

REPORT TO:	Cabinet 21 March 2023
SUBJECT:	Action Plan to address the Report in the Public Interest Concerning the Fairfield Halls and related governance arrangements
LEAD OFFICER:	Katherine Kerswell, Chief Executive Jane West, Corporate Director of Resources and Section 151 Officer John Jones, Interim Monitoring Officer
CABINET MEMBER:	Leader of the Council, Councillor Hamida Ali
WARDS:	All

SUMMARY OF REPORT:

This report addresses recommendations 1.8 and 1.9 in the report to the Extraordinary Council meeting of 3rd February 2022 in response to the Report in the Public Interest (RIPI). The improvement action plan has been considered and reviewed by both the Scrutiny & Overview Committee and the General Purposes & Audit Committee. Both committees have supported the action plan and have made recommendations for improvements.

FINANCIAL IMPACT:

There are no direct financial implications that will arise as a result of this report and the recommendations put forward by the two committees. Delivering on the recommendations forms part of improved way of working within the organisation and therefore costs for this are included within current budget provision.

KEY DECISION REFERENCE NO.:

There are no key decisions contained in this report.

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

RECOMMENDATIONS:

The Cabinet is asked to:

- i) Consider the amendments to the RIPI action plan recommended by the Scrutiny & Overview Committee as detailed in paragraph 2.4 of the report;
- ii) Consider the amendments to the RIPI action plan recommended by the General Purposes & Audit Committee as detailed in paragraph 2.6 of the report;

- iii) Agree that the action plan (Appendix 1) should be updated accordingly; and
- iv) Note that in accordance with the resolution of Council on 3rd February 2022, progress on the implementation of the external auditor's recommendations will be reported to Cabinet, alongside the General Purposes & Audit Committee, the Scrutiny & Overview Committee and Council, as part of the existing quarterly Croydon Renewal Improvement Plan update reports.

1. BACKGROUND

- 1.1 On 26 January 2022, the Council's external auditor, Grant Thornton, issued a Report in the Public Interest (RIPI) concerning the refurbishment of the Fairfield Halls and related governance arrangements. In line with the statutory framework for such reports, the Council held an Extraordinary Council meeting on 3 February 2022 to discuss the report and the proposed action plan (Appendix 1) to address it.
- 1.2 At the Extraordinary Council meeting the action plan and a number of recommendations were agreed. This report addresses recommendations 1.8 and 1.9 as follows:
 - 1.8 *Agree that the action plan be presented to both the General Purposes & Audit Committee and the Scrutiny & Overview Committee at their next meetings to consider and review the plan from their differing constitutional positions and report any feedback to Cabinet.*
 - 1.9 *Request that Cabinet receives a report that includes any feedback on the action plan from the Scrutiny & Overview Committee and the General Purposes & Audit Committee and provides further detail on the delivery of the Action Plan, including the anticipated costs of implementing the recommendations;*

2. CONSULTATION WITH THE SCRUTINY & OVERVIEW COMMITTEE AND THE GENERAL PURPOSES & AUDIT COMMITTEE

- 2.1 As requested by Council, the Scrutiny & Overview Committee considered the action plan at its meeting on Tuesday 1 March 2022 and the General Purposes & Audit Committee at its meeting on Thursday 3 March 2022.
- 2.2 The feedback from those committees is detailed below.

Feedback from the Scrutiny & Overview Committee

- 2.3 At its meeting on 1 March, the Scrutiny & Overview Committee reached seven conclusions on the action plan as follows:

- i) The Committee was reasonably happy that the content of the action plan addressed the recommendations raised in the Report in the Public Interest;
- ii) Time would need to be set aside in the scrutiny work programme in the forthcoming year to review the delivery of the action plan and where appropriate to test progress made;
- iii) Given the reference in the Report in the Public Interest to the Scrutiny and Overview Committee not being presented with the complete information when it had reviewed progress on the refurbishment of Fairfield Halls, there was a need to reflect the requirement of Scrutiny to be able access information to conduct its work effectively;
- iv) Although it was accepted that any decision would be made on a case-by-case basis, there needed to be scope for Scrutiny to undertake site visits on major projects where appropriate;
- v) There was recognition that the Council delivered a wide range of projects and as such there needed to be a reporting framework that could be tailored to projects of varying scale and also took account of projects not being delivered directly by the Council;
- vi) The commitment towards staff training to embed new processes across the Council was welcomed by the Committee; and
- vii) It was agreed that processes arising from the Report in the Public Interest and the wider Croydon Renewal Plan needed to be reflected in the forthcoming Workforce Strategy.

2.4 Having reached the above conclusions, the Scrutiny & Overview Committee resolved to recommend to Cabinet the addition of two further actions to the plan as follows:

- i) Action 1.4 should be expanded to make reference to the ability of Scrutiny to access information, with the following wording suggested for the consideration of Cabinet:-

'Progress reports on the delivery of major projects to Cabinet will also incorporate an assurance section that the requirements are to ensure the arrangements are lawful and have been met e.g. contracts signed, land correctly transferred etc prior to committing the Council contractually. These reports will also be available to the Scrutiny and Overview Committee in order to enable them to fully scrutinise the delivery of major projects based on the same full suite of information

that is available to the Cabinet Members. These requirements will also be included in the new guide.'

- ii) The action plan needed to reflect that future project governance should be reflective of the scale of each project, with an appropriate level of monitoring, reporting and resource allocated.

Feedback from the General Purposes & Audit Committee

2.5 In considering the action plan, the Committee raised a number of issues that weren't immediately related to the recommendations that had been made by the external auditors. The conclusions of the committee on these issues were as follows:

- i) That the Committee should be updated on the outcome of the assessment being undertaken by specialist fraud investigators in relation to the refurbishment project. The outcome of this assessment would enable the Committee to determine if it should recommend any further additions to the action plan.
- ii) That the Committee would welcome feedback on whether it would be beneficial for the Council to also:
 - a. Undertake a technical construction review of the refurbishment works to identify any lessons that can be learned for future large scale construction projects; and
 - b. Undertake a review of the value of the work that had been carried out on the Halls in comparison to the amount of money that had actually been spent on the refurbishment.
- iii) That the Committee would welcome steps being taken by the Council to ensure that Members are both aware of the formal processes available to them to raise and lodge issues and also that those Members are confident in using those processes.

2.6 The Committee resolved to recommend to Cabinet one additional action to the plan as follows:

- i) That in relation to actions 2.1 and 4.1, in addition to the reviews of contract processes and third-party payment processes, the Council takes further action to enhance and ensure compliance with these processes.

3. NEXT STEPS

3.1 Cabinet is asked to consider the additional actions recommended by the two committees. If agreed, the action plan will be updated to reflect the changes and incorporate into the Croydon Renewal Improvement Plan for delivery.

- 3.2 Progress on the implementation of the plan will be reported as part of the quarterly reports to Cabinet on the delivery of the Croydon Renewal Improvement Plan.
- 3.3 As with the action plan relating to the previous RIPI relating to the Council's financial governance, progress against actions in this plan will be monitored, tested and reported upon by the Council's internal audit team.

4. CONSULTATION

- 4.1 The recommendations attached to this report are the product of discussions by both the Scrutiny & Overview Committee and the General Purposes & Audit Committee as requested by the Council at its Extraordinary meeting on 3 February 2022.

5. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 5.1 To ensure that the action plan to address the issues raised by the external auditor's Report in the Public Interest are addressed as promptly and effectively as practical and to support the Council's financial governance improvement journey.

6. OPTIONS CONSIDERED AND REJECTED

- 6.1 None.

7. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 7.1 There are no direct financial implications that will arise as a result of this report and the recommendations put forward by the two committees. Delivering on the recommendations forms part of improved way of working within the organisation and therefore costs for this are included within current budget provision.

Approved by: Nish Popat – Interim Head of Corporate Finance

8. LEGAL CONSIDERATIONS

- 8.1 The Head of Litigation and Corporate Law comments on behalf of the interim Director of Legal Services that the Report in the Public Interest ("the Report") concerning the refurbishment of Fairfield Halls dated 26 January 2022 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.

- 8.2 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. Paragraph 7 goes on to provide that the authority's functions under paragraph 5 are not to be the responsibility of the executive. 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 approved by the external auditor.
- 8.3 The Report was considered at the Council meeting on 3 February 2022 when all of the Report's findings and recommendations were agreed.
- 8.4 At the same meeting the Council also considered the Chief Finance Officer's report issued under section 114(2)(a) of the Local Government Finance Act 1988 and also the Monitoring Officer's report issued under section 5 of the Local Government and Housing Act 1989 together with the recommendations of the two statutory officers which were also agreed by the Council at the extraordinary meeting on 3 February 2022.
- 8.5 An Action Plan in response to the recommendations of the external auditor, the Chief Finance Officer and the Monitoring Officer was agreed by the Council at its meeting on 3 February 2022.
- 8.6 At the time of writing this report, all of the relevant requirements of the Act have been complied with and the purpose of this report is to update the Action Plan and provide a progress report as to delivery.

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

9. HUMAN RESOURCES IMPACT

- 9.1 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 governance 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.
- 9.2 Human resources impacts will be appropriately reported to the relevant decision-making bodies as individual actions from the plan are implemented.

Approved by: Dean Shoemith, Chief People Officer

10. EQUALITIES IMPACT

- 10.1 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 governance and it is inevitable that this will ultimately impact on the Council's workforce and the communities it serves.
- 10.2 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.
- 10.3 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.
- 10.4 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: Barbara Grant, Programme Manager, on Behalf of Denise McCausland, Equality Programme Manager.

11 ENVIRONMENTAL IMPACT

- 11.1 None

12 CRIME AND DISORDER REDUCTION IMPACT

- 12.1 None

13. DATA PROTECTION IMPLICATIONS

- 13.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

13.2 The report author comments that the recommendations of this report do not involve the processing of personal data and as such, there are no data protection implications arising from this report.

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

APPENDICES TO THIS REPORT:

Appendix 1 – Action Plan in response to the Report in the Public Interest

BACKGROUND DOCUMENTS – LOCAL GOVERNMENT ACT 1972

None.