an overall reduction of 75% in total. Over that same period the Council has also delivered approximately £242m in additional savings. Inevitably that has resulted in reductions of services due to loss of staffing and other resources, even before the impact of the COVID-19 pandemic. This has impacted on the governance framework of the organisation.

Overall, the operations of the Council prior to 23rd March 2020 were considered to be generally fit for purpose. However, following the national 'lock down' a number of arrangements have had to be amended. The impact of the Covid-19 pandemic on the financial position of the Council has led to a significant challenge for all parts of the organisation in its ability to resource appropriately in order to deliver an efficient service in accordance with all relevant compliance requirements. In addition, the decrease in central government funding over the last several years has also led to an increasing challenge for the organisation in terms of its ability to operate efficiently. Both these issues have contributed significantly to the assurance level applied by the Head of Internal Audit. It should therefore be noted that as a result of a number of Limited or No assurance internal audit reports and weaknesses identified in general compliance work, the Head of Internal Audit has given a 'Limited Assurance' opinion in his annual internal audit report. This suggests that there are a number of issues that have been identified during the course of the 2019/20 Internal Audit Programme that require significant

measures applied in order to rectify the current situation and to ensure that the control framework is robust and appropriate moving forward.

The Council has been advised on the implications of the result of this review of the effectiveness of its Governance Framework and its systems of internal control. Consideration of the AGS by the General Purposes & Audit Committee will now allow for the instruction of additional activities in order to mitigate identified risks. The areas already addressed and those to be specifically addressed over the course of the next financial year (2020/21) are outlined later in this document in Tables 1 & 2.

In **Table 1 (p.8)**, there is a statement of Action provided by the senior responsible officer for the respective area of concern identified. The officer has detailed what mitigation activities they intend to take over the coming financial year. This area will then be reported on in the next Annual Governance Statement (2021/22) with an additional report on progress to date.

In **Table 2 (p.20)**, there is a statement of Progress provided by the senior responsible officer the respective area of concern identified. This officer is reporting on the progress of the mitigating actions they committed to initiate when the area of concern was entered onto the Annual Governance Statement for the previous financial year (2018/19). This column is intended to highlight all appropriate activities that have contributed to the organisation's approach to improving the situation relating to the area of concern highlighted.

It must also be noted that following the General Election of December 2019 and the subsequent majority delivered to the Government, the risk of a No-Deal Brexit was significantly reduced leading to the risk entry being decommissioned following the UK departure from the EU on 31st January 2020. It must now also be recognised that the possibility of a 'No-Deal' Brexit has now increased in terms of likelihood at the end of the transition period of 31 December 2020, and therefore must also be considered as a contributory element to how the Council prioritises its objectives for the coming financial year.

Scope of responsibility

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

In discharging this overall responsibility, Croydon Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes effective arrangements for the management of risk. Croydon Council acknowledges that it has an 'arm's length' interest in organisations (namely Brick by Brick and Octavo) but cannot enter control arrangements in this Annual Governance Statement as such companies are separate entities and responsible for publishing their own governance statements.

Croydon Council has approved and adopted a code of corporate governance, which is consistent with the principles of the *Delivering Good Governance in Local Government:*

Framework (CIPFA / SOLACE 2016), ('the framework'). A copy of the authority's code can be obtained from governance@croydon.gov.uk. This statement explains how Croydon Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6 (1), which requires all relevant bodies to prepare and approve an annual governance statement.

Croydon Council has determined that its Ethics Committee shall be responsible for receiving and considering reports on matters of probity and ethics and to consider matters relating to the Code of Conduct. This follows the Council's review of its Code of Conduct and ethics arrangements and best practice suggestions set out in the review by the Committee on Standards in Public Life (the Committee). The Committee was established in 1994 and is responsible for promoting the Seven Principles of Public Life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership – commonly known as the Nolan Principles. The full report can be accessed [here](#).

The purpose of the governance framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives. Internal controls evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Croydon Council for the year ended 31 March 2020 and up to the date of approval of the statement of accounts.

The governance framework

- "Croydon's Community Strategy 2016-21" is the overarching strategy of Croydon's Local Strategic Partnership, which includes the Council. The Community Strategy is supported by "Our Corporate Plan for Croydon 2018-2022" and delivery plans for each department and team. These are reviewed and updated annually. In addition, the Council has its own vision and corporate values statement developed after extensive consultation amongst staff to ensure there is effective management of change and transformation. The organisation is currently also engaging with all staff to develop a new Workforce Strategy.
- The Council's Constitution sets out how decisions are made and the procedures that are followed to evidence open and transparent policy and decision making that ensures compliance with established policies, procedures, laws and regulations. The Council's policy and decision making is conducted through the Cabinet process, with the exception of non-executive matters and the Policy framework, which is set by full

Council. These meetings are open to the public, except where personal or confidential matters are being discussed. In addition, the Chief Executive (& Head of Paid Service) and senior officers make decisions under their relevant Scheme of Authorisations. The Council publishes a Forward Plan that details the key decisions to be made by the Leader, Cabinet, Cabinet Committees or officers in relation to executive matters.

- The Council has a designated Executive Director of Resources & Monitoring Officer, who shall, after consulting with the Head of Paid Service and Chief Finance Officer, report to the Full Council, or the Leader in relation to an executive function, if they consider that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission would give rise to unlawful action. The Executive Director of Resources & Monitoring Officer also conducts investigations into matters referred by the Ethics Committee and delivers reports and recommendations in respect of those investigations to the Ethics Committee.
- The financial management of the Council is conducted in accordance with the Financial Regulations set out in the Constitution (4H). The Council has designated the Director of Finance, Investment & Risk (& Section 151 Officer) as the Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972. The Council has in place a four year medium term financial strategy that was agreed at Council in October 2018 and is updated annually supporting the Council's strategic objectives. The financial strategy ensures the economical, effective and efficient use of resources including a financial management process for reporting the Council's financial standing.
- The Council's financial management arrangements conform to the requirements of the CIPFA statement on the role of the Chief Financial Officer in Local Government (2013).
- The Council maintains an effective Internal Audit service that has operated, in accordance with the Public Sector Internal Audit Standards. The Council's assurance arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit* (2019). As required by the Accounts and Audit (England) Regulations, the Director of Finance, Investment & Risk (& Section 151 Officer) has reviewed the effectiveness of the Internal Audit service and reported this to the General Purposes & Audit Committee which has concluded that the Internal Audit service is satisfactory and fit for purpose. This undertaking is part of the core functions of the General Purposes & Audit Committee, as set out in CIPFA's *Audit Committees: Practical Guidance for Local Authorities* and applied in the Council.
- Croydon Council has adopted strategies, policies and practices that are consistent with the principles of the *Delivering Good Governance in Local Government: Framework* (CIPFA / SOLACE 2016), ('the framework').
- The Council has a performance planning process supplemented by detailed business planning to establish, monitor and communicate Croydon Council's objectives. This includes a performance management system that sets key targets and reports on performance monitoring to Cabinet. The performance management framework is utilised to measure the quality of services for users, to ensure that they are delivered in accordance with the Council's objectives and that these services represent the

best use of resources and value for money.

- The Council has a robust risk management process to identify, assess and manage those significant risks to the Council's objectives including the risks of its key strategic partnerships. The risk management process includes a risk management policy statement, corporate and departmental risk registers, risk management steering group, and appropriate staff training. The Cabinet Member for Finance & Resources champions risk management which is at the heart of the Council's decision making, with each Cabinet Member having access to the risks relating to their portfolio. Key corporate risks are regularly reviewed by the Divisional and Departmental Management Teams and by the General Purposes & Audit Committee.
- The Council has adopted codes of conduct for its staff and its Members, including co-opted members. These are introduced to all staff as they are inducted into the organisation and they are given their own copies. Members and co-opted members sign an undertaking to abide by their Code of Conduct at the point of their election or appointment. These Codes are available for reference at all times and reminders and training are provided as necessary.
- To ensure that concerns or complaints from the public can be raised, the Council has adopted a formal complaints policy which sets out how complaints can be made, what should be expected and how to appeal. In addition, the Council has adopted a fraud hotline.
- A whistle-blowing policy has been adopted to enable staff, partners and contractors to raise concerns of crime or maladministration confidentially. This has been designed to enable referrals to be made without fear of being identified. In addition, the Council has adopted a whistle blowing hotline supported by a third sector partner. These arrangements are part of ensuring effective safeguarding, counter-fraud and anti-corruption arrangements are developed and maintained in the Council.
- The Council's control framework extends to partnerships and other joint working and this is reflected in the Council's overall governance arrangements.
- Many of the Council's services are delivered in partnership with commercial organisations. Where this is the case, the Council ensures that proper governance is maintained by closely following procurement procedures when awarding contracts and then robustly monitoring those contracts. Increasingly, Council services are delivered in partnership with other local public sector organisations. The most significant arrangements are grouped under the umbrella of the Local Strategic Partnership (LSP) which is led by a board made up of the Leader, relevant Cabinet Members, relevant Chief Executives or equivalent. Each of the themes within the LSP is overseen by its own board.
- The Strategic Partnership seeks to address community engagement by, amongst other methods, involving representatives from themed partnerships, business development partnerships and the community voluntary sector alliance. The Local Strategic Partnership hosts a congress twice a year for key stakeholders from community, voluntary, business and the public sector which contribute to and influence strategy and policy of the local area. The thematic partnerships undertake a range of consultation exercises to enable all residents and customers to contribute to; and shape the strategic themed plans such as the Health and Wellbeing Strategy

and the Safer Croydon Partnership Community Safety Strategy. In addition, the Council undertakes surveys with a representative sample of its residents who provide the Council with reliable feedback on important issues that help improve services as part of establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

- Members' induction training is undertaken after each local government election. In addition, an on-going programme of training and awareness is available for Members with formal and informal events each year, including all major changes in legislation and governance issues.
- A corporate induction programme, 'Inspire', is delivered to all new staff joining the Council, supplemented by department specific elements. In addition, further developmental needs are identified through the Council's Appraisal Scheme. The Council's Organisational Development service delivers its own suite of courses covering core personal competencies. Other training solutions are provided as required. The Council has also developed an "Inspiring Leadership" Programme to improve leadership and management competencies across the organisation. In addition, a programme entitled 'Doing the Right Thing' is run to strengthen the governance processes and procedures of the Council.

Review of Effectiveness

Croydon Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

This review process includes:

- The Executive Director of Resources & Monitoring Officer's annual review of the constitution to ensure its aims and principles are given full effect. This includes a review of the financial regulations by the Director of Finance, Investment & Risk (& S151 Officer)
- The Scrutiny and Strategic Overview Committee's ability to "call in" the Council's key executive decisions prior to implementation to consider the appropriateness of the decision.
- The General Purposes & Audit Committee's responsibility for discharging the functions of an audit committee, including reviewing the risk management process, the performance of Internal Audit and agreeing the external audit plan.
- Internal audit is responsible for monitoring the quality and effectiveness of internal controls. Using the Council's risk registers and an audit needs assessment, a plan of internal audit work is developed. The outcome of the internal audit risk-based work is reported to all relevant Executive Directors and Directors and regularly to the General Purposes & Audit Committee. Implementation of recommendations is monitored and progress reported. The work of the Internal Audit function is reviewed regularly by the

external auditors who place reliance on the work completed. The Director of Finance, Investment & Risk (& Section 151 Officer) has reviewed annually, the effectiveness of the Internal Audit service, and reported this to the General Purposes & Audit Committee which has concluded that the Internal Audit service is satisfactory and fit for purpose.

- The assurance provided by Members and the assurance provided by of executive managers through the Council's Executive Leadership Team in developing departmental and corporate risk registers and agreeing annual departmental assurance statements. These annual departmental assurance statements have been signed by the relevant Executive Director indicating their confirmation that all appropriate controls were in place and that their application of an effective risk management framework is also embedded and will be for the coming year.
- The opinion of the external auditors in their reports and annual letter.
- Other review agencies, through their inspection arrangements, such as the Care Quality Commission and Ofsted.

Table 1

The following key risks have been identified following review of the Corporate Risk Register and the Head of Internal Audit Report. These risks are considered to be classified as ‘raising significant concern’ and will therefore be closely monitored during the year 2020/21:

Key Risks	Action	Responsible Officer	Responsible Cabinet Member
<p>1. Funding levels provided through the Government Grant are significantly lower than forecast or anticipated, resulting in severe limitations being placed on the Council’s Medium Term Financial Strategy.</p> <p>The 2020/21 budget is not managed within allocated resources resulting in an overspend and therefore the need to implement additional cuts to services. This leads to the Council being unable to deliver the 2020/21 savings or achieve the additional income targets and therefore not able to balance the 2020/21 budget, and reserves are not sufficient to cover costs.</p>	<p>The Council continues to initiate multiple strategies to mitigate the impact of reduced grant funding provided by government and the impact of the Covid-19 pandemic which has been significant.</p> <p>The Finance Review Panel has been established to help manage the in year budget and plan the Medium Term Financial Strategy (MTFS).</p> <p>Work to develop and enhance the Medium Term Financial Strategy is underway and supported by continuous monitoring and scrutiny of all budgets and identified financial commitments to identify efficiencies.</p> <p>There is a continuing approach to enhancing organisational efficiency which includes smart commissioning & procurement strategies, and the imposition of recruitment controls.</p> <p>There is a targeted approach to early intervention and prevention strategies (specifically within children’s and adult’s social care) and ongoing exploitation of continued opportunities for working in collaboration with our partners.</p> <p>There is an ongoing diversification of organisational operating</p>	<p>Executive Director for Resources & Monitoring Officer.</p> <p>Director of Finance, Investment & Risk (& Section 151 Officer).</p>	<p>Cabinet Member for Finance & Resources.</p>

	<p>portfolio's incl. asset investment / revenue generation opportunities and the continued maintenance of general reserves at current levels, with an ambition to increase the minimum level of reserves to 5% of the net revenue budget to cover any major unforeseen expenditure.</p> <p>The Council continues to lobby the Home Office to request a review of its current funding formula to enable a more fair application of the funding formula considering the unique challenges that the Council faces through no fault of in-house financial management application (unaccompanied asylum seeking children being greater in Croydon than anywhere else in England by a significant margin). This work has recently been successful with the announcement of enhanced funding rates for 2020/21.</p> <p>The Council will continue to develop strategies to promote and stimulate new growth opportunities. There will be a continued focus / investigation into effective approaches to managing demand.</p> <p>There will be a continued strategic approach to identifying efficiencies and savings through changes to the way the Council works e.g. exploiting new technology, consolidation of buildings and processes.</p> <p>Over the next 12-18 months the Council will enhance its strategy to identify new ways to strengthen the long term financial position through increasing income sources. To support this, the Council has initiated a full Financial Review Programme with multiple workstream operating throughout the organisation to strengthen the already robust controls implemented. Work is underway to undertake a complete</p>		
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	refresh of MTFS over the summer 2020 and this will be presented to Cabinet in Sept 2020.		
2. Social Care market supply disruption leading to market failure and inability to fulfil statutory requirements.	<p>The Dynamic Purchasing System (DPS) operating in supported living (April 2020), home care (May 2020) and will be operational for care homes (January 2021) where providers set their prices. The Home Care DPS has nine prime providers who the council are working closely with to improve quality and collectively develop solutions to the challenges presented by COVID.</p> <p>Providers have received £1.5 million to date of COVID-19 sustainability payments and £3.5 million of Infection Control Funding has been distributed. Where individual providers have difficulty, additional support has been provided when required. No providers have failed during the COVID-19 period in Croydon. The council has also been an emergency PPE route for providers before the national portal was set-up.</p>	<p>Executive Director / DASS Health, Wellbeing & Adults.</p> <p>Director of Operations (ASC).</p>	Cabinet Member for Families, Health & Social Care.
3. Increasing population with complex learning needs and parental expectations leads to rising demand and financial pressure on SEN fixed budgets including pressure on High Needs DSG budget, which can't be funded from General Fund reserves.	<p>Alignment of Croydon's Special Educational Needs and Disability (SEND) strategy and financial management of the High Needs Block.</p> <p>The in-year overspend for 2019/20 is £5.434 million, with a DSG cumulative overspend of £14.558 million.</p> <p>External Consultant appointed to carry out a review of special schools funding during the autumn term 2020</p> <p>Revised DSG Deficit Recovery Plan (approved by Croydon</p>	<p>Executive Director / DCS Children's, Families & Education.</p> <p>Director of Education (Interim).</p>	Cabinet Member for Children, Young People & Learning.

	<p>School Forum, January 2020), taking into account increased funding for High Needs over the next financial year, focusing specifically on recovery and deployment of resources to address in-year and cumulative deficit of £18.475m over a seven to eight year period.</p> <p>SEND Finance Board established to monitor progress of the actions required and consequent outcomes contained in the Deficit Recovery Plan and will:</p> <ul style="list-style-type: none"> • develop and agree Terms of Reference; and • commission review of the current deficit recovery plan to take into account increased provisional 2021/22 DSG High Needs Block. <p>2019/20 Final accounts prepared under new reporting arrangements where any deficit an authority may have on its DSG account is expected to be carried forward to the next year's schools budget and does not require to be covered by the authority's general reserves.</p> <p>Education, Health and CSC review of placements is underway.</p> <p>AVA opening from September 2020 will reduce spend in out of borough independent school.</p>		
<p>4. The number of unaccompanied asylum seeking children (UASC) looked after by Croydon remains significantly higher than the</p>	<p>We have been working with the Association of London Directors of Children's Services and the Department for Education and Home Office to collectively support the restarting of the National Transfer Scheme and the continued functioning of the Pan</p>	<p>Executive Director / DCS Children's, Families & Education.</p>	<p>Cabinet Member for Children, Young People & Learning.</p>

<p>national average leading to significant financial pressure on the Council.</p>	<p>London Protocol.</p> <p>We have been working with the Home Office to ensure that only appropriate young people are referred to Croydon. This is achieved by a Croydon Social Worker being assigned to Lunar House each day.</p> <p>The Age Assessment Team, continues to operate to fast track all age disputed cases. This team has developed expertise which means assessments are undertaken to the highest standard, significantly reducing the council's exposure to costly Judicial Review. Controlling Migration Fund (CMF) part funding for this team has now ended.</p> <p>There is emphasis on wider negotiation of fair funding arrangements for Croydon. Although per child funding has been increased, the costs of our duty function supporting Lunar House, the administration of the Pan London Rota (PLR) and our age assessment function mean our costs continue to be higher than Home Office Income.</p> <p>Croydon continues to work with national partners to support the implementation of the National Transfer Scheme, which would lead to the fairer distribution of UASC.</p> <p>Croydon continue to administer the Pan London Rota from within our UASC service, working in partnership with London Asylum Seekers Consortium (LASC) to transfer 16+ young people to partner London Boroughs. This process continues to operate effectively.</p> <p>The Council continues to hold meetings with the Immigration Minister and others in Home Office on a regular basis as well as</p>	<p>Director of Early Help & Children's Social Care.</p>	
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	<p>maintaining ongoing correspondence, conversations and clarifications with Home Office.</p> <p>Ensuring compliance and ensure opportunities are utilised through a formal system for dispersing unaccompanied child migrants as introduced by central government.</p>		
<p>5. The Council is unable to deliver services (including all of its statutory requirements) should the UK and the EU not reach a mutually acceptable 'trading arrangement' by the end of the withdrawal agreement period (31 December 2020).</p>	<p>The Council continues to monitor the risk and also continues to put in place mitigations as far as is possible. The level of likelihood increases significantly as the 31st December 2020 deadline approaches without a mutually acceptable 'trading arrangement' being achieved between the United Kingdom and the European Union.</p> <p>Since the application of a nationwide 'lockdown' across the UK as a result of the Covid-19 pandemic, the Council has refined and enhanced its protocols in terms of emergency preparedness, including supplier and supply chain resilience, and these refined protocols and operating procedures are able to be adapted to mitigate some of the challenges that a 'no-deal' Brexit would bring to the borough.</p> <p>The Council will continue to closely monitor the situation and react, where possible, to any and all opportunities to ensure the residents of Croydon are safeguarded against the effects of the impact of the 'no-deal' scenario.</p> <p>Brexit Working Group continues to operate to ensure that the Council is able to react to all elements of overall risk arising from current political situation. The Working Group is chaired by the Director of Policy & Partnerships who regularly reports emerging risks and issues to Executive Leadership Team.</p>	<p>The Chief Executive.</p> <p>Director of Policy & Partnerships</p>	<p>Leader of the Council.</p>

<p>6. As at end of Q4 (2019/20) there were 12 of our 50 maintained schools in deficit potentially leading to default or an increase in arrears. The total deficit amounted to £5.4m (January 2020 returns figure) however two of the schools are in a loan arrangement with the LA.</p> <p><i>**This risk is included following identification via the Corporate Risk Register and also following findings identified and reported through the 2019/20 Audit Plan. It is therefore one of six recommendations for inclusion in the Annual Governance Statement by the Head of Internal Audit. **</i></p>	<p>Comprehensive review and new procedures for schools in deficit developed and issued to schools, requiring submission of 2020/21 License Deficit Return with signed budgets by the 1st May 2020. (One school was given an increased timeline for submission of this).</p> <p>Scheme for Financing Schools updated to reflect the new forms and arrangements.</p> <p>Approval of Licensed Deficit Plans by S151 officer – July 2020.</p> <p>Monthly monitoring reports to be submitted by all schools in deficit and a series of monitoring meetings between Local Authority and Schools’ senior leadership, including their financial advisor, throughout the year. Governing Body representation required at half termly meetings.</p> <p>Independent advisor commissioned by the Schools Forum to support this process.</p>	<p>Executive Director / DCS Children’s, Families & Education.</p> <p>Director of Education (Interim).</p> <p>Director of Finance, Investment & Risk (& Section 151 Officer).</p>	<p>Cabinet Member for Children, Young People & Learning.</p> <p>Cabinet Member for Finance & Resources.</p>
<p>7. During the course of internal audit work during the year, a number of issues were identified with contract letting, monitoring and management.</p>	<p>Work continues to improve practice across the Commissioning Cycle, key actions in 2019/20 include:</p> <ul style="list-style-type: none"> • development of the commissioning pipeline, enabling us to identify and review legacy arrangements, provide better organisational oversight of existing contracts, and inform strategic planning processes • implementation of additional e-procurement system modules, such as the electronic scoring module, providing us with the ability to move away from some manual processes • the launch of a Procurement Governance Review in 	<p>Executive Director for Resources & Monitoring Officer.</p> <p>Director of Commissioning & Procurement.</p>	<p>Cabinet Member for Finance & Resources.</p>

	<p>January 2020 and the establishment of project team containing all key stakeholders, identifying key management information required to inform our continuous improvement and progress. The Review concluded and made recommendations in July 2020, which are now being implemented.</p>		
<p>8. Internal audit work during the year identified a number of issues relating to financial management within the adult and children's social care teams.</p>	<p>ADULTS: The Council is implementing a series of new tools (identified below) that will improve and support financial management departmentally and divisionally.</p> <ul style="list-style-type: none"> • ContrOCC, the finance system that links care and support plans and costs is expected to come on line from the 18th of September 2020. Staff are currently in training to prepare for the move to this new system. • MyResources, the tool for Council staff to manage staff establishments, budgets, provider payments and income is now successfully embedded and is providing greater levels of scrutiny for managers. • Dynamic purchasing system (DPS) for care homes, the system to procure all future care provision is currently still under development and has been delayed by the impact of COVID 19. It is being launched in September with the DPS operational by January 2021. DPS 1 (home care) and DPS 3 (supported living/ accommodation) are now operational. The development of the strategy for the Dynamic Purchasing System (DPS), has allowed for closer scrutiny of finance and performance data to inform commissioning plans. A dashboard is being produced to track all placements and packages to be overseen by Directors. Updates on the DPS will be given six monthly to Contracts and 	<p>Executive Director / DCS Children's, Families & Education.</p> <p>Executive Director / DASS Health, Wellbeing & Adults.</p> <p>Director of Early Help & Children's Social Care.</p> <p>Director of Operations (ASC).</p>	<p>Cabinet Member for Children, Young People & Learning.</p> <p>Cabinet Member for Families, Health & Social Care.</p>

Commissioning Board.

On monitoring care spend on domiciliary and residential care; the successful implementation of the new adult social care Liquid Logic content management system due to come on line on the 18th of September 2020, and the linked financial system, ContrOCC, will be key drivers to achieve improved monitoring.

The Adapt programme remains the key adult social care resource to deliver the savings. Assurances will be presented via the Health Wellbeing and Adults DLT for 2020/21.

With COVID 19, those business cases intended to deliver savings in 2020/21 have had to be revised, due to the reduced ability to deliver. This work has been aligned to the 24 Corporate Workstreams. Links have been made with all Workstream Leads, and interdependencies have been established to deliver reviews of capital spend, fees and charges, review of contracts, and the review of placements and packages

For Adult Social Care, Internal Audit will also deliver an audit on our forecasting and financial planning.

CHILDRENS: Placement costs for children in care and care packages for children with disabilities remain a pressure, and to ensure these are better gripped and more accurately forecasted a number of measures are now in place:

- A new Financial Management Framework was agreed at the Departmental Leadership Team (DLT) in June 2020 setting out a robust process and timetable for monthly and quarterly budget monitoring at DLT, ELT and financial

	<p>reporting to members</p> <ul style="list-style-type: none"> • Monthly monitoring by the Executive Director at DLT, with mitigating actions agreed as necessary • A full reconciliation of all placements made, purchase orders received and payments made is now being undertaken each month • A weekly child in care review panel has been established, chaired by the Director Early Help & Children's Social Care, to ensure that where children and young people can live safely with families a package of support is provided for them to do so <p>To strengthen financial management and budget forecasting ContrOCC, the finance system that links care and support plans held in Liquid Logic and placement costs is being implemented and will be fully operational across all children's care groups in September 2020.</p> <p>Progress against recommendations and priority actions from internal audits, where these have been made, will be reviewed and monitored at DLT in a quarterly basis to ensure risks are appropriately mitigated and lessons learned across the Department.</p>		
<p>9. An internal audit of energy recharges identified some significant weaknesses resulting in circa £4M of recharges being outstanding, a significant part of which related to organisations outside of the council. This</p>	<p>The issues arising from energy recharges and billing has now been resolved with a coding amendment taking place.</p> <p>The schools have been notified and the invoices are being validated as accurate prior to being processed by Facilities Management.</p>	<p>Executive Director for Place.</p> <p>Director of Homes & Social Investment.</p>	<p>Cabinet Member for Finance & Resources.</p>

<p>resulted in a 'No Assurance' audit report being issued.</p>			
<p>10. Internal audit continues to identify a number of instances where privacy notices relating to the collection of personal data were missing or were no longer fit for purpose. Also noted that agreements with 3rd parties did not always address this issue adequately.</p>	<p>The intranet is up to date and contains detailed advice and information for services on the requirements of information management and GDPR including the need for Privacy Notices.</p> <p>An overarching corporate Privacy Notices is in place together with service specific privacy Notices for key services. A review of service specific Privacy Notices will be undertaken by the end of this financial year March 2021. The legal team will review all service requests for new Privacy Notices.</p> <p>A compulsory GDPR refresher e-learning module is due to be rolled out in September 2020 requiring staff to update themselves on key GDPR areas including the requirements around Privacy Notices. An introduction to GDPR training remains a compulsory requirement for all new starters which is undertaken during the probationary period.</p> <p>Communications specific to Privacy Notices and contract agreements will be included as part of keeping colleagues aware of GDPR legislation, this will be done by end of December 2020, in line with all other identified activities following the internal audit.</p> <p>All recommendations required by internal audit have either been implemented or in the most recent reports compliance is in progress. The Information Management Team are supporting relevant services on outstanding recommendations as necessary. Finalised reports continue to be published on the Council's website and available for public viewing.</p>	<p>Executive Director for Resources & Monitoring Officer.</p> <p>Director of Law & Governance and Deputy Monitoring Officer.</p> <p>Statutory Data Protection Officer.</p>	<p>Cabinet Member for Finance & Resources.</p>

<p>11. An internal audit of staff expenses identified a number of control weaknesses. This resulted in a 'No Assurance' audit report being issued.</p>	<p>The Council's executive leadership team have been briefed about the issues raised by this report.</p> <p>A working group has been setup to review the policy and guidance issued to staff and to undertake further communications to raise awareness of the revised policy/guidance.</p> <p>The expenses policy has been redrafted and combined with the car allowances policy. The new policy has been taken to the unions and there is one outstanding issue about the rates we pay for motor and pedal cycles. There is also a check being undertaken with other London Council's to see what they pay. Once those rates are finalised we can then inform the unions and publish the updated policy. Also, some quarterly checks on expenses claims will be made once the policy is signed off.</p>	<p>Executive Director for Resources & Monitoring Officer.</p> <p>Director of Human Resources.</p>	<p>Cabinet Member for Finance & Resources.</p>
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Table 2

The following key risks were raised in the 2018/19 Annual Governance Statement. They were identified as requiring monitoring during the financial year 2019/20. The relevant accountable officer(s) have provided a testimony on the progress achieved to mitigate:

Key Risks	Action	Progress	Responsible Cabinet Member & Responsible Officer
<p>1. The 2019/20 budget is not managed within allocated resources resulting in an overspend and therefore the need to implement additional cuts to services. Funding reductions are imposed whilst the Council experiences a continuous rising demand for service provision and growth in population. The continuing improvement of Children's Services following the OFSTED inspection (June/ July 2017) has required greater investment in this service with over £10m having been invested in Children's Services during 2018/19. A further £12m</p>	<p>The 2018/19 budget resulted in a £5.466m overspend, mainly as a result of unfunded Unaccompanied Asylum Seeking Children (UASC) costs. The 2019/20 budget included a number of growth items. This was presented to Cabinet in February 2019 and Full Council in March 2019 and was endorsed by both these bodies. This budget is designed to ensure in year delivery. The Council continues to manage and monitor budgets closely, growth has been allocated to appropriate areas and high risk areas continue to be monitored on a monthly basis with a budget monitoring report for the whole budget reported to Cabinet quarterly.</p> <p>The 2019/20 budget also included a number of savings options which are also being managed and closely</p>	<p>The revenue outturn for 2019/20 resulted in an underspend before exceptional items of £8.563m (less than 0.1% of gross departmental expenditure), there are exceptional items of £8.749m, leading to an overall overspend of £0.186m.</p> <p>Exceptional items are Unaccompanied Asylum Seeking Children (UASC) costs.</p> <p>This final outturn is lower than that forecast at quarter 3. The main reasons for the variations compared to quarter 3 are around an improvement to below the line items and a significant adverse movement in Children's Families and Education.</p> <p>The 2019/20 outturn overspend has been funded by drawing down from general fund balances 2019/20.</p> <p>The Medium Term Financial Strategy (MTFS)</p>	<p>Executive Director for Resources & Monitoring Officer.</p> <p>Director of Finance, Investment & Risk (& Section 151 Officer.</p> <p>Cabinet Member for Finance & Resources.</p>

<p>investment has been agreed in the 2019/20 budget.</p>	<p>monitored. During 2018/19 the Council moved towards delivering services on a locality basis with a number of localities now in operation. Delivery and success of these will be measured and monitored in year and reported as part of the regular budget monitoring reports to Cabinet.</p> <p>The investment in Children's Services is also monitored through monthly meetings that focus solely on this services and delivery.</p> <p>Work is also underway to refresh the Medium Term Financial Strategy and will be presented to Cabinet with the budget in February 2020.</p>	<p>is was refreshed currently presented to cabinet in September 2020.</p>	
<p>2. Social Care market supply disruption leading to market failure and inability to fulfil statutory requirements.</p> <p>Situation nationally has deteriorated so likelihood is very high. Market failure has become more common, increased by 82% nationally.</p>	<p>For social care providers for clients under the age of 65, the uplift strategy for this financial year will be based on taking a proportionate approach. Providers paid at the lower end will be uplifted in line with that of benchmarked averages. Providers at the higher end or who have recently had uplifts applied will not be increased. This approach will ensure greater consistency in rates paid with a view to undertaking blanket uplifts in future as currently occurs with the older people's providers.</p>	<p>Providers with low rates in supported living were uplifted to a higher baseline cost. The Home Care Dynamic Purchasing System (DPS) is now operational and working with nine Prime Providers. Each provider has submitted their own prices and passed a quality threshold test. The Care Home DPS will be opened at end of July with aim of being operational in January 2021.</p>	<p>Executive Director / DASS Health, Wellbeing & Adults.</p> <p>Director of Operations (ASC).</p> <p>Cabinet Member for Families, Health & Social Care.</p>

	<p>The market position statement and ongoing conversations with the provider market make it clear that we are seeking less residential care and more supported living options in Croydon. There has been a good offer of support for providers who want to pursue de-registration and have properties that can be developed into supported living. Since publishing the market position statement in 2018, there has also been a lot of work undertaken to further understand future demand including number of units required for supported living and the number of children who will transition to adult services. This will be included in the next refresh, with information about the detail of the commissioning strategy for the new dynamic purchasing system and the increase in direct payments.</p> <p>The potential for joint and integrated commissioning arrangements across health and social care will continue to develop. The One Croydon Alliance integrated contracting mechanism – the ‘Service Operations Manual’ can expand to include other types of provision, and joint priorities are being considered for the short and longer term. Commissioners are supporting this with the roll out of direct payments and the</p>	<p>The Market Position Statement refresh has been delayed but a new version taking into account the post COVID landscape is being prepared. DPS 2 (Care homes) is the final procurement system to be operational. The Support Living and Support Accommodation DPS 3 are operational and provide a good range of options. Commissioning and Procurement, working with HWA, will revisit accommodation options that were paused during COVID to ensure we have good supply of quality supported living and extra care.</p> <p>Options for integrating commissioning continue to be explored. Joint funding agreements are in place for some mental health support contracts and the current service offer is being jointly reviewed. DPS 2 (Care Homes) is accessible to the CCG as well as councils. The PA support service contract has been operational since November 2020 increasing Personal Assistant (PA) options and enhancing the</p>	
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	<p>procurement of systems and external support including a 'personal assistants' service.</p> <p>The last two provider forums have had a focus on direct payments and developing services and cost models that will increase market options for residents. Overall, the monthly provider engagement meetings, which started about 18 months ago, have focused on how we work together to find good quality, affordable housing for supported living in Croydon. The first meetings were held for disability and mental health providers on the Integrated Framework Agreement. As a result we developed a 'pen portrait process' that has enabled us to establish three new supported living schemes and find new placements for over 30 people with complex health and care needs. We are now in the process of setting up 18 new flats for supported living with the providers that we have developed better relationships with. This will of course be aligned to in house provision where possible and the upcoming Council's Housing Strategy ensuring housing for all including for people with disabilities and frail elderly.</p> <p>As we progress, transform and integrate</p>	<p>support for PAs.</p> <p>The nature and frequency of provider engagement has changed during COVID period. Weekly forums with care homes and home care providers have taken place since end of March. Supported living and supported accommodation providers have been supported financially during the COVID period to help with sustainability. Voids in supported accommodation have been kept to a minimum but the housing pathway work including step-down from residential care is being revisited.</p>	
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	<p>our provision to develop seamless care and support for our residents, we will develop new models of care that will require innovative commissioning processes and development of strategic partnerships, as well as in-house provision development.</p> <p>There will be a new dynamic purchasing system, the system to procure all future care provision. In developing the strategy for the Dynamic Purchasing System (DPS), there has been close scrutiny of finance and performance data to inform commissioning plans. The nature of the Dynamic Purchasing System supports innovation in commissioning, in that new providers can apply to the system at any time and new 'LOTS' / service categories can be added at any time, allowing for new models of care to develop in a timely way rather than waiting for long contracts to expire.</p> <p>A focus on quality is imperative. Our commissioned providers will need to demonstrate how they meet the metrics in our outcomes framework.</p>	<p>Dynamic purchasing systems 1 (home care and 3 (supported living) have been implemented. DPS 2 (Care Homes) will be operational in January 2021 following the tendering process in the autumn. All care homes will need to meet the quality threshold.</p>	
<p>3. Increasing population with complex learning needs and parental</p>	<p>The High Needs Block element of the Dedicated Schools Grant (DSG) is under significant pressure. Increases in</p>	<p>Increased High Needs funding from government of more than £5m in 2020/21 and</p>	<p>Executive Director / DCS Children's, Families & Education.</p>

<p>expectations leads to rising demand and financial pressure on SEN budgets including pressure on High Needs DSG budget. There is currently a £4.5m in year 2018/19 budget pressure and a cumulative £13m deficit on the High Needs DSG Budget resulting in a £9m overall DSG deficit.</p>	<p>expenditure in recent years as a result of demand (numbers of Education, Health & Care Plan's). The extension of EHCP responsibilities beyond 16 and the cost of fulling the requirements has not been matched by the significant increase in funding required to meet these needs. The Council is moving to ensure a more sustainable position, and has submitted a DSG deficit recovery plan to DfE as required detailing the high needs recovery plan for Croydon.</p> <p>The current medium Term Financial Strategy (MTFS) review will also involve a plan to increase general fund reserves to ensure any future deficit can be managed.</p>	<p>2021/22.</p> <p>Revised DSG Deficit Recovery Plan (approved by Croydon School Forum, January 2020), taking into account increased funding for High Needs over the next financial year, focusing specifically on recovery and deployment of resources to address in-year and cumulative deficit of £18.475m over a seven to eight year period.</p> <p>From 2019/20, new reporting arrangements where any deficit an authority may have on its DSG account is expected to be carried forward to the next year's schools budget and does not require to be covered by the authority's general reserves.</p>	<p>Director of Education (Interim).</p> <p>Director of Finance, Investment & Risk (& Section 151 Officer).</p> <p>Cabinet Member for Children, Young People & Learning.</p> <p>Cabinet Member for Finance & Resources.</p>
<p>4. The number of unaccompanied asylum seeking children (UASC) looked after by Croydon remains significantly higher than the national average. LB Croydon plays a key role in supporting the National Transfer Scheme (NTS), a voluntary arrangement between local authorities to disperse and settle children and young</p>	<p>The Chief Executive and senior officers continue to have a dialogue with the Home Office, other local authorities and London Leaders to encourage their participation in the NTS. It was hoped that the recent announcement by the government to increase the daily rate of payment for UASC would break down the barrier presented by those local authorities but we have yet to see any movement. Referrals to NTS are routinely made but with no response.</p>	<p>We have been working with the Association of London Directors of Children's Services, the Department for Education and the Home Office to collectively support the fair implementation of the National Transfer Scheme and the work of the Pan London Protocol.</p> <p>We have been working with the Home Office to ensure that only appropriate young people are placed.</p> <p>The Age Assessment Team, supported by the</p>	<p>Executive Director / DCS Children's, Families & Education.</p> <p>Director of Early Help & Children's Social Care.</p> <p>Cabinet Member for Children, Young People & Learning.</p>

<p>people across the UK. This scheme has not had the anticipated success. The Pan London Protocol is in operation. London authorities have co-operated over many years to support each other (although primarily Croydon) by voluntarily taking new presentations of 16 and 17 year old UASCs on a rota basis with an agreed threshold of 0.07%. Those authorities that have been above the 0.07% threshold have come off the rota. They do come back on when young people become 18 and they fall back beneath the threshold. However, the numbers have risen in the past year and the capacity has reduced across London. One authority has recently removed themselves from the rota.</p>	<p>The London Labour Group has agreed to increase the capacity of participating Labour controlled local authorities on the Pan London Rota from 0.07% to 0.08%, increasing the number of places for 16/17 year olds by approx.40 places.</p> <p>London Leaders have also unanimously agreed to support Croydon and other port authorities in lobbying the Government in relation to UASC.</p>	<p>Controlling Migration Fund, is now fast tracking all age disputed cases.</p> <p>There is an emphasis on wider negotiation of fair funding arrangements for Croydon.</p> <p>Continued use of the Local Authority rota to place young people in other boroughs.</p> <p>Ensuring compliance and that opportunities are utilised through a formal system for dispersing unaccompanied child migrants as introduced by central government.</p> <p>Working with London Councils and the Local Government Association to raise awareness of the specific UASC pressures facing 'Port of Entry' locations such as Lunar House in Croydon.</p> <p>Additional funding was provided following sustained lobbying of central government by the Council.</p>	
<p>5. The Council's ability to deliver services (including all statutory requirements) are adversely / critically</p>	<p>This risk is closely monitored in terms of the level and likelihood of the multiple elements of impact. However the outcome of the parliamentary process,</p>	<p>The Council continued to monitor and react to the wider political environment and strategy applied by the UK government and the EU leadership during the course of the year and</p>	<p>The Interim Chief Executive. Director of Policy &</p>

<p>affected following the departure from the European Union by the United Kingdom.</p>	<p>the stability and final policy of central government and the confirmed details of the UK exit conditions (including the date of parliamentary approval) cannot be determined at an organisational level. The Council has however initiated a formal 'working group' (incorporating senior officers) to monitor, strategise and initiate policies (where possible) to mitigate the risk.</p> <p>The Council will continue to react to the issues arising as a result of the status of the ongoing negotiations and central government's approach to the 31st October deadline.</p>	<p>continued to ensure it was able to (as far as was possible) maintain a robust system of controls and organisational resilience should there be no appropriate resolution to the negotiations between the United Kingdom and the European Union.</p> <p>Since the beginning of March 2020 the global pandemic and the devastation that Covid-19 has brought both in terms of health and the economy, the Council has become significantly more concerned that the risk of a 'no-deal' Brexit has increased exponentially and has therefore reformulated the risk entry to reflect this.</p>	<p>Partnerships.</p> <p>Leader of the Council.</p>
<p>6. Exploitation of young people in the Borough particularly in relation to peer on peer and gang activities and children missing from home and care.</p>	<p>There is a new child exploitation process and meeting (Complex Adolescents Panel) which is for children who are exploited, go missing or are assessed by the Youth Offending Service as high risk. The gang's team have been active within schools, providing educative programmes and there is a gang's prevention worker who is part of that team.</p>	<p>Children Services have pulled together a number of team processes that aim to reduce and support the likelihood of exploitation(s) of our young people. Alongside the development of the Adolescence Service, which by design is a service that supports young people from a contextual safeguarding perspective and has been successful in reducing young people's vulnerability by the various forms of exploitation, through social work techniques and systemic practice.</p> <p>This is supported well by a specific multi-agency Panel, the Complex Adolescence Panel, which oversees all young people identified being subject to form of exploitation</p>	<p>Executive Director / DCS Children's, Families & Education.</p> <p>Director of Early Help & Children's Social Care.</p> <p>Cabinet Member for Children, Young People & Learning.</p>

		<p>or the likelihood of being exploited.</p> <p>The CAP panel also has the function of directing multi-agency resources in support reducing exploitation behaviours in young people.</p> <p>This work is also supported by the Missing team and intelligence Service and the Gangs Team, which again wrap around young people and provide a framework for support. Children Services are part of the VRN approach and suitably use this to inform practice with young people who are vulnerable.</p>	
<p>7. Dependency of Children's Services on interim resources. This includes the challenges of recruiting (particularly in Care Planning & Assessment Team) coupled with significant capacity and resourcing pressures and the impact of service reorganisations resulting in a lack of stable, high performing workforce.</p>	<p>Ongoing recruitment campaigns are in progress with specific targeting for both management and social worker roles. For the 12 months (1 June 2018 to 31 May 2019 – 92 new starters to the Division (46 being Social Workers). A review of the financial recruitment welcome offer has been implemented which maintains Croydon as an attractive employer both financially supported with a good learning and development offer and benefits.</p>	<p>As at March 2020 64% of social care staff were permanent employees, a significant improvement from 51% in April 2019. A coordinated approach including targeted recruitment campaigns including the use of social media, a refreshed recruitment and retention financial package to keep Croydon competitive as an employer, a comprehensive learning and development offer to staff that was commended by Ofsted, a partnership with Frontline to recruit excellent newly qualified social workers and Croydon's increasingly positive reputation across the sector have all contributed to improved workforce stability.</p>	<p>Executive Director / DCS Children's, Families & Education.</p> <p>Director of Early Help & Children's Social Care.</p> <p>Cabinet Member for Children, Young People & Learning.</p>
<p>8.The pace of change to</p>	<p>The monitoring visit in March noted</p>	<p>A full Ofsted inspection under the ILACS</p>	<p>Executive Director / DCS</p>

<p>achieve the improvement plan outcomes and the journey to a rating of 'Good' is too slow or not achieved, following the OFSTED inspection of 'Services for children in need of help and protection and children looked after and care leavers' which judged the Council's Children's Services as 'inadequate'.</p>	<p>improved pace. It is anticipated that the final monitoring will reach the same conclusion.</p> <p>Preparation is underway for the inspection which is likely to be in October / November.</p>	<p>framework published in March 2020 judged the overall effectiveness of children's services as 'good', up two grades from the inspection in 2017.</p> <p>Within the overall judgement the experiences and progress for children in need of help and protection and the impact of leaders on social work practice with children and families were both judged good. Experiences and progress of children in care and care leavers was graded 'requires improvement' and these services areas will continue to be a focus for further improvement.</p>	<p>Children's, Families & Education.</p> <p>Director of Early Help & Children's Social Care.</p> <p>Cabinet Member for Children, Young People & Learning.</p>
<p>9. As at the end of 2018/19, there are 9 of our 50 maintained schools in deficit potentially leading to default or an increase in arrears. The total deficit amounts to £3.7m however two of the schools are in a loan arrangement with the LA.</p> <p>In this context it is worthy of note that Internal audit work in schools during the year resulted in half of the schools visited receiving either Limited or No Assurance reports.</p>	<p>Two of the schools account for approximately £3m of the total deficit (£3.7m). There are ongoing plans in place with these schools in order to manage their positions as much as possible.</p> <p>Schools in deficit are required to submit a license deficit plan which is a future budget plan for how the school will return to a balanced position within a 3 - 5 year period. Each of the schools are required to report monthly and their positions are monitored to assess that they are adhering to their budget proposals. The schools senior leadership team and senior LA personnel meet regularly with the</p>	<p>As at end of 2019/20 there were 12 of our 50 maintained schools in deficit potentially leading to default or an increase in arrears.</p> <p>The total deficit amounted to £5.4m (January 2020 returns figure) however two of the schools are in a loan arrangement with the LA.</p> <p>Comprehensive review and new procedures for schools in deficit developed and issued to schools, requiring submission of 2020/21 License Deficit Return with signed budgets by the 1st May 2020.</p>	<p>Executive Director / DCS Children's, Families & Education.</p> <p>Director of Education (Interim).</p> <p>Director of Finance, Investment & Risk (& Section 151 Officer).</p> <p>Cabinet Member for Children, Young People & Learning.</p> <p>Cabinet Member for Finance & Resources.</p>

<p>Weaknesses identified included a range of issues including those that could impact on a school's financial management.</p>	<p>schools in deficit. These meetings are used to review plans and to monitor progress.</p> <p>Review of internal audit reports is carried out and issues are then used as subject topics in the termly update briefing meetings that are held with schools.</p>		
<p>10. Although there continues to be improvements, during the course of internal audit work during the year, a number of issues were identified with contract monitoring and management.</p>	<p>Contracts of different sizes are monitored and managed by Officers across the Council. Supporting and enabling Contract Managers to comply and work within the councils Contract Management Framework is an ongoing focus, and performance is improving year on year.</p> <p>Throughout 2018/19, we held a series of learning and development sessions to support and improve the contract management practice across the Council. This included leading Commissioning and Contract Management Working Groups to build the capabilities of the Contract Management Community. In addition, in October 2018, we also held a Commissioning and Contract Management week which included 16 learning and development sessions that were attended by over 350 officers from</p>	<p>The updated Tender and Contracts Regulations provide a stronger focus on quality and how the social, environmental and economic wellbeing of the borough can be enhanced through delivery of each contract.</p> <p>All tenders are submitted via the London Tenders Portal, electronically recorded and stored and contracts are entered into the Council's Contract Register via the Council's e-tendering portal and in accordance with the Local Government Transparency Code. Copies of signed and sealed contracts are uploaded on to the Contract Management System. This includes all relevant documents relating to the contract, e.g. insurance certificates, health and safety, etc.</p> <p>There has been significant progress on monitoring high value contracts via the Balanced Scorecards returned quarterly. Poor performance on contracts are managed by the Contract Managers through the</p>	<p>Executive Director for Resources & Monitoring Officer.</p> <p>Director of Commissioning & Procurement.</p> <p>Cabinet Member for Finance & Resources.</p>

	<p>across the Council.</p> <p>The Contracts Hub was launched in October 2017 and with this we introduced the Contract Management toolkit and the Contract Management Plan (based on National Audit Office good practice). We also began quarterly reporting on Tier one (over £1m per annum) contracts, from October 2017. As a result of this reporting, we have enforced more consistent monitoring, management and oversight of the Councils largest contracts. A similar and proportionate approach is now being implemented for Tier 2 (between £500k and £1m per annum) contracts.</p> <p>The Tenders & Contracts Regulations and Commissioning Framework have been updated to include a stronger emphasis on contract management. The Commissioning Framework lists contract management as one of the Councils key priorities and the Tender and Contract Regulations include a clear role for the Councils Contract and Commissioning Board to hold contract managers to account. These Regulations will form part of the Constitution once they are adopted by Full Council in July 2019. Following on from this, there will an awareness raising exercise across the</p>	<p>development of an Action Plan with providers and maintaining and monitoring an active risk register assessing all risks and contingency measures and business continuity plans. This is presented to Executive Directors to review progress. In October 2019 there was the annual Commissioning & Contract Management Week which provided support, training and workshops to all contract managers on best practice on various topics to improve contract management and reduce risk</p> <p>A formal review process has been applied to all contracts deemed to be High Risk, High Value, or High Profile. For the life of Framework Agreements and DPSs, CCB is updated on performance and awards of contracts accordance with Regulation 28.</p> <p>The updated Tender and Contracts Regulations have changed the buying practices for below £100k spend, providing greater access for local suppliers to quote for works, remove ambiguity around variations & extensions and applying tighter controls and ensuring oversight of significant variations to larger contracts.</p> <p>The Central Buying Team is now operational and manages low value sourcing under £100k. There is work ongoing on monitoring non-compliance through spend analysis</p>	
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	<p>Council which will include roadshows at DLT's and regular communications to staff. There will also be a new Procurement & Contract Management Handbook developed which will be available to all staff and will support the Commissioning Framework and Social Value Policy. This handbook will give more practical tips to contract managers who are involved in contract management.</p> <p>A new Central Buying Team has also been established and will be leading on low value sourcing from the summer 2019. The Council's new financial system will also allow the Central Buying Team to monitor non-compliance with the Tender and Contract Regulations through providing easier access to spend analysis reports. The Central Buying Team will also have responsibility for ensuring officers in the Council are raising requisitions against a contract purchase agreement and where this isn't the case they will be reporting this to DLT's. Plans are afoot to refresh the Contract Management Framework in 2019/2020 to reflect the new practices in contract performance management.</p>	<p>reports as additional data becomes available since My Resources went live. In addition the Central Buying Team review requisitions above £10,000 that are not allocated to a contract to ensure compliance with the TCRs.</p> <p>The facility for purchase requisitions to be raised against contract purchase agreement is in place on My Resources; although there is further work required to encourage more wide spread use across the Council. A list of non-contracted spend (in the form of non-compliant waivers has been compiled for Contracts and Commissioning Board (CCB).</p>	
11. Internal audit work during the year identified a	ADULTS: The Council is implementing a series of new tools (below) that will	ADULTS: The ContrOCC (finance) and Liquid Logic (social care case notes) systems are on	Executive Director / DCS Children's, Families &

<p>number of issues relating to financial management within the adult and children's social care teams.</p>	<p>support financial management departmentally and divisionally.</p> <ul style="list-style-type: none"> • ContrOCC, the finance system that links care and support plans and costs. • MyResources, new tool for Council staff to manage staff establishments, budgets, provider payments and income. • Dynamic purchasing system, the system to procure all future care provision. In developing the strategy for the Dynamic Purchasing System (DPS), there has been close scrutiny of finance and performance data to inform commissioning plans. <p>On monitoring care spend on domiciliary and residential care; the successful implementation of the new adult social care Liquid Logic content management system, and the linked financial system, ContrOCC, will be key drivers to achieve the improved monitoring.</p> <p>Additionally, the adult social care 'cost of care tool' will support the forecasting of future budget requirements through a series of scenario based tests, and set against the know efficiencies</p>	<p>track, and will both play significant roles in enabling financial management to improve. These programmes are being implemented by Croydon Digital Services, and the adult social care senior management team have held a monthly implementation Board with the implementation partner, which as we approach the September launch period, will now move to fortnightly.</p> <p>Budget holders in adult social care are now trained on and regularly using MyResources. Recently agreed, all budget holders will now meet on a monthly basis with the Director of Operations and Director of Integration and Innovation, to review spend and forecasts.</p> <p>DPS 3 Supported Living and Housing Related Support and DPS 1 Home Care, Extra Care and Day are now operational. The application window for DPS 2 Care Homes will be opened in August with call-offs starting in January. The three DPS's will help regulate pricing and quality. A dashboard is being produced to track all placements and packages to be overseen by Directors. Updates on the DPS will be given six monthly to Contracts and Commissioning Board.</p> <p>The social care cost of care tool was developed to measure the impact of demographic growth against a series of variables, to enable a better understanding of</p>	<p>Education.</p> <p>Executive Director / DASS Health, Wellbeing & Adults.</p> <p>Cabinet Member for Children, Young People & Learning.</p> <p>Cabinet Member for Families, Health & Social Care.</p>
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	<p>programme being tracked through the Adapt transformation programme.</p> <p>For Adult Social Care, Internal Audit will also deliver a quarter 2 audit on our forecasting and financial planning.</p> <p>CHILDRENS: We are continuing to experience an increase in demand for Children’s Services, especially in relation to corporate parenting which is leading to the need to invest more financial resources. Finances are reviewed monthly at a departmental level at Senior Leadership Team meetings, at Departmental Leadership Team meetings and then scrutinised by lead Councillor’s at monthly Children’s Improvement Finance meeting before being presented to Cabinet on a quarterly basis.</p> <p>At the monthly Children’s Improvement Finance meetings there is discussion regarding outcomes and performance to ensure the right level of investment is made. Outcomes are closely monitored to ensure value for money.</p> <p>To strengthen budgeting and financial management a new My Finance system (part of Oracle Cloud) has been introduced in May 2019. Finance</p>	<p>what annual growth budget would be required. With a need to deliver significant savings and a reduced budget for 2020/21 and the foreseeable future, this is for the moment, not the right tool to achieve these aims.</p> <p>However, analysis and activity has been delivered to enable savings and cost avoidance to be delivered. As part of the in-year 2019/20 sprint sessions (August 2019), adult social care developed a series of business cases, to deliver additional in-year savings, and savings in 2020/21 (all approved).</p> <p>The Adapt programme was and remains the key adult social care resource to deliver the savings, with assurances presented at the corporate medium term financial strategy Board in 2019/20. Assurances will be presented via the Health Wellbeing and Adults DLT for 2020/21.</p> <p>With COVID 19, those business cases intended to also deliver in 2020/21 have had to be revised, with reduced ability to deliver. The work has been aligned to the 24 corporate workstreams. Links have been made with all workstream leads, and interdependencies have been established with workstreams such as the review of capital spend, fees and charges, review of</p>	
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	<p>training has been provided to budget managers to help support and improve accountably and ownership of budgets going forward.</p>	<p>contracts, and the review of placements and packages.</p> <p>CHILDRENS: Over 2019-20 the implementation of the 'Destination 20201' transformation programme and a relentless focus on improving the quality of practice has led to a reduction in demand for some Children's social care services, with sustained changes in the number of contacts and referrals for services, children subject to child protection plans and legal proceedings with families.</p> <p>To monitor and track the impact on financial management and budget projections a new Financial Management Framework has been agreed, setting out a robust approach to budget management, monitoring and reporting from individual budget holders through to DLT, ELT and elected members to a monthly and quarterly timetable.</p> <p>Divisional accountants are introducing monthly reconciliations with budget holders to ensure that in-month adjustments are accurately captured and inform reliable financial projections.</p> <p>A monthly service check and challenge meeting, chaired by the Executive Director, includes monthly performance, practice quality and finance, to ensure that outcomes</p>	
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		for children and families are closely monitored to ensure value for ,money and effectiveness.	
12. An internal audit conducted during the year on energy recharges identified some significant weaknesses resulting in circa £4M of recharges being outstanding, a significant part of which related to organisation's outside of the council. This resulted in a 'No Assurance' audit report being issued.	The majority of energy usage information has now been received from the suppliers, collated into a site by site basis and reconciled against payments. The implementation of the new financial system allows invoices to be created much more quickly, and work will take place over summer to issue credit notes and new invoices to 3 rd party organisations.	The issues arising from energy recharges and billing has now been resolved with a coding amendment taking place. The schools have been notified and the invoices are being validated as accurate prior to being processed by Facilities Management.	Executive Director for Place. Director of Homes & Social Investment. Cabinet Member for Finance & Resources.
13. Following a change in legislation during 2018, internal audit identified a number of instances where privacy notices relating to the collection of personal data were missing or were no longer fit for purpose. Also noted that agreements with 3 rd parties did not always address this issue adequately.	A General Data Protection Regulation (GDPR) Project Board was established to assist the Council with compliance with the new requirements. This Project Board was active from September 2017 until December 2018. GDPR includes rules on giving privacy information to data subjects as provided under Articles 12, 13 and 14 of the GDPR. As part of the transparency requirements, Notices are required to be made available to inform data subjects as to: <ul style="list-style-type: none"> • how their information will be 	The intranet has now been updated and contains advice and information for services on the requirements of information management and GDPR including the need for Privacy Notices. Internal communications have continued including during the current pandemic to remind staff of their responsibilities in processing and managing data. An overarching corporate Privacy Notice is in place together with service specific Privacy Notices for key services. A review of service specific Privacy Notices has not been undertaken as indicated in July/ Aug 2019 due to the implementation of a new casework	Executive Director for Resources & Monitoring Officer. Director of Law & Governance and Deputy Monitoring Officer. Statutory Data Protection Officer. Cabinet Member for Finance & Resources.

	<p>processed, and</p> <ul style="list-style-type: none"> the legal basis for this processing and their rights (i.e. subject access, right to be forgotten, correction of their information, restricting processing and portability). <p>The Notices also establish a clear understanding of the limits of processing that a data subject can expect, which the Council is required to abide by subject to the reasonable application of any exemptions within GDPR and/or the Data Protection Act 2018.</p> <p>To meet this requirement, a comprehensive Corporate Notice was agreed by the GDPR Project Board and published on 24 May 2018. This was followed by the publication on a rolling basis of a suite of additional service specific notices Privacy Notices, highlighting the particular operational differences that affect the processing of personal data within specific service areas. These Notices are subject to review by relevant service managers to ensure that any changes in processing are recorded within them.</p> <p>An e-learning module was designed and loaded onto the corporate staff</p>	<p>management system for both freedom of information and data protection requests. This audit will now take place by the end of this financial year March 2021. The Legal Team review all service requests for new Privacy Notices.</p> <p>A compulsory GDPR refresher e-learning module is currently being tested, and roll out is planned for September 2020. This refresher will require staff to update themselves on key GDPR areas including the requirements around Privacy Notices. An introduction to GDPR training remains a compulsory requirement for all new starters.</p> <p>Communications specific to Privacy Notices will be included as part of keeping colleagues aware of GDPR legislation, this will be done by end of December 2020.</p> <p>All recommendations required by internal audit have either been implemented or in the most recent reports compliance is in progress. The Information Management Team are supporting relevant services on outstanding recommendations as necessary. Finalised reports continue to be published on the Council's website and are available for public viewing.</p>	
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	<p>electronic learning library (Croydon Learning), to reinforce the key messages and requirements brought about by the move to GDPR. At the final meeting of the GDPR Board held on 6 December 2018 it was reported that 96% of staff had completed the e-learning module. The Information Management (IM) Team are in the process of designing refresher training for staff one year on.</p> <p>Briefing sessions for staff began in January 2018 to provide information on the changes brought about by the introduction of GDPR, key issues for services to consider and the work of the Project Board. These Briefing Sessions, provided an overview of GDPR, and included specific advice around the requirement for Privacy Notices.</p> <p>Intranet guidance and training resources for staff were created and are now co-located in a single location on the Intranet as a GDPR Resources Hub including all guidance, policy documents and communications issued in a single location which also acts as a training resource.</p> <p>An audit of the overarching Privacy Notice, and service specific privacy</p>		
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	<p>notices, will be carried out during July and August 2019, to ensure compliance with the legislation and to encourage services to update all notices necessary on any forms and applications sent on behalf of the Council.</p> <p>Training and communications will continue from the IM team to ensure that services are completing Privacy Notices where necessary. All new Privacy Notices are reviewed by the Council's Legal Team to ensure that they are compliant with GDPR legislation.</p>		
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We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. The Cabinet will also be identifying new ways of addressing the above matters. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed.....

Katherine Kerswell
Interim Chief Executive

Date.....

Signed.....

Tony Newman
Leader of the Council

Date.....