

REPORT TO:	COUNCIL 25 January 2021
SUBJECT:	GOVERNANCE REVIEW IMPLEMENTATION
LEAD OFFICER:	Jacqueline Harris Baker Executive Director of Resources and Monitoring Officer
WARDS:	All
COUNCIL PRIORITIES 2021-2024: <p>The recommendations of the Governance Review support the aim “to become a much more transparent, open and honest Council”. The recommendations detailed in this report, which seek to ensure the most efficient way to implement the findings of the Governance Review, are in keeping with the priority “we will live within our means, balance the books and provide value for money for our residents”.</p>	
FINANCIAL IMPACT: <p>There are no new additional costs arising from the recommendations detailed in this report.</p>	

1. RECOMMENDATIONS

Council is recommended to:

- 1.1 Agree that the implementation of recommendations agreed at Council on 12 October 2020 (Minute No. 125/20 refers), specifically to amend the Constitution to establish Cabinet Member Advisory Committees; to amend the definition of Key Decisions; and to amend the procedure for Council rules, be delayed until the 2021/22 municipal year, subject to appropriate resources and capacity being available in the Council budget 2021/22; and
- 1.2 Note that the delivery of the recommendations of the Governance Review will be managed as part of the Croydon Renewal Improvement Plan as agreed by Council at its meeting on 30 November 2020.

2. EXECUTIVE SUMMARY

- 2.1 This report seeks Council’s approval to delay the introduction of three previously agreed recommendations of the Governance Review until May 2021.

3. BACKGROUND

- 3.1 In March 2020, Council agreed the recommendations detailed in the final report of the Governance Review Panel and subsequently established a cross-party Implementation Working Group to oversee the implementation of those recommendations.

3.2 The first tranche of those recommendations was presented to Council at its meeting on 12 October 2020 and sought approval to:

- i) Introduce Cabinet Member Advisory Committees (CMACs);
- ii) Amend the definition of Key Decisions;
- iii) Introduce a new Forward Plan protocol; and
- iv) Amend the procedure rules for the running Council meetings.

3.3 In agreeing these recommendations, Council agreed that they would be introduced during the period January to May 2021.

4. THE CHANGING CROYDON CONTEXT

4.1 Following the Council meeting held on 12 October 2020, significant issues relating to the Council's financial position, financial governance and overall effectiveness as an organisation have been raised both internally and externally. This has included the issuing of a Report in the Public Interest by the Council's external auditors, which has been fully accepted by the Council, and the Council issuing two Section 114 reports that state that the Council will be unable to balance its budget in 2020/21 or in 2021/22 without external support.

4.2 At its meeting on 30 November 2020, Council agreed a number of recommendations in support of the significant work required to change the Council to one that is efficient and effective within a financially sustainable budget.

4.3 Those recommendations included the submission of a proposal for a capitalisation direction to the Ministry for Housing, Communities and Local Government, which detailed the Croydon Renewal Plan. That plan includes a wide range of actions that the Council will take deliver the significant improvements required and its proposals for financial recovery. The recommendations also included the adoption of new Council Priorities and Ways of Working, which replaced the Council's Corporate Plan 2018-2022, under which the Governance Review had been commissioned.

5. IMPACT UPON DELIVERING GOVERNANCE REVIEW RECOMMENDATIONS

5.1 The scale and scope of the issues facing the Council have inevitably had an impact on its ability to implement the recommendations agreed by Council on 12 October 2020. The focus of the Council's Members and officers has been on the immediate priority of responding to the need to deliver rapid and wide-reaching improvements to the Council's financial governance, financial position and the development and implementation of a long-term recovery plan.

5.2 One of the impacts of the Council issuing two Section 114 reports is that, until such time as the Council is able to balance its budget, expenditure is only permitted on delivering its statutory functions. This has further reduced the capacity available to the Council to support the planned implementation of

those Governance Review recommendations and the Council is not currently permitted to commit the new expenditure that would be required to facilitate their implementation.

- 5.3 To that end, the Council currently does not have capacity or resources to implement the introduction of CMACs, the amendments to the definition of Key Decisions or the amendments to the Procedure Rules for Council meetings from January 2021 as previously agreed.
- 5.4 The implementation of the new forward plan will continue to be delivered as planned between January and May 2021.

6. FUTURE DELIVERY OF GOVERNANCE REVIEW RECOMMENDATIONS

- 6.1 At its meeting on 30 November 2020, Council agreed to the development of the Croydon Renewal Improvement Plan. This plan brings together all of the different strands of work and recommendations from the recent internal and external reviews of the Council and includes the outstanding recommendations from the Governance Review.
- 6.2 The recommendations relating to CMACs, Key Decisions and Council meetings will also be incorporated into the Croydon Renewal Improvement Plan with a view to their implementation in the 2021/22 municipal year.
- 6.3 The Financial Recovery Plan agreed at the 30 November Council meeting also removed the previous budget allocation of £250k per annum for the implementation of Governance Review recommendations and committed the Council to delivering them on a financially neutral basis. Given the current uncertainties regarding the Council's budget for the 2021/22 financial year, Members should also note that delivery of those recommendations will be subject to identifying equivalent savings and the capacity required to facilitate their implementation.

7. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 7.1 The recommendations detailed in the report are in keeping with the Council's current Section 114 financial restrictions and the Financial Recovery Plan.
- 7.2 The delivery of Governance Review recommendations will be on a cost neutral basis by refocusing existing resources onto the growth areas detailed in the recommendations. This approach has enabled a saving of £250k in the 2021/22 budget and an in-year underspend of £202,426 in the current financial year.
- 7.3 A reduction in existing meetings and frequencies will need to be identified to make the recommendations cost neutral and be implemented before the Governance Review recommendations can be implemented without requiring budget growth.

- 7.4 The implementation of the Governance Review recommendations will be subject to funding decisions that will be contained in the 2021/22 Council budget.
- 7.5 Approved by Lisa Taylor, Director of Finance, Investment and Risk and s151 Officer.

8. LEGAL CONSIDERATIONS

- 8.1 The Head of Litigation and Corporate Law comments on behalf of the Council Solicitor and Monitoring Officer that the recommendations of the Governance Review Panel did not propose a formal 'legal' change to the Council's governance model but more a re-positioning of the current model. As a result there are no legal implications arising from the proposed recommendations to defer implementation of the agreed outcomes and for delivery to be managed by the Croydon Renewal Implementation Panel.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of Jacqueline Harris-Baker the Council Solicitor and Monitoring Officer.

9. HUMAN RESOURCES IMPACT

- 9.1 There are no direct implications for LBC workforce as a result of this report.

Approved by: Sue Moorman, Director of Human Resources

10. EQUALITIES IMPACT

- 10.1 The recommendations detailed in this report relate to creating and extending opportunities within the Council's decision making process and there are no equality impacts arising from the report.
- 10.2 Where there are pre-existing issues relating to residents who are unable to access new documentation online, existing Council mitigations will also apply, such as the production of documents in paper format, other formats such as braille or in other languages being made available.
- 10.3 Approved by: Yvonne Okiyo, Equalities Manager

11. DATA PROTECTION IMPLICATIONS

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

- 11.1 There will be no processing of personal data as a direct consequence of this report.

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

- 11.2 As there is no processing of personal data as a direct consequence of this report, completion of a DPIA was not required.
- 11.3 Approved by Jacqueline Harris Baker, Executive Director of Resources and Monitoring Officer.

CONTACT OFFICER: Stephen Rowan, Head of Democratic Services and Scrutiny

BACKGROUND DOCUMENTS: None.