

REPORT TO:	CABINET 12th April 2021
SUBJECT:	Report in the Public Interest Progress Update
LEAD OFFICER:	Asmat Hussain, Interim Executive Director of Resources
CABINET MEMBER:	Councillor Hamida Ali, Leader of the Council
WARDS:	All

COUNCIL PRIORITIES 2020-2024

This covering report provides an overview of the work that has been progressed to achieve the recommendations as set out from the Report in the Public Interest. The Action Plan for the Report in the Public Interest has been incorporated into the Croydon Renewal Plans and represents one of the 11 programmes of work being delivered.

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

FINANCIAL IMPACT

This report will have no direct financial impact on the borough as its focus is on updating against the recommendations as accepted by the Council in November 2020. Some of the recommendations implemented will have an attached financial cost,. This will be included in the costs of the overall improvement plan being developed for the Council and will be reported to Members when these are fully known. This will need to be contained within the existing approved budget for 2021/22.

The external auditor's costs have totaled £65,000 to date.

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

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

1. RECOMMENDATIONS

The Cabinet is recommended to

- 1.1 Note and agree the progress the Council has made in regard to achieving the recommendations set out by external auditor in the Report in the Public Interest (appendix 1) with 35 out of 99 actions complete;
- 1.2 Note that the recommendations as suggested by General Purposes and Audit Committee and the Scrutiny & Overview Committee that were agreed at Cabinet on January 18th have been added to the action plan (appendix 2 and 3);
- 1.3 Agree the refreshed action plan for the recommendations including actions marked complete, new actions and amended deadlines;

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

2. EXECUTIVE SUMMARY

- 2.1 On 23rd October 2020 the Council’s external auditor, Grant Thornton, issued a Report in the Public Interest (RIPI) concerning the Council’s financial position and related governance arrangements. In line with the statutory framework for RIPI, the Council held an Extraordinary Council meeting on 19th November 2020 to discuss the report and the proposed action plan to address it.
- 2.2 The action plan was reviewed by both the Scrutiny and Overview Committee (SOC) and General Purposes and Audit Committee (GPAC). Recommendations from these reviews were approved at Cabinet on the 18th January. This report provides an update on the implementation of all actions contained in the action plan to date including those incorporated following the referenced reviews.
- 2.3 This report also sets out the current approach to reporting in the next financial year. Cabinet is to note the reporting schedule as agreed previously across GPAC, SOC, Cabinet and Council. Additionally, Cabinet should note the ongoing discussions to review this reporting schedule to assess the best approach to provide effective updates to Council members as appropriate whilst limiting duplication.

3. HIGH LEVEL UPDATE ON THE ACTION PLAN

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

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

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

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

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

3.4 Rag Definitions used:

Green - no known blockers to delivery

Amber - blockers to delivery with mitigations in place/planned

Red - blockers to delivery with no resolution identified

4. KEY MILESTONES ACHIEVED SO FAR

4.1 A comprehensive summary of actions taken to date across all recommendations is contained within the refreshed action plan in appendix 1. This section provides some additional details on some of the actions completed.

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

5. FUTRE UPDATES ON THE REPORT IN THE PUBLIC INTEREST

5.1 The RIPI action plan has been incorporated into the wider Croydon Renewal Plan and forms 1 of the 11 programmes of work aiming to support the Council's financial recovery, improve governance arrangements and drive operational improvement. The Croydon Renewal Plan currently consists of nearly 400 recommendations which are to be delivered within the next 5 years.

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

5.3

RIPI Update Report	SOC	Cabinet Date	Council Date	GPAC
Q.1 Update	15 th June	7 th June	5 th July	10 th June
Q.2 Update	7 th Sept	13 th Sept	11 th October	16 th Sept
Q.3 Update	8 th February	24 th January	31 st January	3 rd Feb
Q.4 Update	29 th March	21 st March	28 th March	3 rd March

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

6. CONSULTATION

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

7. PRE-DECISION SCRUTINY

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

8. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

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

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

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

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

9. LEGAL CONSIDERATIONS

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

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

10. HUMAN RESOURCES IMPACT

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

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

11. EQUALITIES IMPACT

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

Approved by: Yvonne Okiyo, Equalities Manager

12. ENVIRONMENTAL IMPACT

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

13. CRIME AND DISORDER REDUCTION IMPACT

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

14. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

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

15. OPTIONS CONSIDERED AND REJECTED

15.1 No other options were considered

16. DATA PROTECTION IMPLICATIONS

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

NO

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

NO, as the report contains no sensitive/personal data

Approved by Elaine Jackson, Assistant Chief Executive

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

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

BACKGROUND DOCUMENTS: None