

REPORT TO:	Cabinet 21 March 2022
SUBJECT:	Report in the Public Interest October 2020 – Quarter 4 Update
LEAD OFFICER:	Jane West, Corporate Director of Resources (Section 151)
CABINET MEMBER:	Cllr Hamida Ali, Leader of the Council
WARDS:	All

SUMMARY OF REPORT:

The report provides an update in response to the Council's Report in the Public Interest October 2020. Of 41 (34 in-progress and 7 returned by internal audit) recommendations remaining open at quarter three, 19 have moved to complete, pending evidence, see appendix 1A.

Of the 99 tasks, 22 recommendations remain in-progress at quarter four, see Appendix 1B. These breakdown as:

58 published as complete Q3 (65 less 7 internal audit marked for further work)*

19 Moved to complete this quarter

22 In-progress

*(44 confirmed complete by internal audit)

Subsequent to feedback from the Scrutiny and Overview Committee, recommendations will not be moved to complete until embedded in the organisation as 'business as usual'.

Updates have been supplied by the relevant Senior Accountable Officer (SAO), against every recommendation.

This report will be presented to Full Council on 21st March, to Scrutiny and Overview Committee on 22nd March and General Purposes and Audit Committee at a date to be confirmed.

COUNCIL PRIORITIES 2020-2024

This covering report provides an overview of the work that has been progressed to achieve the recommendations as set out in the Report in the Public Interest October 2020. It focuses on the actions that have been progressed since the update that went to Cabinet on the 24th January 2022.

The Action Plan for the Report in the Public Interest October 2020 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 responsively 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.

Any costs incurred previously or in the future to deliver the action plan have or will have gone through the Council's existing controls to ensure the expenditure is essential and represents good value for Croydon. Any costs will need to be contained within the existing approved budget for 2021/2022 to ensure Members are sighted.

The external auditor's costs have totalled £98,275 to 30 September 2021.

KEY DECISION REFERENCE NO.: Not a key decision

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

1. RECOMMENDATIONS:

- 1.1 Note and agree on the progress the Council has made in regard to achieving the recommendations set out by external auditor in the Report in the Public Interest October 2020 with 77 out of 99 actions complete;
- 1.2 Note the outcome of internal audit of actions delivered to properly evidence what has been achieved so far, in order to provide full assurance to members and residents on the changes achieved;
- 1.3 Agree the refreshed Action Plan including actions marked complete, progress updates against open actions and identification of actions to be embedded going forward as business as usual.

2. EXECUTIVE SUMMARY

- 2.1 On 23rd October 2020 the Council's external auditor, Grant Thornton, issued a Report in the Public Interest October 2020 (RIPI) concerning the Council's financial position and related governance arrangements. In line with the statutory framework for the 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 April 12th update, approved by Cabinet, provided a comprehensive progress update across all recommendations and also agreed the refreshed

RIPi Action Plan having incorporated views from both the Scrutiny and Overview Committee (SOC) and General Purposes and Audit Committee (GPAC). This was then updated with the first quarterly update which went to Cabinet on the 7th June, GPAC on the 10th June and SOC on the 15th June. This report noted that the Council had completed 55/99 actions in the RIPi Action Plan and provided progress updates against all remaining actions.

- 2.3 This covering report represents the fourth quarterly update. It details progress on 41 actions, including 7 internal audit of actions marked as complete, where it was recommended that further steps were needed to fully embed these actions in the organisation as 'business as usual'.

3. HIGH-LEVEL UPDATE ON THE ACTION PLAN

- 3.1 Tabled immediately below is data on the delivery progress of the 99 RIPi actions, including results from internal audit.

1 Period	2 Number of actions marked complete	3 Actions audited	4 Actions confirmed complete by Internal Audit	5 Actions flagged by Internal Audit for further work	6 Actions outstanding (total of columns 5 & 6)
Q4-Apr 21	35 of 99	-	-	-	64
Q1-Jun 21	55 of 99	-	-	-	44
Q2-Oct 21	62 of 99	35	31	4	41
Q3-Jan 22	65 of 99	51	44	7	34
Q4-Mar 22	77 of 99				22

- 3.2 The Council has delivered a total of 77 actions to date, 19 of which have been reported as complete since the Quarter 3 update to 24th January Cabinet.
- 3.3 The Action Plan recognises that not every action can be marked "complete" and left. In some cases, actions will need to be embedded into business as usual (BAU) processes before being marked complete. Additionally, a number of the actions are representative of aspects of systemic and cultural shifts that will need to be continued going forward to embed sustained positive change and good practice. Some of these actions will remain open as the Council acknowledges that achieving the desired outcome will be a long-term process (e.g. co-creating a working environment that respects and values all our staff and take positive action to ensure that this is the case" LBC 4 – iv). The Council is therefore committed to providing updates in further quarterly reports against these.

- 3.4 Appendix 1a updates progress against the 41 actions that were outstanding at 24th January 2022 Cabinet. Appendix 1b lists all actions reported at 10th February 2022.
- 3.5 The Council recognises it must continue to push to deliver and progress the 22 outstanding actions to ensure momentum is not lost and that the Council's response to the RIPI achieves the critical organisational change necessary.
- 3.6 The table below sets out the actions identified as high priority by the external auditor with a RAG rating.

High Priority Action	Actions Completed/Total Actions	RAG
R1a Children's Social Care	3/5 5 were marked complete in 7 th June Quarter 1 Update	Updates have been provided to GPAC on 25th November 2021, Scrutiny on 18th January 2022, Childrens Continuous Improvement Board on 19th January 2022 and the Corporate Director updates CMT as part of the regular weekly updates.
R1b Adult Social Care	7/9 8 were marked complete in 7 th June Quarter 1 Update	S.151 officer commented on the significant progress made and has requested ASC&H take progress to GPAC to allow this task to be marked as complete.
R2 Adequacy of Council Reserves	4/4	<p><u>Member training</u> - The Local Government Association delivered training to Scrutiny and Overview Committee on 27th October 2021 and to General Purposes and Audit Committee on 22 November 2021.</p> <p>The training offer will be refreshed annually and continually offered to members as BAU going forward. A member induction programme planned for May 2022 will be informed by the RIPI recommendations.</p> <p><u>Assurance to Scrutiny and Overview Committee on budget</u></p>

		<p><u>delivery</u> - Monthly reports are taken to Cabinet and to Scrutiny and Overview Committee. Officers will continue to take monthly in year financial reporting monitor to each meeting of Scrutiny and Overview Committee.</p>
R3 Use of Transformation Funding	0/2	<p>Training on transformation funding is covered in the training provided for members by the Local Government Association (see comment in row immediately above).</p> <p>Budget reports in January / February will include a section on transformation funding to ensure members have a full understanding.</p>
R9 Budget Challenge/Rigour	5/5 – Marked complete in 12 th April Update	
R12 Revolving Investment Fund	3/3 – Marked complete in 12 th April Update	
R14 Treasury Management	2/2– Marked complete in 12 th April Update	
R18 Ongoing investment in Brick by Brick	1/1– Marked complete in 12 th April Update	
R20 Governance of subsidiaries	4/9 (was 0/9 in June Quarter 1 Update)	<p>Following Cabinet approval of the July 26th “Governance of Croydon Council Companies” Paper, The Croydon Companies’ Supervision and Monitoring Panel (CCSMP) has been set up. Its role is to ensure the Council’s strategic and good governance objectives are met across the Council’s subsidiaries.</p> <p>Through the introduction of this Panel, several actions have been</p>

		<p>completed that relate to ensuring good governance mechanisms to monitor and regulate the handling of Council companies have been introduced. The group will continue to deliver against these actions as BAU.</p> <p>The outstanding actions related to constitutional changes and training have been progressed, details of which can be seen in Appendix 1A.</p> <p>The first CCSMP report is expected to be presented to Cabinet in February 2022.</p>
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4. KEY MILESTONES ACHIEVED THIS UPDATE

4.1 A comprehensive summary of actions taken to date across all recommendations is contained within the refreshed action plan in appendix 1a (outstanding actions) and appendix 1b (all actions). This section provides some additional information on key achievements delivered since the Quarter 3 Update to 24th January 2022 Cabinet.

4.2 The Children's Continuous Improvement Plan details the directorate actions to meet the MTFs savings alongside the children's social care service improvement priorities. The latter set out the service actions that will collectively continue to safely manage demand and deliver the required savings over the MTFs.

Progress updates have been regularly provided:

- GPAC on 25th November 2021
- Children and Young People's Scrutiny Committee on 18th January 2022
- A 6 monthly progress report against the plan to the Children's Continuous Improvement Board on 19th January 2022

In addition the Corporate Director continues to inform the Corporate Management Team as part of the regular weekly updates.

4.3 Adult Improvement plan governance updates include; Budget and demand papers to Health and Social Care Scrutiny Sub-Committee:- Budget proposals 21/22 (Jan 21); Autism Strategy (Mar 21); Overview of 21/22 Adults Budget (May 21); Overview of ASC 21/22 Finance Performance (June 21); Overview of the Transitions Service (Sep 21); ASC budget and savings briefing (Nov

21); and, ASC Budget Deep Dive (Jan 22). The last report specifically focussed on (1) impact of reviews; (2) managing demand; and (3) the ASCH Strategy, which the committee gave broad support to, and noted its role in tracking and requiring progress updates moving forward. The ASCH Strategy was approved at Cabinet on 7th February 2022.

S.151 officer commented on the significant progress made and has requested ASC&H take progress to GPAC to allow this task to be marked as complete.

- 4.4 In order to strengthen member oversight of progress in delivering the Council's budget, monthly reports are taken to Cabinet, and Scrutiny and Overview Committee. Officers will continue to take monthly in year financial reporting monitor to each meeting of Scrutiny and Overview Committee.
- 4.5 Transformation funding - The Medium Term Financial Strategy (MTFS) and the Budget Report that were presented to Cabinet and Full Council on 7th March 2022 included a section on transformation funding to ensure members have a full understanding on how the Council intends to use flexible capital receipts to support efficiencies . The Transformation Funding proposals for 2022/23 are included within section 16 in the MTFS and Budget report. . Progress and update report will be done on an annual basis with the first one due in June 2022.
- 4.6 Risk Management - Risk factors are being incorporated into monthly monitoring reports and throughout budget setting process. The level of risk and appetite is being assessed and is being incorporated into the strategy of rebuilding general and earmarked reserves. All new projects will take into account level of all risks and appetite.
- 4.7 The Corporate Risk register has been further developed with monthly review of all corporately rated red risks/financial risks taking place at CMT to ensure top level leadership. All financial risks associated with budget changes are scrutinised via Star Chamber budget setting process. Financial and other risks are outlined in Cabinet reports.
- 4.8 UASC Grant Funding - Report to cabinet on 21 February 2022 on accommodating asylum seekers in Croydon set out the forecast budget pressure for unaccompanied children now over 18 in 2021/22 and the estimated pressure in 2022/23 and 2023/24. Based on these further representations are planned with the DFE, Home Office and DHLUC to address these projected shortfalls.
- 4.9 Subsidiary Governance - Company Director training with the Council's external legal partners was delivered on 1 February 2022. The Croydon Companies Supervision and Monitoring Panel (CCSMP), chaired by Director of Commercial Investment and Property will meet monthly to retain overview over subsidiaries and liaise with the relevant working group dealing with the Council's constitution changes. The Panel provides formal updates to both Cabinet & GPAC/Scrutiny. The CCSMP first report is expected to be

presented to Cabinet in March 2022. The setup of the CCSMP board was formally approved at Cabinet on 26th July 2021. The report provided for the Group Entities that the Council was responsible for along with the Terms of Reference for the Panel.

5. PROGRESS UPDATE ON INTERNAL AUDIT

(This section to be updated on receipt of Internal Audit update)

- 5.1 To provide additional assurance on the delivery of the RIPI Action Plan as reported, internal audit review completed actions to confirm they have been actioned as reported and that, where appropriate, these now form part of the Council's governance framework (see appendix 2). The table at paragraph 3.1 above provide summary data on the outcome of audit investigations to date.
- 5.2 Internal Audit assurance was obtained through a combination of corroborative enquiry, examination of relevant documents (including meeting minutes) and interrogation of computer applications.

6. FUTURE UPDATES ON THE REPORT IN THE PUBLIC INTEREST OCTOBER 2020

- 6.1 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 4-5 years.
- 6.2 Per the action plan (appendix 1a and appendix 1b), quarterly RIPI updates are to be provided to GPAC, SOC, Council and Cabinet. This report will be presented to Full Council on 21st March, to Scrutiny and Overview Committee on 22nd March and General Purposes and Audit Committee at a date to be confirmed.
- 6.3 The dates for the remaining updates this financial year are in the table shown below

RIPI Update Report	SOC	Cabinet Date	Full Council	GPAC
Q.4 Update	22 nd March	21 st March	28 th March	TBC

7.

CONSULTATION

- 7.1 The action plan has been previously reviewed by both GPAC and the SOC who made recommendations to enhance what was being progressed. These changes were approved by Cabinet on 12th April 2021. Services have been directly engaged with to ensure updates were recorded accurately and contained the most up to date information.

8. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 8.1 At 30 September 2021 external auditor's costs totalled £98,275. This is an increase of £33,275 on the amount (£65,000) reported in April 12 Cabinet paper and June Quarter 1 update. The Council agreed a fee of £0.065m with the external auditor in October 2020. Since then there has been further work done by the auditor which will result in additional fees for the Council. These fees are yet to be confirmed and the Council will be doing so before financial year end.
- 8.2 The Council is working to deliver the overarching improvement plan, of which the RIPI action plan forms a key part. Costs will be incurred delivering many of the actions contained within the plan and these will be presented to Members as the Council's Improvement Journey progresses. Any costs will need to be contained within existing budget provisions.
- 8.3 As indicated some of these recommendations have progressed well and the Council has already benefited from improved financial position from these. The reserves balance has improved since start of 2020/21 and as part of our recent monthly financial performance monitor reports we have seen reductions in children and adults social care spend. The Council has a better grip on its finances with Brick by Brick and a large amount of previously Revolving Investment Fund investment is also better managed.

Approved by: Nish Popat, Interim Head of Corporate Finance

9. LEGAL CONSIDERATIONS

- 9.1 The Head of Litigation and Corporate Law comments on behalf of the interim Director of Law and Governance that the Report in the Public Interest October 2020 ("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 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 was agreed together with an Action Plan in response to each of the recommendations. A further recommendation LBC4 was added following additional consultation. 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.
- 9.5 Any additional legal considerations arising from individual work-streams will be assessed as projects and actions come forward.

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

10. HUMAN RESOURCES IMPACT

- 10.1 There are no immediate 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 and the Council's recognised trade unions will be consulted in the usual way before any individual actions from the plan are implemented.

Approved by: Gillian Bevan, Head of HR, Resources and Assistant Chief Executives

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: Denise McCausland, Equalities Manager

14. ENVIRONMENTAL IMPACT

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

15. CRIME AND DISORDER REDUCTION IMPACT

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

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 Richard Ennis; Interim Corporate Director of Resources (Section 151) and Deputy Chief Executive

CONTACT OFFICER:

Anthony Thacker, Business Improvement
Manager, Policy Programmes and
Performance

APPENDICES TO THIS REPORT:

Appendix 1a – Outstanding RIPI Actions
Appendix 1b – All RIPI Actions
Appendix 2 – Internal Audit Results

BACKGROUND DOCUMENTS:

None

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