

General Purposes & Audit Committee Agenda



To: Councillor Karen Jewitt (Chair)
Councillor Joy Prince (Vice-Chair)
Councillors Pat Clouder, Bernadette Khan, Mary Croos, Stephen Mann,
Jan Buttinger, Oni Oviri, Stuart Millson, Steve Hollands, Muffaddal Kapasi
and Nousheen Hassan

Reserve Members: Clive Fraser, David Wood, Jamie Audsley,
Sherwan Chowdhury, Patsy Cummings, Toni Letts, Jason Cummings,
Badsha Quadir, Ian Parker and Simon Brew

A meeting of the **General Purposes & Audit Committee** which you are hereby summoned to attend, will be held on **Monday, 13 January 2020** at **6.30 pm** in **Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX**

JACQUELINE HARRIS-BAKER
Council Solicitor and Monitoring Officer
London Borough of Croydon
Bernard Weatherill House
8 Mint Walk, Croydon CR0 1EA

Michelle Gerning
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www.croydon.gov.uk/meetings
Friday, 3 January 2020

Members of the public are welcome to attend this meeting.
If you require any assistance, please contact the person detailed above, on the righthand side.

N.B This meeting will be paperless. The agenda can be accessed online at www.croydon.gov.uk/meetings

AGENDA – PART A

1. Apologies for Absence

To receive any apologies for absence from any members of the Committee.

2. Minutes of the Previous Meeting (Pages 5 - 12)

To approve the minutes of the meeting held on Wednesday 9 October 2019 as an accurate record.

3. Disclosure of Interests

In accordance with the Council's Code of Conduct and the statutory provisions of the Localism Act, Members and co-opted Members of the Council are reminded that it is a requirement to register disclosable pecuniary interests (DPIs) and gifts and hospitality to the value of which exceeds £50 or multiple gifts and/or instances of hospitality with a cumulative value of £50 or more when received from a single donor within a rolling twelve month period. In addition, Members and co-opted Members are reminded that unless their disclosable pecuniary interest is registered on the register of interests or is the subject of a pending notification to the Monitoring Officer, they are required to disclose those disclosable pecuniary interests at the meeting. This should be done by completing the Disclosure of Interest form and handing it to the Democratic Services representative at the start of the meeting. The Chair will then invite Members to make their disclosure orally at the commencement of Agenda item 3. Completed disclosure forms will be provided to the Monitoring Officer for inclusion on the Register of Members' Interests.

4. Urgent Business (if any)

To receive notice of any business not on the agenda which in the opinion of the Chair, by reason of special circumstances, be considered as a matter of urgency.

5. Grant Thornton Reports - Annual Audit Findings (Pages 13 - 20)

This report is to inform the General Purposes and Audit Committee that the 2018/19 audit undertaken by Grant Thornton has been completed and the audit certificate has been issued and published on the Council's website with the Statement of Accounts.

6. Internal Audit Update Report (Pages 21 - 42)

This report details the work completed by Internal Audit so far during 2019/20 and the progress made in implementing recommendations from audits completed in previous years.

7. Anti-Fraud Update Report (Pages 43 - 48)

This report details the performance of the Council's Corporate Anti-Fraud Team (CAFT) and includes details of the team's performance together with an update on developments during the period 1 April 2019 – 30 November 2019.

8. Corporate Risk Register (Pages 49 - 74)

The report updates the General Purposes & Audit Committee Members on the corporate risk register (the register) as at 13 January 2020.

9. Update on In-Year appointments (Pages 75 - 76)

This report updates Members on a number of in-year appointments made either by the Leader of the Council under executive powers or by the Council Solicitor under delegated powers since the last meeting of the Committee.

10. Exclusion of Public and Press

The following motion is to be moved and seconded where it is proposed to exclude the press and public from the remainder of a meeting:

“That, under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended.”

PART B

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General Purposes & Audit Committee

Meeting of held on Wednesday, 9 October 2019 at 6.30 pm in Council Chamber, Town Hall,
Katharine Street, Croydon CR0 1NX

MINUTES

Present: Councillor Karen Jewitt (Chair);
Councillor Joy Prince (Vice-Chair);
Councillors Pat Clouder, Bernadette Khan, Mary Croos, Stephen Mann,
Jan Buttinger, Stuart Millson and Steve Hollands

Also Present: Nigel Cook, Head of Treasury and Pensions
Malcolm Davies, Head of Risk & CPO
Hannah Musk, Investigations Team Leader
Simon Maddocks, Head of Internal Audit
Lisa Taylor, Director of Finance, Investment and Risk (Section 151 Officer)
Sarah Ironmonger and Matthew Dean, Grant Thornton (agenda items 33/34)

Apologies: Councillor Oni Oviri Nousheen Hassan (Co-optee)

PART A

30/19 **Minutes of the Previous Meeting**

The minutes of the meetings held on 11 and 23 July 2019 were agreed as an accurate record.

31/19 **Disclosure of Interests**

There were no disclosures of interests.

32/19 **Urgent Business (if any)**

There were no items of urgent business.

33/19 **Grant Thornton Report on the Value for Money Conclusion**

The report on the Value for Money Conclusion was introduced by the Grant Thornton Director. This focused on two risks: 1) ongoing financial stability and 2) the OFSTED inspection of Children's Services.

Ongoing Financial Stability

The overspend in the Dedicated Schools Grant (DSG) was highlighted as having an impact on reserves which was not sustainable, requiring a recovery plan schedule. This was being further exacerbated by the gap in funding for Unaccompanied Asylum Seeking Children (UASC).

Ongoing pressures linked to low reserves were limiting the ability to manage the budget which it was noted assumed no impact from overspends in previous years.

OFSTED Inspection of Children's Services

Whilst the good progress being demonstrated through monitoring visits was noted, until the OFSTED reinspection had taken place, Grant Thornton's qualification of the Council's Value for Money Conclusion had to remain in place.

It was explained that Grant Thornton had given an adverse conclusion because of the reduced level of reserves and Children's Services remaining under an 'Inadequate' OFSTED rating. It was advised that there was a need to focus on managing the overspend in the DSG and increasing the general fund reserves. It was noted that Croydon had the lowest general fund and earmarked general fund reserves (excluding schools) as a percentage of net service revenue expenditure when benchmarked against all other London Councils. Against this it was noted that Croydon had a high level of business rate collection and that management had responded well to all the issues.

In response to Member questions, it was clarified that:

- i. The budget needed to consider spending plans and the use of reserves based on what was considered sustainable. Grant Thornton stressed that the approach being taken was not sustainable;
- ii. Whilst reserves were used towards the end of the 2018/19 financial year in anticipation of the collection of rates, they had been repaid at the start of the 2019/20 financial year;
- iii. The DSG overspend was a historic deficit. As required, a recovery plan had been submitted to the Department for Education (DfE) and this had been reviewed through the scrutiny process. Additionally, the Government's Spending Review in September 2019 recognised the impact of the high needs block on the DSG with additional Government funding being put in place; this was estimated to be £5m a year over and above the budget submitted in the recovery plan to the DfE;
- iv. It was agreed that the level of reserves should ideally be greater. The impact of inadequate funding from the Home Office over three years for UASC was noted. This was valued at around £20m. If this was addressed, this would fundamentally change the Council's financial position. It was described how work was already underway through the Medium Term Financial Strategy to deliver a budget that would gradually rebuild reserves over three years despite additional pressures;

- v. It was described how the overspend in the DSG was being addressed by working with schools to reduce the costs of high needs. The example of the new Special Educational Needs school that was being built was given; this would reduce costs as well as provide better opportunities for young people. Additionally, a lot of work was happening to reduce costs in year alongside cross party lobbying of Government to address the UASC funding gap;
- vi. Clarification on the additional funding for the high needs block within the DSG announced as part of the Government's Spending Review in September 2019 would be provided in the settlement announcement anticipated in December 2019. The figure of an additional £5m of funding was calculated based on estimates;
- vii. The scale of the shortfall in UASC funding had increased over the last 2 - 3 years. Previously, the Council had received a gateway payment valued at £6m. This had been replaced by an increased daily payment valued at half a million pounds. Therefore, this was a fundamentally different situation. It was described how the situation was being proactively managed but that this would change significantly if a fair settlement was provided. However, it was not being assumed that this would happen. Therefore, the DSG and the high needs block was being taken into account in budget planning; the budget was determined on realistic assumptions;
- viii. *Brexit* was described as one of the major unknowns in the budget which was reflected in the risk register. Other unknowns were also acknowledged such as the impact of the Green Paper on social care integration. It was described how the budget was being refreshed on an ongoing basis, with proactive management resulting in planning for different scenarios; and
- ix. A dividend from *Brick by Brick* was assumed in the 2019/20 and subsequent budgets resulting from the sale of properties. These assumptions were described as prudent. It was also noted that there would be a benefit from the provision of more affordable homes reducing the financial pressures arising from homelessness.

Officers committed to provide additional information to Members outside of the meeting on projected UASC numbers against actual figures and the corresponding budget figures. Members noted that they would retain their focus on reserves and the UASC funding gap to ensure both were being addressed.

RESOLVED: The Committee AGREED to note the report.

34/19 **Grant Thornton - Annual Audit Letter**

The report was introduced by the Grant Thornton Director who highlighted the executive summary on page 23 of the agenda pack. It was noted that a Value for Money certificate had been issued but that there remained work to do on the Pension Fund Annual Report. It was anticipated that this would be completed soon.

RESOLVED: The Committee AGREED to note the report.

35/19

Treasury Management Strategy Statement and Annual Investment Strategy - Mid-Year Review 2019/20

The report was introduced by the Head of Treasury and Pensions. It was noted that this provided a briefing midway through the year on the background economic situation, lending rates, annual investment strategy and increased borrowing limits as agreed by Council in October 2019. The request for the Committee to recommend the revised lending list criteria to Council was highlighted.

The following motion was moved and seconded to exclude the press and public from the meeting:

“That, under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended.”

It was explained that the information provided on potential banks to which the Council could lend funds had increased following advice from the National Audit Office as a result of the financial crisis. Details were provided of banks to which the Council might lend and for how long without taking on undue risk. This was seen as a key tool that sat alongside non-specified and specified investment lists.

In response to Member questions, it was clarified that:

- i. Council had approved £120m of additional borrowing which would be loaned for the period it was not used. This was anticipated to be between one/two months for up to two years;
- ii. Whilst the lender list was updated every seven days, it was only one of many tools available for treasury management. This reflected the approach taken in the private sector, providing a dynamic and sophisticated process; and
- iii. It was explained that decisions to lend were based on factors such as governance arrangements, track record and whether or not support was provided by the national Government for the banking sector in which each bank being considered was located.

The Committee returned to public session at the end of its discussions.

RESOLVED: the Committee AGREED the recommendations to:

- i. Note the contents of the report; and
- ii. Recommend to Council the adoption of revised lending list criteria as follows:

Specified investments:

- AAA rated money market funds - limit £20m
- Debt Management Office – no limit
- Royal Bank of Scotland – limit £25m

Non-specified investments:

- All institutions included on Link Asset Services' weekly "Suggested Credit List" (the Council's independent treasury advisors) – limit £10m
- All UK local authorities – limit £10m
- Duration to be determined by the "Suggested Credit List" of Link Asset Services

36/19 Internal Audit Update Report

The report was introduced by the Head of Internal Audit who noted this was a regular update covering the period from 1 April to the end of August 2019. However, this did not comprise enough activity to establish the assurance level. The performance on the implementation of audit recommendations against the published targets as detailed in the report was highlighted.

The number of draft reports produced by the end of August 2019 was down on the same point last year but was in part explained by the late running of Committee meetings in 2019/20. A verbal update on performance was provided to the end of September 2019 which showed progress in performance.

In response to Member questions, it was clarified that:

- i. It was not possible to specify the average time taken between a draft audit report being issued and this being finalised. Whilst some could be closed within a few days of being issued others were more complex and could take months (although it was noted this was the minority). It was explained that some reports have challenging findings;
- ii. Performance against targets for the implementation of recommendations would continue to improve over time. This reflected that some recommendations needed more time than others to implement. It was explained that some reports from the previous year were still waiting to be finalised and issued; and
- iii. The involvement of the Head of Internal Audit in the audit process was detailed. It was explained how Mazars was commissioned and drafted a terms of reference for approval by the Head of Internal Audit. Draft and then final reports were also reviewed by the Head of Internal Audit prior to being issued. Any issues that were identified during the field work were subject to discussion with the Head of Internal Audit.

RESOLVED: The Committee AGREED to note the report for Internal Audit for April to August 2019.

37/19 **Anti-Fraud Update Report**

The report was introduced by the Investigations Team Leader. Table 2 on page 63 of the agenda pack providing a breakdown of outcomes from 1 April to 31 August 2019 was highlighted. It was noted that performance was broadly on target.

Work on Blue Badge abuse was specifically emphasised. Six cases were noted with three having secured guilty judgements with the award of fines and costs. Three warrants had been issued due to a failure to attend at court with another case set for trial in November 2019. A further three cases were not yet in the system.

In response to Member questions, it was clarified:

- The award of costs in cases of Blue Badge abuse was for a nominal figure only (£200); and
- The investigations team comprises 8.7 staff at fulltime equivalent. All were fully qualified. The discrepancy was a drafting error.

RESOLVED: the Committee AGREED to note the report on anti-fraud activity from 1 April to 31 August 2019.

38/19 **Corporate Risk Register**

The report was introduced by the Head of Risk & CPO. It was explained that this was the regular risk management report and since it was last presented at Committee, no risk had been escalated or de-escalated. There were ten risks rated red including the financial strategy, *Brexit* and funding for UASC.

Officers committed to provide Members with information on when the risk related to schools in deficit was moved into the red category. (This was checked after the meeting and found to be January 2018.)

In response to Member questions, it was clarified that:

- i. The Social Care market had been categorised as red for some time. This was to reflect the risks to market supply which could arise from suppliers going out of business or merging. This was a national risk. Officer experience in minimising disruption to residents where suppliers fail was noted. The National Audit Office and Local Government Association reports on social care funding were noted along with their shared conclusion that this was not sufficient;
- ii. SEN budgets: Action being taken to reduce the costs of the extra needs block was noted. This included the expansion of special schools and the additional provision being developed. The new free school being developed would provide another 150 places for students with

moderate to severe autism. Additionally, a programme for working with mainstream schools to support those with Education, Health and Care Plans was highlighted. It was noted that whilst these approaches had financial benefits they also had better outcomes for adulthood;

- iii. SEN budgets: It was reported that work was ongoing to make early intervention a current control for risks around complex needs. This required time and care to implement and therefore a cautious approach was being taken; and
- iv. *Brexit*: It was noted that the potential risk to unemployment and any resulting impact on demand for Council services was included in the comment regarding the potential impact of *Brexit* on the UK's economic performance.

RESOLVED: the Committee AGREED to note the contents of the corporate risk register as at October 2019.

39/19 **Council Meeting Dates 2020/21**

Members highlighted the difficulty of meetings being held during school holidays on weeks where there was also a public bank holiday. The Planning Meeting scheduled for 28 May 2020 was provided as an example. Encouragement was given that this situation be avoided where possible.

RESOLVED: The Committee AGREED the recommendations:

- i. Agreed on behalf of the Council the schedule of Full Council meeting dates for 2020/21 as detailed in paragraph 3.2 of the report;
- ii. Noted the schedule of Cabinet meeting dates for 2020/21 as detailed in paragraph 3.3 of the report (noting the correct date for the Cabinet meeting on 14 December 2020); and
- iii. Noted the proposed schedule of remaining meeting dates for 2020/21 as detailed in Appendix 1.

40/19 **Exclusion of Public and Press**

The following item was not required.

41/19 **Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review 2019/2020 - Appendix E**

The discussion was as noted in item 35/19.

The meeting ended at 7.52 pm

Signed:

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Date:

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Agenda Item 5

REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 13 th January 2020
SUBJECT:	CLOSURE OF 2018/19 AUDIT
LEAD OFFICER:	LISA TAYLOR DIRECTOR OF FINANCE, INVESTMENT AND RISK (SECTION 151 OFFICER)
CABINET MEMBER:	COUNCILLOR SIMON HALL CABINET MEMBER FOR FINANCE AND RESOURCES
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT: The report is to inform the committee and key stakeholders of the conclusion of the 2018/19 audit.	
FINANCIAL SUMMARY: This report confirms that the audit of the 2018/19 accounts has been completed and provides the committee with a copy of the letter and certificate issued by Grant Thornton, the external auditors. There are no direct financial implications arising from this report.	
FORWARD PLAN KEY DECISION REFERENCE No.:	
RECOMMENDATIONS The Committee(s) is asked to: 1.1 Note that the Audit of the 2018/19 Accounts has concluded as detailed in the letter contained at appendix 1 to this report. 1.2 Note that the certificate of completion of the 2018/19 audit has been issued, copy at appendix 2 of this report.	

2. EXECUTIVE SUMMARY

- 2.1 This report is to inform the General Purposes and Audit Committee that the 2018/19 audit undertaken by Grant Thornton has been completed and the audit certificate has been issued and published on the Council's website with the Statement of Accounts.

3. DETAIL

- 3.1 Upon completion of the annual audit of accounts the External Auditor is required to confirm to the local authority that the audit has completed and issue a certificate for the local authority to publish on its website alongside the statement of accounts.
- 3.2 Following the completion of the Pension Fund Annual Report and the subsequent review by Grant Thornton they have now concluded the audit of the pension fund accounts and annual report and have therefore been able to issue the Audit Certificate for 2018/19.
- 3.3 The letter sent to Croydon Council from Grant Thornton confirming the closure of the 2018/19 accounts has been published on the Council's website and is attached at appendix 1.
- 3.4 The certificate titled the Independent Auditor's Report is attached at appendix 2 and has also been published alongside the Statement of Accounts on the Council's website.

4. FINANCIAL CONSIDERATIONS

- 4.1 There are no additional or new financial implications.

5. LEGAL CONSIDERATIONS

- 5.1 The Council Solicitor comments on behalf of the Director of Law and Governance and Deputy Monitoring Officer that the Council are obliged to prepare a statement of accounts in accordance with the Accounts and Audit (England) Regulations 2015 and proper accounting practices. It is also under a duty to publish the audit certificate, which it has.

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

6. Human Resources

- 6.1 There are no immediate human resource impacts.

Approved by: Sue Moorman, Director of HR.

Report Author: Lisa Taylor Director of Finance, Investment and Risk (Section 151 Officer)

Background Documents: None

Contact Officer: Lisa Taylor Director of Finance, Investment and Risk (Section 151 Officer)

Appendices

Appendix 1 – Letter from Grant Thornton – closure of the 2018/19 audit

Appendix 2 – Certificate from Grant Thornton – independent auditors report

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Our ref: LBC/201819/Closure

London Borough of Croydon
Bernard Weatherill House
8 Mint Walk
Croydon
CRO 1EA

29 November 2019

Dear Lisa

Grant Thornton UK LLP
110 Bishopsgate
London
EC2N 4AY
T +44 (0)20 7383 5100
F +44 (0)20 7184 4301

London Borough of Croydon: Closure of the audit for 2018/19

We are pleased to be able to advise you that we have now completed our work and issued our opinion on the consistency of the pension fund financial statements in the Pension Fund Annual Report with the pension fund financial statements included in the statement of accounts.

Our certificate of completion of the 2018/19 audit is attached. Please publish this certificate on your website alongside the audited statement of accounts (which incorporates our auditor's report thereon). Please ensure that you do not reproduce the signature of the auditor in any electronic format for any other purpose.

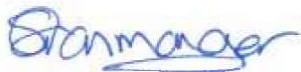
Please note that Regulation 16(1) of The Accounts and Audit Regulations 2015 requires the Council to publish (which must include publication on its website) a statement:

- that the audit has been concluded
- that the statement of accounts has been published
- of the rights of inspection conferred in local government electors by section 25 of the Act and the address at which, and the hours during which, those rights may be exercised.

This statement can now be published.

Please feel free to contact me if you like clarification on any point.

Yours sincerely



Sarah Ironmonger
Key Audit Partner
For Grant Thornton UK LLP

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON BOROUGH OF CROYDON (the "Authority")

Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2019 issued on 31 July 2019 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2019 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Issue of audit opinion on the pension fund financial statements

In our audit report for the year ended 31 March 2019 issued on 31 July 2019 we reported that, in our opinion the pension fund financial statements of the London Borough of Croydon Pension Fund:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2019 and of the amount and disposition at that date of the fund's assets and liabilities;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Issue of adverse conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

In our audit report for the year ended 31 March 2019 issued on 30 October we reported an adverse conclusion in the following terms:

Adverse Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, because of the significance of the matters described in the basis for adverse conclusion section of our report, we are not satisfied that, in all significant respects, the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Basis for Adverse Conclusion

In considering the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, we identified the following matters.

Ongoing Financial Sustainability

During the course of the year, the Authority continued to face a number of challenges in respect of its financial sustainability. The Authority incurred an overspend of £5.466 million for 2018/19, which equates to 2.1% of its net budget requirement for the year. Of this, £5.121 million related to expenditure in excess of the budget on the provision of services to unaccompanied asylum seeker children.

Whilst the Authority was able to maintain its General Fund and Earmarked Reserves balances during the course of the year, this was due to the Authority's treatment of its Dedicated Schools Grant overspend of £9.193 million, which was reflected in debtors in the financial statements at the end of 2018/19. If the reserve impact of this balance had been accounted for in 2018/19 it would have reduced the General Fund Reserves to £1.2 million, a useable reserve balance which is not sustainable in the medium term.

These matters identify weaknesses in the Authority's arrangements for setting a sustainable budget with sufficient capacity to absorb ongoing cost pressures. They are evidence of weaknesses in proper arrangements for sustainable resource deployment in planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.

OFSTED Inspection of Children Services

Following an Ofsted report on Children's Services in September 2017 the Secretary of State for Education concluded that the Authority was failing to deliver children's services to an adequate standard and appointed a commissioner to review the most effective way of securing and sustaining improvement in Croydon. The commissioner reported in January 2018 recommending that the Authority should retain responsibility for the provision of children's services, highlighting that significant challenges remain and that the scale of the challenge was just beginning to be understood.

The monitoring visit reports dated 10 July 2018, 3 October 2018 and 19 February 2019 provide evidence that the Council has been addressing the weaknesses identified by Ofsted during 2018/19, however the Authority awaits a formal re-inspection by Ofsted which will provide assurance in respect of the progress made. In the interim, the Authority's Children Services continuing to be rated as 'Inadequate' by OFSTED due to issues identified in respect of the services for children in need of help and protection, children looked after and care leavers and review of the effectiveness of the Local Safeguarding Children Board.

Having considered the findings and conclusions of Ofsted's inspections and monitoring visits, together with the results of our audit work, we have concluded that there are weaknesses in the Authority's arrangements for delivering services for children in need of help and protection, children looked after and care leavers and review of the effectiveness of the Local Safeguarding Children Board. This matter is evidence of weaknesses in proper arrangements for understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management, and for planning, organising and developing the workforce effectively to deliver strategic priorities.

Certificate

In our report dated 31 July 2019, we explained that we could not formally conclude the audit on that date until we had issued our report on the consistency of the pension fund financial statements included in the Pension Fund Annual Report of the London Borough of Croydon Pension Fund with the pension fund financial statements included in the Statement of Accounts. Our opinion has now been issued.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave an unqualified opinion and conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

We certify that we have completed the audit of the financial statements of the London Borough of Croydon in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office on behalf of the Comptroller and Auditor General.

Sarah L Ironmonger

Sarah Ironmonger, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

London

29 November 2019

Agenda Item 6

REPORT TO:	GENERAL PURPOSES & AUDIT COMMITTEE 13 January 2020
SUBJECT:	Internal Audit Update Report April to November 2019
LEAD OFFICER:	Simon Maddocks, Head of Internal Audit
CABINET MEMBER:	Councillor Simon Hall Cabinet Member for Finance and Resources
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT: Internal Audit's work helps the Council to improve its value for money by strengthening financial management and supporting risk management. Strengthening value for money is critical in improving the Council's ability to deliver services which, in turn helps the Council achieve all its visions and aims. The external auditor relies on the work from the internal audit programme when forming opinions and assessments of the Council's performance.	
FINANCIAL IMPACT The Internal Audit contract for 2019/20 is a fixed price contract of £383k and appropriate provision has been made within the budget for 2019/20.	

1. RECOMMENDATIONS

- 1.1 The Committee is asked to note the Internal Audit Report for April to November 2019 (Appendix 1).

2. EXECUTIVE SUMMARY

2.1 This report details the work completed by Internal Audit so far during 2019/20 and the progress made in implementing recommendations from audits completed in previous years.

3. DETAIL

3.1 The Internal Audit report (Appendix 1) includes the following:

- a list of all audits completed so far in 2019/20 and audits relating to 2018/19, but finalised after the annual report, and
- lists of follow up audits completed and the percentage of priority one, and other audit recommendations implemented.

3.2 Internal Audit is responsible for conducting an independent appraisal of all the Council's activities, financial and otherwise. It provides a service to the whole Council, including Members and all levels of management. It is not an extension of, nor a substitute for, good management. The Internal Audit Service is responsible for giving assurance on all control arrangements to the Full Council through the General Purposes & Audit Committee and the Chief Financial Officer (also known as the Section 151 Officer), who is currently the Director of Finance, Investment & Risk. It also assists management by evaluating and reporting to them the effectiveness of the controls for which they are responsible.

3.3 Based on the reports finalised and issued since 1st April 2019, an indicative overall **Limited Assurance** level is given as **50%** of individual reports received limited assurance. This is the first time that an indication of an overall Limited Assurance has been given and this may change as more work is completed during the remainder of the year.

4. FOLLOW-UP REVIEWS

4.1 When Internal Audit identifies risks, recommendations are made and agreed with service managers to mitigate these. The Council then needs to ensure that action is taken to implement audit recommendations. The Council's targets for audit recommendations implemented are 80% for all priority 2 and 3 recommendations and 90% for priority 1 recommendations. The performance in relation to the targets set for 2014/20 audits are shown Table 1.

Table 1: Implementation of Audit Recommendations

	Target	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Implementation of priority one recommendations at follow-up	90%	100%	100%	100%	96%	81%	75%
Implementation of all recommendations at follow-up	80%	94%	94%	92%	88%	80%	88%

5. PROGRESS AGAINST THE AUDIT PLAN

5.1 By 30 November **53%** (58% last year) of the 2019/20 planned audit days had been delivered and **28%** (30% last year) of the draft audit reports due for the

year had been issued. The contractor has given assurances that the necessary resources are available to deliver the internal audit plan in-year as usual.

6. PUBLICATION OF INTERNAL AUDIT REPORTS

- 6.1 Following a decision at the June 2015 meeting of this committee, all finalised internal audit reports are published on the Council's public internet site.

7. CONSULTATION

- 7.1 The outcome of all audit work is discussed and agreed with the lead service managers. The final reports and audit recommendations are sent for consideration by Departmental Leadership Teams (DLT). Details are circulated and discussed with Directors on a regular basis.

8. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 8.1 The fixed price for the Internal Audit Contract is £383k for 2019/20 and there is adequate provision within the budget. There are no additional financial considerations relating to this report
- 8.2 Internal Audit's planning methodology is based on risk assessments that include using the Council risk registers processes.

(Approved by: Ian Geary, Head of Finance, Resources & Accountancy)

9. LEGAL CONSIDERATIONS

- 9.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that the Council should take steps to improve the Assurance level within the Council.
- 9.2 Information provided in this report is necessary to demonstrate the Council's compliance with requirements imposed by Regulation 5 of the Local Government Accounts and Audit (England) Regulations 2015. The Council is required to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards or guidance.

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

10. HUMAN RESOURCES IMPACT

- 10.1 There are no immediate human resources issues arising from this report for LBC employees or staff.

(Approved by: Jennifer Sankar, Head of HR Place for and on behalf of Sue Moorman, Director of HR)

11. EQUALITIES, ENVIRONMENTAL AND CRIME AND DISORDER REDUCTION IMPACTS

- 11.1 When Internal Audit is developing the Annual Audit Plan or individual audit programmes the impacts of the issues above are considered depending on the nature of the area of service being reviewed. Issues relating to these impacts would be reflected in the audit reports and recommendations.

12. DATA PROTECTION IMPLICATIONS

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

No.

- 12.2. The Director of Finance, Investment & Risk comments that there are no immediate data protection issues arising from this report.

(Approved by: Lisa Taylor, Director of Finance, Investment & Risk)

CONTACT OFFICER: Simon Maddocks, Head of Internal Audit

BACKGROUND DOCUMENTS: Internal Audit report for the period April to November 2019 (appendix 1)

London Borough of Croydon

Internal Audit Report for the period

1 April 2019 to 30 November 2019

Confidentiality and Disclosure Clause

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of London Borough of Croydon and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Please refer to the Statement of Responsibility at the end of this report for further information about responsibilities, limitations and confidentiality.

Internal Audit activity

1. During the first eight months of the 2019/20 financial year the following work has been delivered:

- 53% of the 2019/20 planned audit days have been delivered
- 59 planned audits (excluding ad hoc and fraud work) commenced, either by setting up the files, attending scope meetings or by performing the audits. This was made up of:-
 - 42 system audits commenced and/or were completed;
 - 14 school audits commenced and/or were completed; and,
 - 3 computer audits commenced and/or were completed.

In addition:

- 5 new ad hoc or fraud investigations commenced and/or were completed.

Internal Audit Performance

2. To help ensure that the internal audit plan supported the Risk Management Framework and therefore the Council Assurance Framework, the 2019/20 internal audit plan was substantially informed by the risk registers. The 2019/20 internal audit plan was presented to the General Purposes and Audit Committee on 4 April 2019.
3. Work on the 2019/20 audit plan commenced in April 2019 and delivery is now well underway.
4. Table 1 details the performance for the 2019/20 audit plan against the Council's targets. At 30 November 2019 Internal Audit had delivered 53% of the planned audit days and 28% of the planned draft reports. Although the planned drafts are behind target, there are a number of audits where the reports are close to being issued. Work has either commenced, is in progress or draft stage for over 64% of the audit plan.

Table 1: Performance against targets

Performance Objective	Annual Target	Year to Date Target	Year to Date Actual	Performance
% of planned 2019/20 audit days delivered	100%	60%	53%	▼
Number of 2019/20 planned audit days delivered	1050	630	552	▼
% of 2019/20 planned draft reports issued	100%	36%	28%	▼
Number of 2019/20 planned draft reports issued	92	33	26	▼
% of draft reports issued within 2 weeks of exit meeting	85%	85%	88%	▲
2019/20 % of priority one recommendations/issues implemented at the time of the follow up audit	90%	90%	75%	▼
2019/20 % of all recommendations/issues implemented at the time of the follow up audit	80%	80%	88%	▲
2018/19 % of priority one recommendations/issues implemented at the time of the follow up audit	90%	90%	81%	▼

Performance Objective	Annual Target	Year to Date Target	Year to Date Actual	Performance
2018/19 % of all recommendations/issues implemented at the time of the follow up audit	80%	80%	80%	►
2017/18 % of priority one recommendations/issues implemented at the time of the follow up audit	90%	90%	96%	▲
2017/18 % of all recommendations/issues implemented at the time of the follow up audit	80%	80%	88%	▲
2016/17 % of priority one recommendations implemented at the time of the follow up audit	90%	90%	100%	▲
2016/17 % of all recommendations implemented at the time of the follow up audit	80%	80%	92%	▲
2015/16 % of priority one recommendations implemented at the time of the follow up audit	90%	90%	100%	▲
2015/16 % of priority all recommendations implemented at the time of the follow up audit	80%	80%	94%	▲
% of qualified staff engaged on audit	40%	40%	39%	▼

Audit Assurance

5. Internal Audit provides four levels of assurance as follows:

Full	The systems of internal control are sound and achieve all systems objectives and that all controls are being consistently applied.
Substantial	The systems of internal control are basically sound, there are weaknesses that put some of the systems objectives at risk and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk. (*Note - Substantial assurance is provided on School audits.)
Limited	Weaknesses in the systems of internal control are such as to put the systems objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
No	The system of internal control is generally weak leaving the system open to significant error or abuse and /or significant non-compliance with basic controls leaves the system open to error or abuse.

6. Table 2 lists the audits for which final reports were issued from 1 April to 30 November 2019. Details of the key issues arising from these reports are shown in Appendix 1.

Table 3: 2019/20 Final audit reports issued from 1 April 2019 to 30 November 2019:

Audit Title	Assurance Level	Planned Year
Non-school audits		
Payments to In-house Foster Carers	Limited	2018/19
Health and Safety in Schools	Limited	2018/19

Audit Title	Assurance Level	Planned Year
Temporary Employment	Limited	2018/19
Parking Enforcement and Tickets	Substantial	2018/19
Mortuary	Substantial	2018/19
Private Sector Landlords – Fire Safety	Substantial	2018/19
Oracle Fusion Cloud Programme	Substantial	2018/19
Alternative School Provisioning	Limited	2019/20
Food Safety – Data Quality	Limited	2019/20
Adult Social Care - Waiting Lists	Limited	2019/20
S17 Expenditure	Substantial	2019/20
Risk Management	Substantial	2019/20
Audit Title	Assurance Level	Planned Year
School audits		
Beulah Juniors	Limited	2019/20
Kenley Primary	Limited	2019/20
All Saints C of E Primary School	Substantial	2019/20
Elmwood Infant School	Substantial	2019/20

Follow-up audits – effective implementation of recommendations

- During 2019/20 in response to the Council's follow-up requirements, Internal Audit has continued following-up the status of the implementation of the 2015/16, 2016/17, 2017/18 and 2018/19 audits and commenced with the 2019/20 follow up audits.
- Follow-up audits are undertaken to ensure that all the recommendations/issues raised have been successfully implemented according to the action plans agreed with the service managers. The Council's target for audit recommendations/issues implemented at the time of the follow-up audit is 80% for all priority 2 & 3 recommendations/issues and 90% for priority 1 recommendations/issues.

Performance Objective	Target	Performance (to date)					
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Percentage of priority one recommendations/issues implemented at the time of the follow up audit	90%	100%	100%	100%	96%	81%	75%
Percentage of all recommendations/issues implemented at the time of the follow up audit	80%	94%	94%	92%	88%	80%	88%

The results of those for 2015/16, 2016/17, 2017/18, 2018/19 and 2019/20 audits that have been followed up are included in Appendixes 2, 3, 4, 5 and 6 respectively.

- Appendix 2 shows the two incomplete follow-up audits for 2015/16 audits and the number of recommendations raised and implemented. 94% of the total recommendations were found to have been implemented and 100% of the priority 1 recommendations which have been followed up have been implemented.

10. Appendix 3 shows the 2016/17 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 92% of the total recommendations were found to have been implemented and 100% of the priority 1 recommendations which have been followed up have been implemented.
11. Appendix 4 shows the 2017/18 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 88% of the total recommendations/issues were found to have been implemented and 96% of the priority 1 recommendations/issues which have been followed up have been implemented. The outstanding priority 1 recommendations/issues are detailed below:

Audit Title	Executive Director Responsible	Assurance Level	Summary of issues arising in priority 1 issues
Abandoned Vehicles	Shifa Mustafa	No	<p>A priority 1 issue was identified as, although the estimated contract value for abandoned vehicle removal is over £160k, there has been no tendering for this service and there is no contract in place between Tran-Support and the Council.</p> <p><u>Latest response provided in October 2019</u></p> <p>This is still in conversation with The Finance Category Manager and the buying team. We have established that spending this year for the AVS side of the contractual work is around £15-20k and due to be along the lines of £25k at the end of the financial year so is well below the £100k figure of upper tier spending and contract rules. Parking are also included still in the conversation about the planned contract being drawn up.</p> <p>This is currently sitting with the Buying Team for advice / decision making.</p>
Brokerage	Jaqueline Harris-Baker	Limited	<p>A priority 1 issue was identified as it was confirmed that providers outside of the signed Integrated Framework Agreement (IFA) were being used regularly for care provision of clients.</p> <p><u>Response received November 2019:</u></p> <p>As stated on the 13 of August the Dynamic Purching system 1, which will cover the CQC registered and unregistered domiciliary care providers, is set for full implementation in 2020. This will provide all suppliers the opportunity to become a contracted provider. Although we are on track to produce the OJEU notice in December of this year our latest projection has all providers being contracted by the end of February 2020.</p>

12. Appendix 5 shows the 2018/19 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 80% of the total recommendations/issues were found to have been implemented and 81% of the priority 1 recommendations/issues which have been followed up have been implemented. The outstanding priority 1 recommendations/issues are detailed below:

Audit Title	Executive Director Responsible	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
Payments Against Orders	Robert Henderson	Limited	<p>A priority 1 issue was identified as means tests were not on file for 60% of the sample of adoption allowances tested.</p> <p><u>Response provided October 2019:</u></p> <p>At the time these were done – they were from the teams and not CPH so we could not produce evidence. One was ours 2016 – human error. Moving forward all on CRS and SharePoint.</p> <p>Confirmation has been requested by Internal Audit that these are now all CRS and Sharepoint.</p>
Health and Safety in Schools	Robert Henderson	Limited	<p>A priority 1 issue was identified as procedure manuals were not in existence for the Education and Youth Engagement team.</p> <p><u>Response provided December 2019:</u></p> <p>A draft procedure for monitoring health and safety compliance in community school is currently being drafted and will be circulated to Homes and Schools Improvement Team and Facilities Management for input. A flow chart has been produced and will be circulated for comments / sign off.</p>

Audit Title	Executive Director Responsible	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
			<p>A priority 1 issue was identified as certain premises health and safety legislation is not checked for compliance, and no evidence was available to show that recommendations raised from the inspections / certificates were followed up.</p> <p>Response provided December 2019:</p> <p>Work has started on reviewing and updating the Croydon School Property Handbook.</p> <p>The Handbook will also include other necessary information e.g. the need for schools to commission competent contractor to carry out work and the necessary certificates / warranties received on completion of work.</p> <p>The draft Handbook will be circulated to HSI Delivery colleagues and the Health and Safety colleagues ahead of meeting to discuss/agree its content.</p> <p>The plan is for the final draft of the handbook to be signed off and circulated to schools in the new year.</p>
SEN to include Ombudsman upheld complaints	Robert Henderson	Limited	<p>A priority 1 issue was identified as, during the last academic year, the percentage of Education and Health Care Plans (EHCPs) completed within the statutory 20 week period was 78%.</p> <p>Response provided December 2019:</p> <p>This has formed part of our overall service plan and regular updates are sought at every 1:1.</p> <p>EHCP Assistants have revised their working practice to speed up the Assessment Process and Stage 2 of the process is initiated immediately after the Stage 1 Panel.</p> <p>From January 2019 to October 2019 the percentage of plans that met the 20 week deadline was 75% (191 out of 256 were within timescales)</p> <p>Coordinators continue to monitor the 16 week timescale for issuing the draft EHC Plan but as yet we do not have a formal report to show it (we were waiting for the new database).</p>
Voluntary Sector Commissioning Adult Social Care	Jacqueline Harris Baker	No	<p>A priority 1 issue was identified as copies of agreements or contracts were not available for the partnership/joint funding with the CCG / NHS Croydon or for most of the services directly paid for by the Council from MIND.</p> <p>Response provided November 2019:</p> <p>Alternative arrangements have been put in place for the Mental Health Programme Board attended by senior members of the NHS Croydon CCG, the Council and One Croydon. This decision making meeting is held monthly. A new project manager this programme has been appointed and a Delivery Group formed with first meeting in late November. Commissioning and Procurement are working closely with this the CCG to review all current contracts and develop new joint funding arrangements. This process will be completed by March 2020 and will be overseen by the Director Commissioning and Procurement for Croydon Council who is also the Director of Commissioning Croydon CCG.</p>
Temporary Employment	Jacqueline Harris Baker	Limited	<p>A priority 1 issue was raised as seven of the sample of 30 orders tested were originally placed for more than the required policy maximum of 24 weeks. Furthermore, 26 of these continued for longer than the duration as specified in the original order for an average of an extra 27 weeks.</p> <p>A priority 1 issue was raised as seven of the sample of 30 orders that were tested were not evidenced as appropriately authorised.</p> <p>Response provided November 2019:</p> <p>Updated policies have been drafted and awaiting sign off from senior management to ensure this has proper sign off and sponsorship.</p> <p>New deadline suggested: 1st December 2019</p>
Asbestos Management	Shifa Mustafa	Limited	<p>A priority 1 issue was identified as there are some 7,762 housing assets, assets for which there was no identifier of whether asbestos was either identified, strongly presumed, presumed or was not found. Discussion established that this number included assets such as</p>

Audit Title	Executive Director Responsible	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
			roads; however, examination of the listing noted that there were also general rent dwellings, service tenancies and garages included Response provided December 2019: Asbestos policy and management plan now agreed. Awaiting final sign off. Workshops will take place on receipt of final sign off.

13. Appendix 5 shows the 2019/20 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented 88% of the total recommendations/issues were found to have been implemented and 75%% of the priority 1 recommendations/issues which have been followed up have been implemented. The outstanding priority 1 recommendation/issue is detailed below:

Audit Title	Executive Director Responsible	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
Food Safety – Data Quality	Shifa Mustafa	Limited	A priority 1 issue was identified as the reports of inspections due generated from the UNIFORM system were not accurate. The response provided December 2019: First review of the action has taken place, and the 4 anomalies have been investigated. Further investigation shows that these differences have occurred due to a system update, thus different data is being compared. Further data extracts are now being completed, to check and validate. From this validation we will be able to ensure that the Enterprise tasks are correct and then we will be able to proceed solely with this system. We have met with the IDOX consultant (27.11.19) to help develop this process, and another has been scheduled for February 2020. This will be used as another opportunity to ensure that the data is accurate and amended as necessary.

Appendix 1: Summary from finalised audits of Priority 1 issues / recommendations

Audit Title	Assurance Level & Number of Issues	Summary of key issues raised.
Non School Audits		
Payments to In-house Foster Carers	Limited (One priority 1 and three priority 2 issues)	A priority 1 issue was identified as the Fostering Services Regulations 2011 Foster Carer Agreements' in use did not properly cater for the requirements of the Data Protection Act 2018 or the General Data Protection Regulation. Furthermore, signed agreements were not held for two of the five foster carers sampled.
Health and Safety in Schools	Limited (Two priority 1 and four priority 2 issues)	A priority 1 issue was identified as procedure manuals were not in existence for the Education and Youth Engagement team A priority 1 issue was identified as certain premises health and safety legislation is not checked for compliance, and no evidence was available to show that recommendations raised from the inspections / certificates were followed up.
Temporary Employment	Limited (Three priority 1 and 13 priority 2 issues)	A priority 1 issue was identified as it was identified for 13 (or 20%) of the IR35 Assessments examined that there was no contract or Statement of Works retained. A priority 1 issue was identified as seven of the sample of 30 orders tested (for 32 assignments) were originally placed for more than the required policy maximum of 24 weeks. Furthermore, 26 of these continued for longer than the duration as specified in the original order for an average of an extra 27 weeks. A priority 1 issue was identified as seven of the sample of 30 orders that were tested were not evidenced as appropriately authorised.
Alternative School Provisioning	Limited (Two priority 1 and four priority 2 issues)	A priority 1 issue was identified as the 'notification of exclusion forms' in use did not include a privacy notice in line with the requirements of the General Data Protection Regulation (GDPR) and the Data Protection Act (DPA) 2018. A priority 1 issue was identified as pupils' personalised plans and objectives were not set out in writing in accordance with statutory guidance.
Food Safety	Limited (One priority 1, three priority 2 and one priority 3 issues)	A priority 1 issue was identified as as the reports of inspections due generated from the UNIFORM system were not accurate.
Adult Social Care – Waiting Lists	Limited (One priority 1, three priority 2 and one priority 3 issues)	Priority 1 issues were identified that: <ul style="list-style-type: none"> the Front Door call statistics for up to the week commencing 12 August 2019 identified that 1 in 5 calls (21%) are lost and that the average call wait time was 4.05 minutes and the 'All Team Waiting List' dated 18 August 2019 detailed that there were 609 cases (with 221 of these relating to prior years), whereas the 'ASC Front Door and Localities Review Q2' report detailed that as at 19 August 2019 the wait list was 505
Audit Title	Assurance Level & Number of Recommendations	Summary of key recommendations raised.
School Audits		
Beulah Juniors	Limited (Five priority 1, three priority 2 and six priority 6 recommendations)	Priority 1 recommendations were raised as: <ul style="list-style-type: none"> the School's 2018-19 SFVS (School Financial Value Standard) self-assessment was not evidenced as discussed or agreed by the full Governing Body as required sample testing of the documentation held for three new starters could not locate any references for two of the starters and only one reference for the third starter appropriate approval for five high value expenditure items, in line with the School's 'Financial Policies and Procedures Manual', was not evidenced Quotation and tender limits were not specified out in the

		<p>School's 'Financial Policies and Procedures Manual</p> <ul style="list-style-type: none"> The School's bank mandate still included a former member of staff as an authorised signatory.
Kenley Primary School	Limited (One priority 1, six priority 2 and four priority 3 recommendations)	A priority 1 recommendation was raised as transactions were identified where payments were made to an individual for services and there was no evidence of their employment status for tax purposes being checked.

Appendix 2 - Follow-up of 2015/16 audits (Incomplete follow ups only)

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
Non School Audits						
2015/16	EMS Application	Jaqueline Harris-Baker	Limited (6 th follow up in progress)	4	1	25%
2015/16	Waste Recycling	Shifa Mustafa	Substantial (6 th follow up in progress)	3	2	66%
Recommendations and implementation from all audits that have had responses				270	254	94%
Priority 1 Recommendations from audits that have had responses				22	22	100%

Appendix 3 - Follow-up of 2016/17 audits (Incomplete follow ups only)

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
Non School Audits						
2016/17	Contract Monitoring and Management - Streets Division	Shifa Mustafa	Limited (1 st follow up in progress)	6	-	-
2016/17	Anti-Social Behaviour	Shifa Mustafa	Substantial (6 th follow up in progress)	9	6	67%
2016/17	Clinical Governance	Guy Van Dichele	Substantial (5 th follow up in progress)	3	1	33%
Recommendations and implementation from audits that have had responses				418	386	92%
Priority 1 Recommendations from audits that have had responses				42	42	100%

Appendix 4 - Follow-up of 2017-18 audits (incomplete follow up only)

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
Non School Audits						
2017/18	Abandoned Vehicles	Shifa Mustafa	No (7 th follow up in progress)	10	9	90%
2017/18	Unaccompanied Asylum Seeking Children	Robert Henderson	Limited (2 nd follow up in progress)	2	1	50%
2017/18	Brokerage	Jaqueline Harris-Baker	Limited (5 th follow up in progress)	10	9	90%
2017/18	Parking Enforcement and Income	Shifa Mustafa	Substantial (2 nd follow up in progress)	5	1	20%
2017-18	Development Management	Shifa Mustafa	Substantial (1 st follow up in progress)	5	-	-
2017-18	Gifts and Hospitality	Jaqueline Harris-Baker	Substantial (3 rd follow up in progress)	4	3	75%
2017/18	Admitted Bodies	Jaqueline Harris-Baker	Substantial (2 nd follow up in progress)	4	1	25%
2017/18	Design of New Back up and Disaster Recovery Solution	Jaqueline Harris-Baker	Substantial (2 nd follow up in progress)	2	1	50%
2017/18	GIS Application	Jaqueline Harris-Baker	Substantial (3 rd follow up in progress)	5	2	40%
2017/18	One Croydon Alliance Programme	Guy Van Dechele	Substantial (3 rd follow up in progress)	7	3	43%
Recommendations and implementation from audits that have had responses				429	379	88%
Priority 1 Recommendations from audits that have had responses				48	46	96%

Appendix 5 - Follow-up of 2018/19 audits

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
Non School Audits						
2018/19	Voluntary Sector Commissioning Adult Social Care	Jaqueline Harris-Baker	No Assurance (3rd follow up in progress)	8	6	75%
2018/19	Housing Repairs	Hazel Simmonds	Limited (No further follow up)	2	2	100%
2018/19	Pensions Administration	Jaqueline Harris-Baker	Limited (5th follow up in progress)	5	3	60%
2018/19	Children and Families System Support Team (ControCC)	Robert Henderson	Limited (2nd follow up in progress)	13	8	62%
2018/19	Payments Against Orders	Robert Henderson	Limited (2nd follow up in progress)	10	3	30%
2018/19	SEN to include Ombudsman upheld complaints	Robert Henderson	Limited (2nd follow up in progress)	5	0	0%
2018/19	GDPR in Schools	Robert Henderson	Limited (No further follow up)	8	8	100%
2018/19	Health and Safety in Schools	Robert Henderson	Limited (2nd follow up in progress)	6	0	0
2018/19	Air Quality Strategy, Implementation and Review	Shifa Mustafa	Limited (1st follow up in progress)	8	-	-
2018/19	Allotments	Shifa Mustafa	Limited (No further follow up)	5	4	80%
2018/19	Live Well – Active Lifestyle Team	Shifa Mustafa	Limited (No further follow up)	7	7	100%
2018/19	No Recourse to Public Funds (NRPF)	Hazel Simmonds	Limited (No further follow up)	4	4	100%
2018/19	Croylease (Landlord letting Scheme)	Hazel Simmonds	Limited (No further follow up)	8	8	100%
2018/19	Libraries Income Collection	Shifa Mustafa	Limited (No further follow up)	5	5	100%
2018/19	Election Accounts and Claims	Jaqueline Harris-Baker	Limited (No further follow up)	7	6	86%
2018/19	Temporary Employment	Jaqueline Harris-Baker	Limited (2nd follow up in progress)	16	4	25%
2018/19	Asbestos Management (Beyond the Corporate Campus)	Shifa Mustafa	Limited (3rd follow up in progress)	12	9	75%
2018/19	Payments to Schools	Jaqueline Harris-Baker	Substantial (2nd follow up in progress)	2	1	50%
2018/19	School Deficits and Surpluses (Conversion to Academy)	Robert Henderson	Substantial (1st follow up in progress)	4	-	-
2018/19	Leisure Contract Management	Shifa Mustafa	Substantial (2nd follow up in progress)	2	1	50%
2018/19	South West London Partnership (SWLP) Governance	Shifa Mustafa	Substantial (1st follow up in progress)	3	-	-

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2018/19	Highways Statutory Defence	Shifa Mustafa	Substantial (No further follow up)	4	4	100%
2018/19	Discretionary Housing Payments	Hazel Simmonds	Substantial (No further follow up)	3	3	100%
2018/19	Leasehold Service Charges	Hazel Simmonds	Substantial (No further follow up)	2	2	100%
2018/19	Public Events	Shifa Mustafa	Substantial (2 nd follow up in progress)	7	5	71%
2018/19	South London Work and Health Partnership(SLWHP)	Shifa Mustafa	Substantial (No further follow up)	3	3	100%
2018/19	Parking CCTV	Shifa Mustafa	Substantial (No further follow up)	1	1	100%
2018/19	Mortuary	Jaqueline Harris-Baker	Substantial (1 st follow up in progress)	4	-	-
2018/19	Growth Zone – High Level Review	Shifa Mustafa	Substantial (No further follow up)	3	3	100%
2018/19	GDPR	Jaqueline Harris-Baker	Substantial (2 nd follow up in progress)	2	0	0
2018/19	Council Investment and Operational Properties – Income Maximisation	Jaqueline Harris-Baker	Substantial (1 st follow up in progress)	4	-	-
2018/19	Access to IT Server	Jaqueline Harris-Baker	Substantial (3 rd follow up in progress)	3	1	33%
2018/19	Capita Event Management	Jaqueline Harris-Baker	Substantial (No further follow up)	3	3	100%
2018/19	Third party – Service Delivery	Jaqueline Harris-Baker	Substantial (1 st follow up in progress)	1	-	-
2018/19	Cashiers (Cash Handling)	Jaqueline Harris-Baker	Full (No further follow up)	1	1	100%
Non-School Audits Sub Total: Recommendations and implementation from audits that have had responses				157	105	66%
Non-School Audits Sub Total: Priority 1 Recommendations from audits that have had responses				23	15	65%
School Audits						
2018/19	Virgo Fidelis Convent School	Robert Henderson	No (No further follow up)	27	27	100%
2018/19	Coulsdon C of E Primary School	Robert Henderson	Limited (No further follow up)	8	7	88%
2018/19	The Mister Junior School	Robert Henderson	Limited (No further follow up)	11	9	82%
2018/19	Winterbourne Junior Girls School	Robert Henderson	Limited (No further follow up)	12	12	100%
2018/19	Regina Coeli Catholic Primary School	Robert Henderson	Limited (No further follow up)	10	10	100%
2018/19	St Andrews C of E VA High School	Robert Henderson	Limited (No further follow up)	5	5	100%
2018/19	Thomas More Catholic School	Robert Henderson	Limited (No further follow up)	18	17	94%

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2018/19	Christchurch CofE Primary School	Robert Henderson	Substantial (No further follow up)	10	10	100%
2018/19	Orchard Way Primary School	Robert Henderson	Substantial (No further follow up)	8	8	100%
2018/19	Park Hill Infant School	Robert Henderson	Substantial (No further follow up)	6	6	100%
2018/19	Ridgeway Primary School	Robert Henderson	Substantial (No further follow up)	7	6	86%
2018/19	The Hayes Primary School	Robert Henderson	Substantial (No further follow up)	7	7	100%
2018/19	St Mary's Catholic High School	Robert Henderson	Substantial (1 st follow up in progress)	12	11	91%
2018/19	Bensham Manor School	Robert Henderson	Substantial (No further follow up)	9	8	89%
School Audits Sub Total: Recommendations and implementation from audits that have had responses				150	143	95%
School Audits Sub Total: Priority 1 Recommendations from audits that have had responses				19	19	100%
Recommendations and implementation from audits that have had responses				307	248	80%
Priority 1 Recommendations from audits that have had responses				42	34	81%

Appendix 6 - Follow-up of 2019/20 audits

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
Non School Audits						
2019/20	Alternative School provisioning	Robert Henderson	Limited (No further follow up)	6	6	100%
2019/20	Food Safety – Data Quality	Shifa Mustafa	Limited (2 nd follow up in progress)	5	2	40%
Non-School Audits Sub Total: Recommendations and implementation from audits that have had responses				11	8	73%
Non-School Audits Sub Total: Priority 1 Recommendations from audits that have had responses				3	2	67%
School Audits						
2019/20	Beulah Juniors	Robert Henderson	Limited (1 st follow up in progress)	14	-	-
2019/20	Kenley Primary School	Robert Henderson	Limited (No further follow up)	11	10	91%
2019/20	All Saints C of E Primary School	Robert Henderson	Substantial (No further follow up)	12	12	100%
2019/20	Elmwood Infant School	Robert Henderson	Substantial (1 st follow up in progress)	6	-	-
School Audits Sub Total: Recommendations and implementation from audits that have had responses				23	22	95%
School Audits Sub Total: Priority 1 Recommendations from audits that have had responses				1	1	100%
Recommendations and implementation from audits that have had responses				34	30	88%
Priority 1 Recommendations from audits that have had responses				4	3	75%

Statement of Responsibility

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 13 January 2020
SUBJECT:	Anti-Fraud Update Report 1st April 2019 – 30 November 2019
LEAD OFFICER:	David Hogan, Head of Anti-Fraud
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Resources
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT:	
<p>The work of the Anti-Fraud service helps the Council to improve its value for money by strengthening financial management and further embedding risk management. Improving value for money ensures that the Council delivers effective services contributing to the achievement of the Council’s vision and priorities. The detection of fraud and better anti-fraud awareness contribute to the perception of a law-abiding Borough.</p>	
FINANCIAL SUMMARY:	
<p>The budget provision for the Anti-Fraud service for 2019/20 is £276,000 and the service is on target to be delivered within budget.</p>	
FORWARD PLAN KEY DECISION REFERENCE NO: N/A	

1.	RECOMMENDATIONS
1.1	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> • Note the Anti-fraud activity of the Corporate Anti-Fraud Team for the period 1 April 2019 – 30 November 2019

2. EXECUTIVE SUMMARY

- 2.1 This report details the performance of the Council's Corporate Anti-Fraud Team (CAFT) and includes details of the team's performance together with an update on developments during the period 1 April 2019 – 30 November 2019.

3. DETAIL

Performance 1 April 2019 to 30 November 2019

- 3.1 The CAFT comprises 10 staff (9.2 FTEs), including tenancy and corporate investigators, an Intelligence Officer, financial investigators and an Investigation Manager. The CAFT investigates allegations of fraud or corruption which affect the Council's business. In addition the team provides a service to the London Borough of Lambeth, as well as providing Financial Investigation services to the Merton/Kingston/Sutton Trading Standards partnership and the LB Bexley as well as LB Wandsworth. Statistics related to the other councils that CAFT supports are not included in the figures below.
- 3.2 There are local performance indicators that relate to the Council's anti-fraud work. The two indicators shown in table 1 below reflect the focus of the team. Table 2 shows a breakdown of these figures.

Table 1 – Key performance indicators

	YEAR END 18/19	ANNUAL TARGET 19/20	19/20 YTD PERFORMANCE
Successful Outcomes	167	130	129
Identified Overpayments & Savings	£1,099,263	£1,000,000	£947,547

Table 2 - Breakdown of Outcomes from 1 April 2019 – 30 November 2019 compared to the same period in 2018

2018		2019	
Area	Value £	Area	Value £
Housing - 35		Housing - 26	
7 Recovered Properties	126,000	5 Recovered Properties	162,000
4 Removed from housing list	**8,000	2 Removed from housing list	**4,000
2 Right to Buy stopped	£209,800	5 Right to Buy stopped	£550,000
2 Removed from TA	£36,000	4 Possession order	
3 Possession order		9 Legal notices issued*	
15 Legal notices issued*		1 Nomination Rights gained	32,400
1 Nomination Rights gained	£18,000		
1 – Other			

Other - 69 6 Formal Cautions 6 Dismissal/Resignation & Other Disciplinary Action 10 Council Tax Discounts 9 Council Tax reduction removed 3 Council tax liability order 13 Blue Badge Abuse 6 Recommendations for Improvements 6 Chargeback warnings 10 Other	£512,054	Other - 103 29 Formal Cautions 7 Dismissal/Resignation & other Disciplinary Action 4 Council Tax Discount 3 Council Tax Reduction Removed 1 Council tax liability order 43 Blue Badge abuse 16 Other	£199,147
Total	£909,854	Total	£947,547

*Includes: Notice Seeking Possession, Notice to Quit and Possession Orders

** Non-cashable saving, as cost to the council only arises when someone moves from the list to a tenancy.

3.4 Government Counter Fraud profession

In October 2018 the government launched the Government Counter Fraud Profession (GCFP). In creating a counter fraud profession, the 26 recognised profession within the civil service, John Manzoni, CE of the Civil Service said 'I see the development of the Counter Fraud Profession as a massive step forward in how we deal with fraud and economic crime in the public sector. It will enable us to understand what expertise looks like, where it lies and help us get it to the right areas'. Fraud investigators working within the public sector already have to be accredited, but there are a number of different accreditation routes and GCFP seeks to consolidate professional standards across the profession by converting those with existing accreditation into the one standard. At the heart of this new standard is a commitment to training and development, along with a formal CPD scheme, something the existing accreditations lack.

The Cabinet Office have the lead role in this work through the Government Counter Fraud Profession Board. With 4,000 investigators currently converted to the GCFP standard across the government departments and agencies, Croydon Council were approached and asked to assist in the roll out of the new profession into local authorities. We formed a collective group of 15 local authorities representing 28 councils and will be submitting a collective application for 100 fraud investigators to convert their current accreditation into the new profession in December. The Croydon application, to be presented to the representatives of the board, will be the first local authority application and see local authority investigators, including all the investigators on CAFT, join colleagues in central government in a new, level, professional playing field.

4. FINANCIAL INVESTIGATIONS

- 4.1 The Council employs two Financial Investigators to undertake work using the Proceeds of Crime Act 2002. This includes investigating and developing cases to obtain confiscation orders plus cash seizure and cash forfeiture cases.

Croydon's Financial Investigators undertake work for other councils, who do not have this capacity, on a fee basis. Last year they undertook work for the Merton/Richmond Regulatory services partnership and currently we are being commissioned by LB Newham to assist them in covering maternity absence within their team.

Their investigations relate to various departments within the Councils including:

- Environmental enforcement
- Trading Standards - trademark and rogue trader cases
- Planning – enforcement case;
- Licensing
- Internal cases
- Safeguarding cases
- Business rates evasion by fraud

- 4.2 At the time of writing the Financial Investigators have 15 cases under investigation involving a total of 23 defendants. These investigations relate to Croydon cases, with the exception of one case for Sutton council.

- 4.3 Financial Investigators are empowered to apply for restraint orders which have to be approved by a Crown Court judge. A restraint order freezes property, including money and assets anywhere in the world. The aim of the order is to preserve a defendant's assets and make them available to satisfy a confiscation order. When there is a successful prosecution and if a confiscation order is granted then the restrained assets may be sold in order to pay the confiscation order.

The Council receives a portion of the value of a confiscation order and any forfeited cash.

The Council's Financial Investigators currently have £85,000 of cash detained pending forfeiture, plus the following items are restrained;

33 Bank Accounts

4 Properties

1 plot of land

1 vehicle

5. LOCAL GOVERNMENT TRANSPARENCY CODE

- 5.1 Members will be aware of the Local Government Transparency Code which requires Councils to publish data about various areas of their activities. Included in the 2014 code is detail on Counter Fraud work, most of this information has always been reported to committee; however there are some new areas which

now need to be made public. These are detailed below for the period from 1 April to 30 November 2019:

Number of occasions the Council has used powers under the Prevention of Social Housing Fraud Act	25
Total number of employees undertaking investigations and prosecutions relating to fraud	10
Total number of full-time equivalent employees undertaking investigations and prosecutions of fraud	9.2
Total number of employees undertaking investigations and prosecutions of fraud who are professionally accredited counter fraud specialists	9
Total number of full-time equivalent employees undertaking investigations of and prosecutions who are professionally accredited counter fraud specialists	8.4
Total number of fraud cases investigated*	601

*The number of investigations that have been closed during the period April '19 to November '19.

6. FINANCIAL AND RISK ASSESSMENTS

6.1 The budget provision for the audit and anti-fraud service for 2019/20 is £276,000 and the service is on target to be delivered within budget.

6.2 There are no further risk assessment issues than those already detailed within the report.

(Approved by: Ian Geary, Head of Finance, Resources & Accountancy)

7. COMMENTS OF THE SOLICITOR TO THE COUNCIL

7.1 The Solicitor to the Council advises that there are no additional legal implications arising from this report

(Approved by Sandra Herbert, Head of Litigation and Corporate law, for and on behalf of Sean Murphy, Interim Director of Law and Governance and Deputy Monitoring Officer)

8. HUMAN RESOURCES IMPACT

8.1 There are no immediate human resource considerations arising from this report for LBC staff or workers.

(Approved by: Gillian Bevan, Acting Head of HR – Resources and CE Office)

9. CUSTOMER FOCUS, EQUALITIES, ENVIRONMENTAL, CRIME AND DISORDER REDUCTION & HUMAN RIGHTS IMPACTS

9.1 There are no further considerations in these areas.

10. EQUALITIES IMPACT ASSESSMENT

10.1 An initial screening equalities impact assessment has been completed for the Anti-fraud and Corruption Policy. No further action was found to be necessary.

11. DATA PROTECTION IMPLICATIONS

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

No, this report is for information only.

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

NO

No DPIA has been completed as no personal data is used in the report. Any cases studies used do not include personal identifiers such as name and address

(Approved by: Lisa Taylor, Director of Finance, Investment and Risk)

CONTACT OFFICER: David Hogan (Head of Anti-Fraud)

Agenda Item 8

REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 13 January 2020
SUBJECT:	Corporate Risk Register
LEAD OFFICER:	Malcolm Davies – Head of Risk and Corporate Programme Office
CABINET MEMBER	Councillor Simon Hall, Cabinet Member for Finance and Resources
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT: <p>This report presents the corporate risk register as at January 2020 as part of the General Purposes and Audit Committee’s role of overseeing the risk management framework and receiving assurance that significant corporate (Red) risks are identified and mitigated by the organisation. This process will ensure that the risk management function will continue to contribute to the achievement of the Council’s vision, key priorities and objectives.</p> <p>In line with the Council’s commitment to openness and transparency, the corporate risk report will appear in Part A of the agenda unless there is specific justification for any individual entries being considered under Part B (set out under Paragraph 3 of Schedule 12A of the Local Government Act 1972 as amended).</p>	
FINANCIAL SUMMARY: No additional direct financial implications.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1.1 RECOMMENDATIONS

The Committee is asked to:

Note the contents of the corporate risk register as at 13 January 2020

2. EXECUTIVE SUMMARY

- 2.1 The report updates the General Purposes & Audit Committee Members on the corporate risk register (the register) as at 13 January 2020.

3. DETAIL

Risk Register Report

3.1 The register presented details all the current corporate risks rated at a total risk score of 20 and above (Red Risks).

3.2 Since the register was last considered by Members, the following risk(s) has been escalated to Red.

- **ASC0012: Demand on social care exceeds available resources leading to the Council being unable to meet its statutory responsibilities.**

The risk was reviewed at Departmental Management Team (DMT) meeting on 07/11/2019 and assessed at a risk score of 20 from a previous risk score of 16. The risk score was escalated as the DMT felt that despite the controls they had initiated to mitigate, the numbers of referrals was consistently increasing and placing significant additional pressure on the Council to achieve its statutory responsibilities within required timeframes. The DMT also acknowledged the significant financial challenge the Council also faced due to the increasing referral numbers without any increase in financial assistance provided to the Council by Central Government.

- **EYE0008: That a 'Local Area (OFSTED) Inspection' could issue a letter detailing improvement requirements / concerns in respect of the SEND Service.**

The risk was reviewed at Departmental Leadership Team (DLT) meeting on 03/12/2019 and assessed at a risk score of 20 from a previous risk score of 16. The risk score was escalated as the DLT felt that despite the activities and controls they had initiated to mitigate, the level of multi-disciplinary cooperation were significant and not within the entirety of the department's control. The DLT recognised their responsibility for delivery and felt that escalation was appropriate to ensure transparency and visibility at a corporate level.

3.3 Since the register was last considered by Members, there have been no risks de-escalated.

3.4 In line with the Council's commitment to openness and transparency, the register will appear with the corporate risk report in Part A of the agenda unless, in accordance with the Access to Information Procedure Rules in the Council's Constitution there is specific justification for any individual entries being considered under Part B (set out under Paragraph 3 of Schedule 12A of the Local Government Act 1972 as amended).

3.5 It should be noted that some of the grounds for exemption from public access are absolute. However, for others such as that in para.3, 'Information relating to the financial or business affairs of any particular person (including the authority holding that information)', deciding in which part of the agenda they will appear, is subject to the further test of whether, in all the circumstances of

the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

4. FINANCIAL CONSIDERATIONS

4.1 There are no additional financial considerations arising from this report.

(Approved by Lisa Taylor –Director of Finance, Investment & Risk and Section151 Officer)

5. LEGAL IMPLICATIONS

5.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that there are no additional legal considerations arising from the recommendations in this report.

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

6. HUMAN RESOURCES IMPACT

6.1 There are no additional Human Resources implications arising from this report.

(Approved by: Sue Moorman, Director of HR)

7. EQUALITIES, ENVIRONMENTAL AND CRIME AND DISORDER REDUCTION IMPACTS

7.1 None

8. RISK ASSESSMENT

8.1 No further risk issues other than those detailed in the report.

8.2 The corporate Risk Management Team (RMT) incorporates a '**horizon scan**' strategy in respect of the risk management activities undertaken as part of the Council's Risk Management Framework.

8.3 The horizon scan strategy is implemented through the distillation of cross – organisational & external professional networks maintained by the RMT. This strategy incorporates a multi-faceted approach including:

- Intelligence sharing (especially in respect of significant events / incidents) with other local authorities such as the Local Government Association;
- Collaborative working particularly the London Boroughs network, London Councils and the Greater London Authority;
- Research conducted via professional and generic media mechanisms for example The Association of Local Authority Risk Mangers, CIPFA;
- Regular attendance at DMT's / DLT's on a quarterly basis;

- Participation in the relevant 'working group' activities / projects for example major systems implementation such as Oracle Cloud, or policy/legislative change implementation such as IR35 compliance; and
- The ability to 'add value' and strategic direction and guidance is an integral aspect of the risk management consultancy available to senior officers.

9. FREEDOM OF INFORMATION/DATA PROTECTION CONSIDERATIONS

- 9.1 Information contained in the Council's Risk register or held in relation to the Council's risk management procedures may be accessible under the Freedom of Information Act subject to the application of any relevant exemptions, such as commercial sensitivity and whether disclosure was in the 'public interest'.

10. DATA PROTECTION IMPLICATIONS

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

No.

No personal data is processed as part of the production of the Corporate Risk Register.

(Approved by: Lisa Taylor, Director of Finance, Investment & Risk and Section 151 Officer)

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

No.

Not applicable as no personal data is processed as part of the production of the Corporate Risk Register

(Approved by: Lisa Taylor, Director of Finance, Investment & Risk and Section 151 Officer)

CONTACT OFFICER:

Malcolm Davies,
Head of Risk & Corporate Programme Office
Ext 50005

BACKGROUND DOCUMENTS:

Appendix 1 Corporate Risk Register

Corporate Risk Register

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
EHSCS0001 Pendry, Nick	<p>The number of unaccompanied asylum seeking children looked after by Croydon remains significantly higher than the national average leading to significant financial pressure on the Council.</p> <p>LB Croydon plays a key role in supporting the National Transfer Scheme, a voluntary arrangement between local authorities to disperse and settle children and young people across the UK. This scheme has not had the anticipated success. The Pan London Protocol is in operation. London authorities have co-operated over many years to support each other (although primarily Croydon) by voluntarily taking new presentations of 16 and 17 year old UASCs on a rota basis with an agreed threshold of 0.07%. Those authorities that have been above the 0.07% threshold have come off the rota. They do come back on when young people become 18 and they fall back beneath the threshold. However, the numbers have risen in the past year and the capacity has reduced across London. One authority has recently removed themselves from the rota.</p> <p>On the basis of the average number moved through the rota last year and the new capacity, we calculate it is very possible that the Rota will be full within the next few weeks. Croydon would then be responsible for all new presentations to Lunar House as a locally based service.</p> <ul style="list-style-type: none"> - This would mean an average additional intake of 38 young people per month (based on Jan-Dec 2018 figures). - This is on top of the under 16s already accommodated by Croydon who are made subject to the NTS . - The number of UASC in Croydon's care 	<ul style="list-style-type: none"> - Significant service and staff resources pressures, with pressures on placement supply in-house and in the independent sector, and pressures on school places and LAC health services. - Impact on Council revenue budgets as a result of insufficient funding, especially as the Home Office have failed to increase the funding rates for 19/20. - NTS continues to fail (transfer scheme). - Funding deficit of £10.6m in 2018/19. - Forcast deficit for 2019/20 is £9.4m 	Henderson, Robert Children Families & Education Services	<p>Continued work with the Association of London Directors of Children's Services and the Department for Education and Home Office to collectively support the National Transfer Scheme and the work of the Pan London Protocol.</p> <p>Continued work with the Home Office to ensure that only appropriate young people are placed.</p> <p>Emphasis on wider negotiation of fair funding arrangements for Croydon.</p> <p>Establishment of a new Age Assessment Team, supported by the Controlling Migration Fund to fast track all age disputed cases.</p> <p>Financial implication / impact for 2019/20 financial year (£9.4m) on going scoping of financial risk / impact for each quarter.</p> <p>Implementation of the National Transfer Scheme.</p> <p>Increased use of the rota to place young people in other boroughs.</p>	5	5	25	<p>Further engagement with Home office and Association of Directors of Children Social Services.</p> <p>LBC working with London Council's and the LGA to raise awareness of the specific UASC pressures facing 'Port of Entry' locations (such as Lunar House).</p> <p>Lobbying of the Home office and new minister taking place and will continue to take place until repsonse received.</p> <p>Ongoing work to ensure compliance and ensure opportunities are utilised through a formal system for dispersing unaccompanied child migrants as introduced by central government.</p>	5	4	20

Risk Scenario						Current			Future Risk Rating		
Risk Ref	Risk	Impact	Exec Director	Existing Controls	Impact	L'hood	Total	Future Controls	Impact	L'hood	Total
	<p>is likely to rise significantly with a direct impact on Croydon's services generally and Children's services in particular and further budget pressures resulting.</p> <p>- The relevant parts of the Immigration Act have not been enacted by Central Government.</p> <p>Risk reviewed and accepted at DMT 08/08/2019 and presented to DLT 03/12/2019.</p> <p>(Risk generated 25/06/2018)</p>			<p>LBC negotiated with other London Borough's to increase their UASC scheme to 0.08%, which is providing some short term relief.</p> <p>Leader formally written to Immigration Minister (30/05/2019) to request urgent review of the daily rates for UASC LB Croydon receives (no increase for 2 years). Response recieved 27/06/2019 confirming that no additional funding will be provided.</p> <p>The Council has held meetings with the Immigration Minister and others in Home Office. Ongoing correspondence, conversations and clarifications with Home Office taking place, but response is very slow.</p>							

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
EYE0009 Davies, Shelley	<p>Increasing population with complex learning needs and parental expectations leads to rising demand and financial pressure on SEN fixed budgets including pressure on High Needs DSG budget.</p> <p>** The Spending Review (2019) has identified that additional funding of £5m and was included in the high needs DSG allocation. This partially off-sets the 'in-year' deficit' which is currently £5.6m giving a cumulative forecast deficit of £17.3m for 31st March 2020 **.</p> <p>Reviewed at DLT 03/12/2019. Financial details updated by Finance Manager (Education) 04/12/2019.</p> <p>(Risk generated 27/06/2017).</p>	<p>- Children and families do not receive the advice and support they would expect.</p> <p>- Increased costs due to tribunals and complaints leading to reduced reputation.</p> <p>- Inability to achieve outcomes for children and families in Croydon.</p>	<p>Henderson, Robert</p> <p>Children Families & Education Services</p>	<p>Continue to use Council Members / MP's to lobby Central Government for a review of the model that funds higher needs to reflect the actual demand for Croydon.</p> <p>Further senior management review of existing plans.</p> <p>High Needs Funding Review planned.</p> <p>Implement strategies for managing demand for more effective mainstream school placements.</p> <p>Implementation of SL DPS to reduce placement costs.</p> <p>Improved forecasting and reporting of demand led spend to manage overall budget position.</p> <p>Improved projections for school places.</p> <p>July 2019 5 yr deficit recovery plan submitted to DfE.</p> <p>Modelling of Locality Based Working & Staged Approach supporting mainstream schools meeting SEN needs.</p>	5	5	25	<p>0-25 SEND Strategy Implementation Plan to deliver change across the system – in five areas below. The SEND Strategy implementation plan Governance is through SEND Working Group; which reports into Children & Families Partnership Board.</p> <p>Early Identification and Intervention –improved HV assessment, identify needs, work with families early. Support for EY education providers, personalised inclusion funding until the end of EY Foundation Stage.</p> <p>Free School being constructed which will relieve pressure in spend in non-mainstream sector.</p> <p>Graduated response – right support, right time. Meeting needs locally in local schools at SEN Support level; reduced reliance on alternative education.</p>	5	4	20

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
				<p>New SEN strategy 2019 / 22 present to cabinet March 2019 following consultation. Plans to improve impact of service and measure to mitigate against cost.</p> <p>Provision of more Post 16 specialist placements in borough by Sept 2019 with a further 244 school placements to come on stream by Sept 2020.</p>				<p>Joint Working – children's needs are met locally in Croydon (cost avoidance in inn sector), through co-ordinated and coherent pathways which are achieved through collaborative work with parents and YP; across education, health and care.</p> <p>Post 16 pathway development so that there are effective local education, care and health pathways to adulthood, and EHC Plans are caesed in timely way (currently 40% HNB spend is post 16).</p> <p>South London Partnership SEN Commissioning Programme for commissioning residential and day placements for children and young people with Special Education Needs.</p> <p>Utilisation of the additional funding allocated in the 2019 'Spending Review'.</p> <p>Workforce development – practitioners have the skills and knowledge to meet needs locally. Parents are confident.</p>			

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
FIR0021 Taylor, Lisa	<p>Funding levels provided through the Government Grant are significantly lower than forecast or anticipated, resulting in severe limitations being placed on the Council's Medium Term Financial Strategy. (updated for spending review 04/09/2019).</p> <p>**There is great uncertainty in relation to the level of funding beyond 2020. Medium Term Financial Planning is taking place against a background of significant funding cuts for local government alongside government plans for major local government finance reforms and this uncertainty is making planning very difficult to manage. The Spending Review (2019) has offered hope with additional funding being allocated in Local Government next year. Until this has been allocated to Croydon we are planning on estimates that could change**.</p> <p>Reviewed at DMT 24/10/19 & DLT 05/11/2019.</p> <p>(Risk generated 27/06/2019).</p>	<ul style="list-style-type: none"> - Service disruptions. - Key manifesto / corporate objectives not achieved. - Resident dissatisfaction. - Media and political scrutiny. - Legal challenge and associated consequences. - Little time to strategically plan. 	Harris-Baker, Jacqueline Resources Department / Corporate	<p>a. - Continuous monitoring / scrutiny of all budgets and commitments.</p> <p>b. Continuing approach to organisational efficiency including smart commissioning & procurement strategies, and recruitment controls. Targeted approach to early intervention and prevention strategies (children's and adult's social care / Gateway Strategy) and exploitation of opportunities for working in collaboration with our partners.</p> <p>c. Diversification of organisational operating portfolio's (incl. asset investment / revenue generation opportunities).</p> <p>d. Continued maintenance of general reserve at current levels, with an ambition to increase the minimum level of reserves to 5% of the net revenue budget to cover any major unforeseen expenditure.</p> <p>e. Continued lobbying with Home Office on several occasions for fair funding.</p>	5	5	25	<p>a. - Strategies being developed to promote and stimulate new growth opportunities.</p> <p>b. Continued focus / investigation into effective approaches to managing demand.</p> <p>c. Continued strategic approach to identifying efficiencies and savings through changes to the way the Council works e.g. exploiting new technology, consolidation of buildings and processes.</p> <p>d. Identification of new ways to strengthen the long term financial position through increasing income sources.</p> <p>e. Refresh of MTFs over summer / autumn 2019 re budget for 2020/21.</p>	5	5	25

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
ASC0001 McPartland, Annette	<p>Social Care market supply disruption leading to market failure and inability to fulfil statutory requirements.</p> <p>**Situation nationally has deteriorated so likelihood is very high. Market failure has become more common, increased by 82% nationally**.</p> <p>Risk is jointly owned with Commissioning & Procurement.</p> <p>Risk reviewed at DMT 07/11/2019.</p> <p>(Risk generated 24/08/2017)</p>	<ul style="list-style-type: none"> - Reduction in choice. - Failure to meet service user needs. - Delayed discharge from hospital. - Increase budget pressure. - Reduced quality of provision. - Increase in safeguarding concerns. - Increase number of providers within the provider concerns process. - Increases in delays or overpayments to providers. - Increase pressure on all internal services. 	<p>Van Dichele, Guy</p> <p>Health, Wellbeing & Adult Services</p>	<ul style="list-style-type: none"> a. 2017/18 internal audit findings completed & implemented. b. Brokerage and Placements Quality Assurance. c. Inflation strategy in place to manage fees paid. d. Integrated Framework Agreement extension. e. Pan London provider concern's process managed by safeguarding team. f. Market management by Contract monitoring team. g. ADASS Pan London minimum standards programme adopted. h. One Croydon Alliance Commissioning strategy ongoing implementation. i. Right Cost of Care exercise by KPMG. j. Croydon Dynamic Purchasing and e-market system commissioned September 2018. 	5	4	20	<ul style="list-style-type: none"> a. A joint micro commissioning and market management process for all Alliance partners. b. Refreshed Market position statement. c. Restructured contract & market management function with increased number of monitors. d. Bring Services 'in-house' where appropriate. (enhance on case by case basis / review and ensure compatability) e. Creation of more 'Supported Living' capacity. f. PFI Homes Project to be reviewed. g. Reablement in South of borough - Review ability for provision within area. h. Insourcing is underway to help improve services to residents. 	5	3	15

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
ASC0012 McPartland, Annette	<p>Demand on social care exceeds available resources leading to the Council being unable to meet it's statutory responsibilities.</p> <p>**Non recurrent funding is being used to support budget(s)**</p> <p>Risk reviewed and escalated to RED at DMT 07/11/2019 --- owner to update risk entry to reflect escalated score status.</p> <p>(Risk generated 03/04/2017)</p>	<ul style="list-style-type: none"> - Unable to meet statutory responsibilities. - Financial loss. - Reputational damage. - Avoidable death or serious injury of older person under Council led care. 	<p>Van Dichele, Guy</p> <p>Health, Wellbeing & Adult Services</p>	<p>3% precept for social care & Better Care Fund (BCF)</p> <p>Clients are provided with more support earlier through Gateway provision.</p>	4	5	20	<p>£1.3m investment through iBCF for Out of Hospital Business Case inc development of Discharge to Assess Model in 2017 with further £2m in 2018/19 and £2m in 19/20</p> <p>Awaiting Government's White paper (no due date given).</p> <p>Implementation of 'Localities Working' will allow greater levels of service provision and support.</p> <p>Implementation of Liquid Logic will ensure effective transition for client Case Management.</p> <p>Need to identify funding to replace BCF.</p> <p>Risk Mitigation Methodology.</p>	4	3	12

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
EHSC0007 Pendry, Nick	<p>Dependency of Children's Services on interim resources. This includes the challenges of recruiting (particularly in Care Planning & Assessment Team) coupled with significant capacity and resourcing pressures and the impact of service reorganisations resulting in a lack of stable, high performing workforce.</p> <p>37% vacancy level (30/11/2019 - caseholding Social Workers) – this includes a significant adjustment to the establishment for financial year 2019/20 which is ensuring lower and manageable caseloads . Permanent recruitment of management roles (i.e. team manager and service manager) is ongoing and nearing targeted full complement of permanent managers (In the last 3 months (Sept-Nov) 17 Social Worker Managers have joined the Division).</p> <p>**It must be noted that the vacancy rate has remained high as the size of the teams has increased since the last Ofsted inspection in order to reduce caseloads. In the last 3 months (Sept-Nov) 30 Social worker have joined the Division which includes the 2019/20 Newly Qualified cohort.</p> <p>The reduction of caseloads and the injection of branding 'Croydon as a social care employer.</p> <p>This is linked to risk ref. EHSC0012</p> <p>Risk reviewed and amended at DLT 03/12/2019.</p> <p>(Risk generated 29/06/2018)</p>	<p>- Managers and staff working excessive hours / holding excessive caseloads..</p> <p>- Loss of key members of staff and inability to recruit and retain good quality candidates for vacant posts and reduce reliance on agency personnel.</p> <p>- Poor decision making, performance and inability to deliver service transformation.</p>	<p>Henderson, Robert</p> <p>Children Families & Education Services</p>	<p>Exit interview process has been reviewed and structured to incorporate Director involvement and the ability to identify crucial management information / data to mitigate high attrition rates.</p> <p>Further progress has been made in the conversion of locums to permanent staff - as at 28 June 2019, 23 locum staff had converted to permanently employed status.</p> <p>During the period 01/06/2018 to 31/05/2019 a total of 92 external staff were permanently recruited (of which 46 were social Workers).</p> <p>New co-hort of newly qualified Social Workers commenced May 2019.</p>	5	4	20	<p>Implement recruitment and retention policy: implementation of the recruitment & retention policy is underway which includes learning and development career pathways, retention payment for Social Workers in hard to fill teams with payment in 2 instalments. There is a strategic approach to recruitment & retention which including benchmarking against other Local authorities, analysing exit interview data as well as monitoring sickness absence and 1:1 supervisions.</p> <p>Investigating Social Worker housing scheme.</p> <p>Newly qualified cohort (15 Social Worker's) joining October 2019.</p> <p>Reviewing benchmarking and 'welcome payment' for Care Planning & Assessment Teams.</p> <p>Work with HR to promote more strategic approach to recruitment Croydon experience significant difficulties recruiting and competing in London</p>	5	3	15

Risk Scenario						Current			Future Risk Rating		
Risk Ref	Risk	Impact	Exec Director	Existing Controls	Impact	L'hood	Total	Future Controls	Impact	L'hood	Total
				Recruiting to vacancies: a detailed monthly analysis is identified by a workforce report. Recruitment campaigns are targeted to teams which identify unfilled vacancies and agency workers. Roles are advertised via Community Care which has a readership of social care professionals. In addition Croydon is holding a series of 'Excellence in Practice' recruitment seminars. – latest event held 29/03/2019.							

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
EHSC0010 Pendry, Nick	<p>Exploitation of young people in the Borough particularly in relation to peer on peer and gang activities and children missing from home and care.</p> <p>Risk reviewed at DLT 03/12/2019.</p> <p>(Risk generated 20/02/2018)</p>	<p>- Children feeling and being unsafe/becoming victims or perpetrators of crime.</p> <p>- Significant risk of harm to young people in the Borough through exploitation (sexual and criminal), being missing and/or trafficked or caught up in crime</p> <p>- Risk of harm to Croydon children placed away from Croydon without prevention, disruption and protection activity.</p>	<p>Henderson, Robert</p> <p>Children Families & Education Services</p>	<p>a. The Public Health Approach to Reducing Violence which provides the framework to deliver the council's commitment to reducing violence, including serious youth violence and knife crime, in the borough was adopted on the 10th June 2019.</p> <p>b. Partnership working with the police and other agencies</p> <p>c. Strategy meetings for children who are missing, Child Exploitation risk assessment and risk reduction plans, with risk management meetings introduced, MACE as strategic oversight (multi agency child exploitation panel).</p> <p>d. Focused work with our schools around gangs and County Lines.</p> <p>e. Investment in a data analyst to understand the underlying issues and themes emerging so targeted preventative working can be developed. Analyst liaises with police and gangs analysts.</p> <p>f. Investment made in expanding the team to complete return home interviews.</p>	5	4	20	<p>a. Greater awareness and robust actions by all partners.</p> <p>b. Robust and reliable data as well as children's feedback to be analysed on a regular basis (to include: increase in Return Home Interviews, less repeat missing children, realistic National Referral Mechanism (NRM) referral rate, realistic number of children tracked at risk of criminal and sexual exploitation and risks reducing).</p> <p>c. The Violence Reduction Network is taking a fundamentally different approach where all partners work together with communities to drive down violence and by preventing violence before it happens by focusing on the causes, as well as the impact of the offences. The plans include the development of trauma-based training for staff, the community and voluntary sectors, to enable people to identify and understand adverse childhood and adult experiences and ensure those who experience them are properly supported.</p>	5	3	15

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
				<p>g. Much improved single performance and data report available now.</p> <p>h. Adolescent Support Teams who work on statutory basis with adolescents where there is a risk outside of the home. Adolescent Services within Children's Social Care incorporate the Gangs Team, Youth Offending and Child Exploitation Team, along with two statutory social care teams for adolescents.</p> <p>i. Choose Life campaign.</p> <p>j. Panels have been realigned and Complex Adolescents Panel began on 5th June 2019 so children are only discussed in one forum. This will report into the Vulnerable Adolescent Workstream.</p> <p>k. Director of Violence Reduction Unit appointed - August 2019.</p>				<p>d. Work with other local authorities to reduce placements of vulnerable children in Croydon.</p> <p>e. Working with the Head of Service responsible for Community Safety to review overall strategy</p> <p>f. Implementation of the 'Glasgow Public Health' approach to managing violence.</p> <p>g. The mayors violence reduction unit expected to deliver further targeted services in this area.</p>			

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
				<p>I. The Complex Adolescents Panel (CAP) is a weekly multi-agency panel with senior representatives from the police, health, CAMHS, Gateway, YOS, gangs, education in attendance. It is chaired by the Head of Adolescent Services. The panel oversees children who are being exposed to extra-familial harm such as going missing, being exploited or who are involved in offending behaviour. Social workers and team managers present cases and the panel share information and intelligence. Resources can be allocated and actions are agreed to manage the risk presented, this includes those of perpetrators. Croydon's MACE is incorporated into CAP and children who are being exploited are reviewed, dependent on level of risk ie high = monthly. This enables senior managers of all partner agencies to understand who are the most vulnerable children in the borough and the risks that they face. It enables management of those risks with multi-agency planning and reviewing.</p>							

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
EHCS0012 Pendry, Nick	<p>The achievement of the improvement plan outcomes and the journey to a rating of 'Good' is too slow or not achieved, following the OFSTED inspection of 'Services for children in need of help and protection and children looked after and care leavers' which judged the Council's Children's Services as 'inadequate'.</p> <p>Risk reviewed and accepted at DMT 08/08/2019 and presertned to DLT 03/12/2019.</p> <p>(Risk generated 19/12/2017)</p>	<p>- Reputational damage, which has a severe impact on the Council's ability to recruit and retain high quality, skilled staff</p> <p>- Children and young people at risk of significant and serious harm, because children in need of help and protection and children looked after by the Local Authority do not have sufficiently robust care plans and services to meet their needs and keep them safe.</p> <p>- Financial cost of implementing wide ranging changes</p> <p>- Increased referrals to children's social care from across partners, leading to unacceptably high workloads, poor service and associated financial pressures.</p> <p>- Media scrutiny.</p> <p>- Political scrutiny and activity.</p>	<p>Henderson, Robert</p> <p>Children Families & Education Services</p>	<p>Additional investment of £12m during 2019/20 in the base budget has resourced business support, learning and development and performance management, which create the conditions for good social work to flourish.</p> <p>July 2019 - Monitoring Report Outcomes presented. Postivie view from Ofsted were reported.</p> <p>Steady improvements in KPIs as reported to the Improvement Board indicate that the service improvement work is gaining traction, although the pace needs to speed up.</p> <p>Substantial engagement with staff has taken place across the whole department to plan and implement a locality working model across CFE, taking a risk-based approach to ensure this contributes to better services and improved outcomes for children.</p>	5	4	20	<p>Following the systemic practice training strengthened relationships will be built across children's services and schools, early years and voluntary sector providers to keep the journey of the child at the centre. Early help will continue to provide robust, effective support for families, expanding the offer so more cases step down from statutory services.</p> <p>Further develop locality based working as part of the transformation, bringing more services together around families and communities to make sure families get the right services at the right time.</p> <p>Further refine and implement transformation proposals that seek to shift resources to earlier help and prevention and so reduce the demand for costly, intrusive statutory services.</p>	5	3	15

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
				<p>Sustained focus on recruitment and retention has led to the recruitment of five permanent service managers from good and outstanding authorities, reduced staff churn and seen staff returning to work in Croydon.</p> <p>Systemic leadership training for all managers has started with CSLT and will be mandatory for all service and team managers to ensure all have the skills, knowledge and ability to provide high support and high challenge to staff to achieve the best outcomes for children and families.</p> <p>The Executive Director Children, Families and Education and Director of Early Help and Children's Social Care have analysed and evaluated the divisions strengths and weaknesses and translated these into a coherent set of sequenced priorities for action.</p>							

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
EYE0003 Davies, Shelley	<p>As at the end of March 2019, there are 11 of our 50 maintained schools in deficit potentially leading to default or an increase in arrears. The total deficit amounts to £5.4m however two of the schools are in a loan arrangement with the LA.</p> <p>**It is noted that approximately 65% (£3.4m) of the deficit is attributable to two schools**.</p> <p>Reviewed at DLT 03/12/2019. Financial details updated by Finance Manager (Education) 04/12/2019.</p> <p>(Risk generated 08/08/2017).</p>	- Financial loss to LBC.	Henderson, Robert Children Families & Education Services	<p>Deficit schools are required to report financial outturn monthly.</p> <p>Regular update meetings with the Governing Body's / SLT's of schools with the highest levels of debt.</p> <p>Schools are met with by senior finance and education officers to discuss their deficit and their action plan for setting a balanced budget in the future.</p> <p>Schools are requested to set a licence deficit plan – this includes a 3 year budget plan as to how the school will return to a balanced position.</p> <p>We have input into the school's 3 year business plan to shape repayment terms and included a formal letter of agreement. Termly finance meetings for all maintained schools sharing best practice etc.</p>	4	5	20	<p>More enhanced benchmarking using tools currently under development with the DfE.</p> <p>The LA is using its statutory powers to investigate installing an Interim Executive Board (IEB). Powers are limited in terms of financial benefit to the LA but could steer the school towards a form of collaboration with another education body.</p>	4	5	20

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
EYE0008 Davies, Shelley	<p>That a 'Local Area (OFSTED) Inspection' could issue a letter detailing improvement requirements / concerns in respect of the SEND Service.</p> <p>** The SEND Service is one element of the Ofsted Inspection curriculum. LBC and the CCG have overall joint responsibility**.</p> <p>Risk reviewed at DMT 10/09/2019 and presented to DLT 03/12/2019 - owner to update.</p> <p>(Risk generated 05/01/2018).</p>	<ul style="list-style-type: none"> - Reputational damage - Government intervention. - Financial cost of implementing wide ranging changes - Legislative action arising. - Difficulty in recruiting and retaining experienced and effective workforce. - Media scrutiny. - Political scrutiny and activity. - Increased referrals into SEND service and associated financial pressures.AF to update -Judicial Review 	<p>Henderson, Robert</p> <p>Children Families & Education Services</p>	<p>SEN Improvement Board established & meeting monthly to monitor SEN improvement plan and strategy.</p>	4	5	20	<p>Implement new improvement plans across SEND service.</p> <p>Implement plan to ensure service is Inspection ready.</p> <p>Ongoing improvement identification.</p>	4	4	16

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
FIR0018 Taylor, Lisa	<p>The 2019/20 budget is not managed within allocated resources resulting in an overspend and therefore the need to implement additional cuts to services.</p> <p>In year funding reductions are imposed whilst the Council experiences a continuous rising demand for service provision and growth in population. The continuing improvement of Children's Services following the OFSTED inspection (June / July 2017) has required greater investment in this service with over £10m having been invested in Children's Services during 2018/19. A further £12m investment has been allocated in the 2019/20 budget.</p> <p>2018/19 year-endoverspend was £5.466m. This includes costs relating to UASC, which the Home Office are still not engaging with Croydon to resolve.</p> <p>Q1 (2019/20) presented to Cabinet on 19/09/2019. Forecast in-year overspend of £9.4m which is attributable to UASC & NRPF being underfunded by the Home Office.</p> <p>Reviewed at DMT 24/10/19 & DLT 05/11/2019.</p> <p>(Risk generated 18/09/2018)</p>	<p>- Insufficient resources will lead to inability to meet needs and political aspirations. Potential inability to meet statutory responsibilities in times of increasing demand through changing demographics, for example mental health services, older people's services, children's services and housing.</p> <p>- Damage to reputation and service risk.</p> <p>- Reduction in resources.</p> <p>- Erosion of reserves.</p> <p>- Risk of failure to balance Budget and failure to maintain capital investment strategy in infrastructure (Strategic objective alignment: Enabling).</p> <p>- 2019/20 Q1 monitoring has provided indication of a forecast overspend. Action being taken by all departments to reduce costs.</p>	Harris-Baker, Jac queline Resources Department / Corporate	<p>a. Corporate Plan aligned to MTFS to ensure priorities align with resources</p> <p>b. MTFS 2018/22 presented to cabinet (September 2018), setting out future budget requirements.</p> <p>c. Quarterly financial monitoring with additional controls in respect of Adult and Children Social care, where the high risk areas are monitored monthly.</p> <p>d. Regular monitoring of all reserves including Transformation Projects for both service delivery and financial savings.</p> <p>e. Immediate response to national consultations / questionnaires in conjunction with continued lobbying of central government.</p> <p>f. Implementation of the Localities Project to deliver savings.</p> <p>g. Continued implementation of the Children's Improvement Plan.</p>	5	4	20	<p>a. Continue to implement all Savings & Transformation projects to ensure delivery.</p> <p>b. Refresh the MTFS to balance the 2020/21 budget and identify at an early stage projects and programmes to do this working closely with CLT / ELT and Cabinet to achieve this.</p> <p>c. Focus on preventative measures and early intervention particularly with identified top high cost families, including the Localities Project model benefits (continuous review).</p> <p>d. Children's Social Care - continued implementation of The Improvement Plan.</p> <p>e. Adult Social Care - continued review of service delivery and review of all contracts.</p> <p>f. Regular review of all fees and charges.</p> <p>g. Continued active engagement in fair funding review.</p> <p>h. Continued Home Office lobbying for fair UASC funding.</p>	5	3	15

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
				h. SEN Transport - Continued development of the service operating model to drive efficiencies. This includes the continued use of independent travel. i. Development of a 5 year financial model to continue to manage SEN Transport costs. j. Continued delivery of Gateway & Family Link Service. k. Recruitment pause commenced August 2019. l. Review of fees and charges. m. Implementation of High Needs Strategy.							

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
RCS0018 Harris-Baker, Jacqueline	<p>The Council's ability to deliver services (including all statutory requirements) are adversely / critically affected following the departure from the European Union by the United Kingdom.</p> <p>The United Kingdom's EU referendum (23/06/2016) resulted in the decision for the UK to exit membership from the EU. Article 50 (Treaty of Lisbon) was triggered by the UK Government on 29/03/2017 formalising the process for exit negotiations for the UK with the remaining EU member countries, On 10/04/2019 the 27 remaining EU member countries granted the UK an extension until 31/10/2019 within which time the UK is to formalise and ratify an agreement on the terms of the UK's departure. The UK Parliament has been unable to decide upon and determine the circumstances and conditions relating to the UK's departure from the EU as of 04/09/2019 with the Government losing its parliamentary majority on 03/09/2019. On 9th September 2019 the UK Government prorogued parliament until 14th October 2019.</p> <p>- 24 September 2019 - The Supreme Court ruled that the prorogation of parliament was unlawful and that the UK Government misled HM Queen when informing her that prorogation was lawful and necessary. As a result of the Supreme Court ruling, Parliament was recalled on 25th September by the Speaker .</p> <p>- 18 October 2019 - The UK Government and the EU Commission agreed the contents and terms of a formal withdrawal agreement for the UK that is due to occur on 31 October 2019. This formal withdrawal agreement has to be ratified by the UK Parliament in order to ensure the UK exits from the EU on the deadline set.</p> <p>- 22 October 2019 - The UK Parliament approves the formal withdrawal agreement (in principle) but rejects the accelerated</p>	<p>- Wider uncertainties about the UK's economy and trade arrangements could potentially impact development plans and inward investment that are vital for the borough's regeneration.</p> <p>- Uncertainty about future EU funding levels and the availability of funds projects already commenced.</p> <p>- The UK Economic performance will impact local authority budgets and grants. Currently there are unknowns about whether further grant cuts will be imposed and how Croydon's budget may be affected.</p> <p>- Croydon's business rates income could be impacted by any loss of confidence in investment in the UK economy.</p> <p>- A 'No-deal' Brexit has a high likelihood of causing disruption to supply chain with delays and additional processes at ports in the UK and EU. This may cause shortages in supplies, including critical areas such as medicines, food and fuel.</p> <p>- Uncertainties about the residency rights of current EU citizens in Croydon could cause community tensions and heightened tensions.</p> <p>- Civil unrest in the event of unpopular decisions taken by Parliament.</p> <p>- Inability of the Director of Public Health to deliver statutory assurance in respect of the Council's emergency preparedness.</p> <p>- The rates of unemployment increases within the borough increasing the liability for additional support on the Council.</p>	Harris-Baker, Jacqueline Resources Department / Corporate	<p>A report has been provided to Cabinet outlining the various implications and actions arising from a No Deal Brexit.</p> <p>An SRO has been appointed and has established a multi-service Brexit Working Group to coordinate the Council's response. This includes the sharing of information / intel, identification of risks and impact, scenario planning, communication and a corporate action plan. This work is being coordinated with partners.</p> <p>Cabinet have endorsed a statement to say that Croydon values and welcomes EU citizens and is open for business and plans are in place to safeguard our growth.</p> <p>Croydon Council Brexit group established and active and engaging with London Councils</p>	5	4	20	<p>In respect of EU regulations, the Council will monitor legislative and regulatory changes and respond in the appropriate time and keep abreast of responses by providers in EU markets.</p> <p>London Councils has called for the Mayor and London boroughs to work closely together to sustain growth and the success of London post referendum and explore the opportunities presented by devolution of powers and finance.</p> <p>The Council will continue to monitor pension fund investments, consider options and viability as volatility levels and markets change</p> <p>The Council will continue to monitor resources to enable delivery utilising the MHCLG grant as appropriate.</p> <p>The Council will continue working with developers and investors to encourage and enable suitable projects within the borough</p>	5	4	20

Risk Scenario						Current			Future Risk Rating		
Risk Ref	Risk	Impact	Exec Director	Existing Controls	Impact	L'hood	Total	Future Controls	Impact	L'hood	Total
	<p>ratification process in order for the UK to achieve the 31 October 2019 departure date from the EU. The UK Government is currently negotiating a formal approval to an extension to the departure date for the UK from the EU with the EU27 and also the length of that extension to the departure date.</p> <p>- 28 October 2019 - The EU27 have formally agreed to the UK request for an extension to the departure date / deadline of 31 October 2019. The EU 27 proposed a 31 January 2020 departure date with the opportunity for the UK to leave earlier should there be ratification of the formal withdrawal agreement by the UK Parliament. The UK Government have formally accepted the departure date 31 January 2020 which includes the option to leave earlier. The UK Government is requesting Parliament vote with a 2/3's majority to allow a General Election on 12 December 2019, the Government motion is rejected.</p> <p>29 October 2019 - UK Parliament Lower House (Commons) voted in favour to negate the Fixed Term Parliament Act 2011 and approved the UK Government's motion to hold a General Election on 12 December 2019. This motion is yet to be ratified by the UK Parliament's Upper House (Lords).</p> <p>30 October 019 - UK Parliament's Upper House (Lords) approves the motion proposed by the Lower House (Commons) for a General Election to be held on 12 December 2019.</p> <p>31 October 2019 - The Early Parliamentary General Election Bill 2019-20 receives Royal Assent.</p> <p>**This risk is closely monitored in terms of impact however the outcome of the parliamentary process / details of the UK exit conditions cannot be determined at an organisational level. The Council will continue to react to the issues arising as a result of the status of the ongoing</p>			<p>Exec Director of Resources & Director of Policy and Partnerships met with Home Office 12/06/2019: - Contacts made regarding Business Continuity & security arrangements,</p> <p>- Clarification and further information provided in relation to EU settlement scheme.</p> <p>- Feedback provided to Home Office in relation to LAC challenges and general awareness / communications.</p>							

Risk Scenario						Current			Future Risk Rating		
Risk Ref	Risk	Impact	Exec Director	Existing Controls	Impact	L'hood	Total	Future Controls	Impact	L'hood	Total
	<p>negotiations**.</p> <p>Reviewed updated 01/11/2019 and reviewed at DLT 05/11/2019.</p> <p>(Risk generated 25/06/2016).</p>			<p>In respect of the Council's Pension Fund, the Council is: - assessing the risk of the investment environment having changed;</p> <p>- checking whether the investment vehicles will work after the UK leaves the EU;</p> <p>- assessing how the Council can access more attractive regions and investment opportunities; and</p> <p>- monitoring changes for the investment regulations for the LGPS and reviewing the Treasury Management policy and the level of risk the Council is prepared to accept in view of the UK's credit rating.</p> <p>All relevant information presented to Cabinet (September 2019).</p> <p>The Council is working together with it's partners to be vigilant to identify any hate crime and take vigorous action against perpetrators.</p> <p>Using funding from MHCLG to ensure robust planning in place.</p> <p>We are contributing to Regional Communications Structure through London Council's.</p>							

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REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE 13 January 2020
SUBJECT:	UPDATE ON IN-YEAR APPOINTMENTS
LEAD OFFICER:	Jacqueline Harris Baker Executive Director of Resources
CABINET MEMBER:	Councillor Simon Hall Cabinet Member for Finance and Resources
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:	
The in-year appointments detailed in this report have been made in keeping with the Council's Constitution.	
FINANCIAL IMPACT:	
There are no financial implications arising from the content of this report.	

1.	RECOMMENDATIONS
1.1	The Committee is asked to note the in-year appointments made either under delegated powers or the Leaders' Executive Powers as detailed in paragraph three of the report.

2. EXECUTIVE SUMMARY

- 2.1 This report updates Members on a number of in-year appointments made either by the Leader of the Council under executive powers or by the Council Solicitor under delegated powers since the last meeting of the Committee. A number of these appointments have been made following the resignation of Councillor Niroshan Sirisena.

3. IN-YEAR APPOINTMENTS

Executive Appointment made by the Leader of the Council

- 3.1 Councillor Felicity Flynn has been appointed to the vacancy of Deputy Cabinet Member Culture, Leisure and Sport.

Appointments to Vacancies under delegated authority by the Council Solicitor

- 3.2 Following consultation with the party whips, and pursuant to Part 2 Article 4.1(f) of the Constitution, the following in-year appointments have been made by the Council Solicitor:

- (i) Councillor Andrew Pelling has been appointed to the Planning Committee (as a Reserve Member) to replace Councillor Stephen Mann.

3.3 Following consultation with the Chair of the General Purposes and Audit Committee and pursuant to Article 4.1(g) of the Constitution, the following in-year appointments have been made to outside bodies:

- (i) Councillor Andrew Pelling has been appointed to Mitcham Common Conservators to replace Councillor Clive Fraser.

4. CONSULTATION

4.1 In accordance with the Constitution, these in-year appointments have been made following consultation with Group Whips and the Chair of the General Purposes and Audit Committee where required

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 There are no financial implications arising from the contents of this report.

Approved by: Approved by Lisa Taylor, Director of Finance, Investment and Risk, S151 Officer.

6. LEGAL CONSIDERATIONS

6.1 The Director of Law and Governance comments that the above in-year appointments have been made in keeping with the Council's Constitutional requirements.

Approved by: Sean Murphy, Director of Law and Governance & Deputy Monitoring Officer.

7. HUMAN RESOURCES IMPACT

7.1 There are no human resources implications arising from the content of this report.

Approved by: Sue Moorman, Director of Human Resources.

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

APPENDICES TO THIS REPORT: None

BACKGROUND DOCUMENTS: None