

LONDON BOROUGH OF CROYDON

REPORT:	AUDIT AND GOVERNANCE COMMITTEE	
DATE OF DECISION	1st FEBRUARY 2024	
REPORT TITLE:	UPDATE ON THE ANNUAL GOVERNANCE STATEMENT 2022/23 ACTION PLAN	
CORPORATE DIRECTOR / DIRECTOR:	STEPHEN LAWRENCE-ORUMWENSE DIRECTOR OF LEGAL SERVICES & MONITORING OFFICER JANE WEST CORPORATE DIRECTOR OF RESOURCES	
LEAD OFFICER:	STEPHEN LAWRENCE-ORUMWENSE DIRECTOR OF LEGAL SERVICES & MONITORING OFFICER	
LEAD MEMBER:	CLLR JASON CUMMINGS LEAD MEMBER FOR RESOURCES	
DECISION TAKER:	N/A	
AUTHORITY TO TAKE DECISION:	N/A	
KEY DECISION? [Insert Ref. Number if a Key Decision]	No	REASON: N/A
CONTAINS EXEMPT INFORMATION?	NO	
WARDS AFFECTED:	N/A	

1 SUMMARY OF REPORT

- 1.1 For the year 2022/23, the Council through its Annual Governance Statement, conducted a review of the effectiveness of its systems of internal control and developed an Action Plan to address the improvements required. This report provides an update on the progress with the Action Plan with a particular focus on financial management, information management, procurement and contract management and the recommendations in the Report in the Public Interest on the refurbishment of Fairfield Hall.

2 RECOMMENDATIONS

- 2.1 The Committee is asked to consider and comment on the Annual Government Statement (AGS) 2022/23 Action Plan Update which is attached as Appendix 1.

3 REASONS FOR RECOMMENDATIONS

- 3.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and the proper standards of good governance. The recommendation provides an update on the progress made on the improvement identified in the Council's governance arrangement.
- 3.2 The Committee is responsible for reviewing and monitoring the effectiveness of the Council's governance, risk and systems of internal controls and the implementation of agreed actions. The recommendation provides an opportunity for the Committee to review and comment on progress made in the areas identified for action.

4 BACKGROUND AND DETAILS

- 4.1 The AGS 2022/23 acknowledge that the Council has an effective decision-making and internal control arrangement designed to ensure the highest standards of good governance. The Council's governance structures at Member level (i.e., Full Council, Executive Mayor and Cabinet, Scrutiny and Overview, Ethics, Audit and Governance and other Committees), and at Officers level (i.e., Chief Executive, Corporate Management Team, Directorate Management Teams, Internal Control Boards, Transformation Boards and Statutory Officers), and the accompanying governance documents are effective. They make certain the Council conducts its business in accordance with the law and that public money is properly accounted for, as the Council work to achieve the best outcomes for residents within the resources it has.
- 4.2 The AGS also acknowledge that during 2022/23 the failings in previous years (2021/22 and 2020/21) were fully analysed as part of the Opening the Books programme which revealed in great depth that the Council continues to face serious and fundamental challenges with its finances, that culminated in the Secretary of State statutory intervention and Directions. The Council's governance arrangements are fit to deal with the expectations arising from the SoS Directions and other improvements required. An Action Plan was developed for 2023/24 to address the gaps in governance identified in the AGS. The key themes for action were financial management, capital programmes and projects, housing, health and safety, strengthening governance framework, information management, procurement and contract management, outstanding recommendations arising from the Report in the Public Interest (RIPI 2) relating to the refurbishment of Fairfield Hall and the implementation of the Exit Strategy Action to comply with the Secretary of State Directions.
- 4.3 Some key points to note are: a) there is overlap between the themes for governance improvements in the AGS and the Exit Strategy; b) most of the improvements required or deliverables are over 1- 2 years periods; c) and therefore, spans 2023/24 and 2024/25 annual governance reviews and statements.

- 4.4 Attached at Appendix 1 is a table with an update on the progress the 2022/23 AGS Action Plan. The key highlights are:
- a) Financial Management: The action taken to date and proposed to implement the recommendations of the External Auditors Section 24 Statutory Recommendations and the Interim Report for the financial years 2019 – 22 Recommendations. There has been considerable progress on the action plan to meet the External Auditors recommendations.
 - b) Capital Projects and Programmes: The framework is in place for the management and monitoring of capital projects through the Capital Internal Control Board and the reporting arrangement to Cabinet through the monthly Financial Performance Report.
 - c) Housing Improvements: The Housing Transformation Programme continues to deliver against the milestone agreed with the Regulator for Social Housing and include arrangements for repairs to improve on the condition of housing stock and homelessness prevention model.
 - d) Strengthen Governance Framework through the ongoing review of the Constitution and an updated Directorate Scheme of Delegation that sets out the arrangements for the discharge of their respective functions.
 - e) Information Management: Following the Enforcement Notice issued by the Information Commissioners Office (ICO) in June 2023, considerable progress has been made in dealing with the backlog in subject access and freedom of information act requests to the satisfaction of the ICO. There has been additional staffing resource deployed, training provided, regular reports on and oversight of performance through the Information Management Internal Control Board and Corporate Management Team.
 - f) Officer Induction Programme: The relaunch of the online corporate induction programme and the new People and Cultural Transformation Plan.
 - g) Procurement and Contract Management. The Procurement Improvement Plan that is bench against the LGA National Procurement Strategy.
 - h) The RIPI 2 Recommendations. With the significant progress made in completing the actions arising from the recommendations, the Council will now be taking steps to reassure itself that the learning arising from the recommendations are now fully embedded. The following actions are planned for January to March 2024: a) A stakeholder group of officers' from Finance, Legal, Property, Procurement, Democratic Services and Capital Programme are to hold a lessons learnt session that includes an insight into current practice and any further changes required; and b) Presentation on lessons learnt and changes in practice to be taking to Capital Internal Control Board, Housing Transformation Board, CMT, Directors and Heads of Service Meeting; and Statutory Officers Group. This is to ensure wider dissemination of the lessons learnt and the improvements made.

- i) The Exit Strategy Action covers the following themes: Governance, Culture and Leadership, Financial Strategy, Service Performance: CYPE; ASCH; and Housing, and Capability & Capacity to Improve. A delivery tracker has been developed to monitor progress against all 177 actions in the Exit Strategy. Progress is reviewed regularly by DMT's and at CMT on a bi-monthly basis. Most of the actions due March 2024 are complete or on track to be completed.

5. ALTERNATIVE OPTIONS CONSIDERED

Not applicable.

6. CONSULTATION

6.1 Not applicable.

7. CONTRIBUTION TO COUNCIL PRIORITIES

7.1 The AGS and Action Plan aligns with the Mayor's Business Plan 2022-26 "Outcome 1: The Council balances its books, listens to residents and delivers good sustainable services" and "Priority 4: Ensure good governance is embedded and adopt best practice".

8. IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS

8.1.1 There are no financial implications arising from the recommendation in the report.

8.2 LEGAL IMPLICATIONS

8.2.1 There are no legal implications arising from the recommendation. However, the actions identified in the AGS Action Plan are fundamental to the delivery of a robust and effective governance arrangement and compliance with the various legal obligations. The Committee is responsible for monitoring progress in addressing governance risk related issues, the effectiveness of internal controls and the implementation of agreed action.

8.3 EQUALITIES IMPLICATIONS

8.3.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advance equality of opportunity between people who share those protected characteristics and people who do not.
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex, and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

There are no equalities implications arising from the recommendation in the report. However, the Council has had due regard to its obligations under the Equality Act.

9 APPENDICES

Appendix 1 Annual Governance Statement 2022/23 Action Plan and Progress Update

Appendix 2 RIPI 2 Action Plan and Progress Update

10 BACKGROUND DOCUMENTS

N/A