

# General Purposes & Audit Committee Agenda



To: Councillor Karen Jewitt (Chair)  
Councillor Stephen Mann (Vice-Chair)  
Councillors Jamie Audsley, Jan Buttinger, Mary Croos, Steve Hollands,  
Bernadette Khan, Stuart Millson, Tim Pollard, Joy Prince, Muffaddal Kapasi  
and James Smith

Co-Optee Members: Muffaddal Kapasi and James Smith

Reserve Members: Clive Fraser, Pat Clouder, Felicity Flynn, Nina Degrad, Patricia Hay-Justice, Jason Cummings, Ian Parker, Badsha Quadir and Simon Hoar

A meeting of the **General Purposes & Audit Committee** which you are hereby summoned to attend, will be held on **Thursday, 4 March 2021** at **6.30 pm**. This meeting will be held remotely. Members of the Committee will be sent a link to remotely attend the meeting in due course.

**PLEASE NOTE:** Members of the public are welcome to remotely attend this meeting via the following web link: <http://webcasting.croydon.gov.uk/meetings/11670>

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London Borough of Croydon  
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[www.croydon.gov.uk/meetings](http://www.croydon.gov.uk/meetings)  
Wednesday, 24 February 2021

The agenda papers for all Council meetings are available on the Council website [www.croydon.gov.uk/meetings](http://www.croydon.gov.uk/meetings)

If you require any assistance, please contact Michelle Ossei-Gerning  
020 8726 6000 x84246 as detailed above

## **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**

To approve the minutes of the meetings held on Thursday 14 January 2021 and Wednesday 27 January 2021 as an accurate record.

[To Follow]

**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**

Verbal update on Grant Thornton.

**6. Dedicated School Grant Management Plan (Pages 5 - 20)**

The report updates the General Purposes & Audit Committee Members on the Dedicated Schools Grant (DSG) Management Plan.

**7. Internal Audit Report (Pages 21 - 46)**

This report details the work completed by Internal Audit so far during 2020/21 and the progress made in implementing recommendations from audits completed in previous years.

**8. Internal Audit Charter, Strategy and Plan (Pages 47 - 64)**

The report of the Internal Audit Charter, Strategy and the Plan of audit work for 2021/22 is attached.

**9. Anti-Fraud Update Report (Pages 65 - 70)**

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 2020 – 31 January 2021.

**10. Corporate Risk Register (Pages 71 - 116)**

The Corporate Risk Register is attached.

**11. 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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<b>REPORT TO:</b>	<b>GENERAL PURPOSES AND AUDIT COMMITTEE</b>  4 March 2021
<b>SUBJECT:</b>	<b>Dedicated School Grant Management Plan</b>
<b>LEAD OFFICER:</b>	<b>Shelley Davies, (Interim) Director of Education</b> <b>Kate Bingham, (Interim) Head of Finance - Children, Families and Education</b>
<b>CABINET MEMBER</b>	<b>Councilor Alisa Flemming – Cabinet Member for Children, Young People &amp; Learning</b>
<b>WARDS:</b>	<b>All</b>

**CORPORATE PRIORITY/POLICY CONTEXT:**

This report sets out the Dedicated Schools Grant (DSG) management plan that addresses the planned recovery of the DSG deficit specifically within the High Needs Block in line with the Special Educational Needs and Disabilities Strategy.

The recommendations in this report are in line with the new corporate priorities and new Ways for renewing Croydon:

- We will live within our means, balance the books and provide value for money for our residents.
- We will focus on tackling ingrained inequality and poverty in the borough.
- We will focus on providing the best quality core service we can afford

**FINANCIAL IMPACT**

Croydon has revised their existing DSG recovery Plan and is planning to bring the High Needs Block expenditure within the High Needs Block funding allocation by Year 3 (2023/24) with recovery of the cumulative deficit to follow in future years.

**1.1 RECOMMENDATIONS**

The Committee is asked to:

Note the contents of the Dedicated Schools Grant (DSG) management plan as at February 2021;

Note the proposed timetable for the reporting to future GPACs of the actions being taken to address the DSG deficit and to challenge whether sufficient progress is being made.

**2. EXECUTIVE SUMMARY**

2.1 The report updates the General Purposes & Audit Committee Members on the Dedicated Schools Grant (DSG) Management Plan. It is a requirement of the DSG conditions of grant 2020 to 2021 (paragraph 5.2) that local authorities (LAs) have a plan in place to manage the overspend on the DSG.

### **3. THE DEDICATED SCHOOL GRANT MANAGEMENT PLAN**

- 3.1 The purpose of the management plan as per the DfE guidance is to:
- comply with paragraph 5.2 of the DSG conditions of grant 2020 to 2021
  - monitor how DSG funding is being spent
  - compare data on high needs spend between LAs
  - highlight areas where LAs may wish to review spending
  - form evidence-based and strategic future plans for the provision of children and young people with special education needs and disabilities (SEND)
  - present complex funding information simply to schools forums and other external stakeholders
  - endeavours to provide assurances that LAs are achieving value for money from their DSG spend
  - provide a consistent reporting format to help LAs share best practice and initiatives
- 3.2 The DfE expects the DSG deficit management plan to be updated and presented at schools forum meetings and any high needs subgroups regularly and at least on a termly basis. The plan template is a live document and contains comparative data on special provision and placements, Section 251 budget and outturn data and High Needs National Funding Formula illustrative allocations.
- 3.3 The management plan should reflect the most current forecast DSG position and will be published on the LA local offer website as set out in the Special educational needs and disability (SEND) Code of Practice: 0 to 25 years.
- 3.4 The actual plan must be submitted to the Department for Education (DfE) in the specified template format issued by the Education & Skills Funding Agency (ESFA) and, for clarity and ease of understanding, an abridged version of the plan, to be presented to the School Forum in March 2021, is attached at Appendix 1.
- 3.5 The management plan will be reviewed and recommended by the SEND Finance Board, agreed by the Chair of the High Needs Working Group and the School Forum and signed off by the Director of Children's Services (DCS) and the Section 151 Officer (CFO), in accordance with the timetable set out in Appendix 2.
- 3.6 The SEND Finance Board, is made up of the Chairs of the School Forum and High Needs Working Group alongside LA officers (Director of Education and Deputy S151 Officer); the group will meet regularly, meetings have been proposed for every six weeks.
- 3.7 In addition, the management plan has been reviewed with the ESFA on January 12<sup>th</sup> and March 1<sup>st</sup> and the LA will continue to maintain this good

working relationship already established with the ESFA local authorities and funding policy team.

- 3.8 The management plan will be used as the tool to review the recovery plan and measure the progress of the deficit recovery plan which will be presented to the School Forum, termly and this Committee, quarterly.
- 3.9 The Council had previously submitted (June 2019) a recovery plan to the ESFA to bring the high needs element of the DSG to a balanced in year position over a five-year period.

#### **4. CONSULTATION**

- 4.1 The management plan will be reviewed and recommended by the SEND Finance Board, agreed by the Chair of the High Needs Working Group and the School Forum and signed off by the Director of Children's Services (DCS) and the Section 151 Officer (CFO)

#### **5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 5.1 The financial considerations are incorporated above and within the DSG Management Plan.
- 5.2 In line with the latest DfE guidance, Croydon is revising their existing DSG recovery Plan and in accordance with the template accompanying that guidance will be planning to bring the High Needs Block expenditure within the High Needs Block funding allocation by Year 3 (2023/24) with recovery of the cumulative deficit to follow in future years.
- 5.3 Based on the current plans, that would mean a deficit would remain at the end of 2022/23 and, whilst it is envisaged that the School Finance regulations remain as they currently stand (allowing the deficit to be held against future DSG), if The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 regulations fall away (i.e. are not extended) then the Report indicates that external auditors will expect the deficit remaining to be recovered in full or held against unearmarked general fund reserves in 2023/24.
- 5.4 It is imperative that the transparency and opportunity to challenge the progress against the Recovery Plan is improved and, therefore, the recommendation of the Report in the Public Interest are accepted in full with and the reporting regime will be strengthened over the remainder of this financial year and for the duration of the DSG management plan.
- 5.5 It should be noted that the Council is subject to a Section 114 report issued by the Director of Investment, Finance and Risk (S151 Officer) on 11 November 2020, with a second notice issued on 2 December, and the Council will not be able to balance its budget in the 2020/21 or over the Medium Term Financial Strategy Period (2021/24) until such time as it receives external support in the form of a capitalisation direction request from the Ministry of Housing, Communities and Local Government (as reported to the Extraordinary Council Meeting of 1 December, 2020). Whilst acknowledging the financial position of the Council in respect of the General Fund, the Section 114 notice has no bearing on this decision as this approval is to determine the funding formula in

order to passport the Schools Block element of the ring fenced Dedicated School Grant, to be used for the purposes of providing education, to the borough's schools in accordance with *The School and Early Years Finance (England) Regulations* and DfE guidance.

Approved by: Kate Bingham (Interim) Head of Finance – Children, Families and Education on behalf of Chris Buss (Interim) Section 151 Officer.

## **6. LEGAL CONSIDERATIONS**

- 6.1 The Head of Litigation and Corporate Law comments on behalf of the Council Solicitor and Monitoring Officer that the Local Government Finance Act 1992 section 31A places the Council under a statutory duty to set a balanced budget and to take any remedial action as required in-year.
- 6.2 Dedicated Schools Grant (DSG) is paid to the Council by the Secretary of State under the Education Act 2003 section 14. It is a ring-fenced specific grant provided outside the local government finance settlement. It must be used in support of the schools budget for purposes defined in regulation 6 and schedule 2 of The Schools and Early Years Finance (England) Regulations 2020.
- 6.3 Details of the national funding formula (NFF) are contained in various Department of Education (DfE) publications.
- 6.4 The Education and Skills Funding Agency Guidance DSG: Conditions of grant 2020-2021 require any local authority with an overall deficit on its DSG account or whose deficit has substantially reduced during the year to present a Plan to the DfE for managing their future DSG spend.
- 6.5 The Report in the Public Interest dated 23 October 2020 referred to in this report was issued under the Local Audit and Accountability Act 2014. The Council must comply with the requirements of the Act in responding to the Report. The report sets out a range of recommendations, which have been agreed by the Council, and an Action Plan has now been put in place. The report provides, amongst other things, that the DSG should be managed within existing budgets. Regular reports are required to be made to the General Purposes and Audit Committee regarding actions being taken by the Council to address the DSG deficit which has built up.
- 6.6 The two reports presented to Members by the Chief Finance Office on 11 November 2020 and 2 December 2020 were issued under of the Local Government Finance Act 1988 section 114(3). A prohibition period of up to 21 days follows each notice during which the Council is not permitted to incur any new expenditure without the prior approval of the Council's Chief Finance Officer. The Council has agreed to continue these restrictions.
- 6.7 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulation 2020 which came into force on 29 November 2020 introduced a new accounting treatment for DSG deficits for the financial years 20/21, 21/22 and 22/23. Any outstanding deficit at the end of this period will, as currently enacted, reduce un-earmarked general fund reserves in the financial year commencing 1 April 2023.

*Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of Jacqueline Harris-Baker Council Solicitor and Monitoring Officer.*



## **7. HUMAN RESOURCES IMPACT**

- 7.1 There are no direct Human Resources considerations arising from this report. If there are subsequent proposals that affect the workforce as a result of the budget limit set, consultation and planning must be in line with HR policies and procedures and HR advice must be sought from the assigned provider. Council HR should be kept informed of proposals.

*Approved by: Sue Moorman Director of Human Resources*

## **8. EQUALITIES IMPACTS**

- 8.1 The funding allocations and formulae are set nationally and are therefore already subject to an equality assessment. The Council is also committed to the government's vision - an education system that works for everyone. No matter where they live, whatever their background, ability or need, children should have access to an excellent education that unlocks talent and creates opportunity. We want all children to reach their full potential and to succeed in adult life.
- 9.2 In setting the Education Budget 20120/21, the Council has taken into account the need to ensure targeted funding is available for work on raising the attainment of disadvantaged pupils who are likely to share a "protected characteristic" (as defined in the Equality Act 2010) and close the gap between them and their peers.
- 9.3 The Council will ensure that the system for distributing funding is fair in order to support the life chances of our most vulnerable children and young people; a fairer funding system will help provide all schools and all areas with the resources needed to provide an excellent education for all pupils irrespective of their background, ability, need, or where in the country they live.
- 9.4 This will help the Council meet its equality objective "to improve attainment levels for white working class and Black Caribbean heritages, those in receipt of Free School Meals and Looked after Children, particularly at Key Stage 2 including those living in six most deprived wards."

*Approved by: Yvonne Okiyo, Equalities Manager*

## **9. ENVIRONMENTAL IMPACT**

- 9.1 There are no direct implications contained in this report.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 There are no direct implications contained in this report.

## **11. DATA PROTECTION IMPLICATIONS**

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

**NO**

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**CONTACT OFFICER:**

Kate Bingham, (Interim) Head of Finance –  
Children, Families and Education

**APPENDICES TO THIS REPORT**

Appendix 1

DSG management plan Croydon February  
2020

Appendix 2

Timetable

**BACKGROUND DOCUMENTS:**

[School Forum Papers](#)

SEND Strategy 2019

Dedicated Schools Grant – Deficit Management Plan  
March 2021

**Summary and Recommendation:**

This paper sets out:

\* Croydon's revised Dedicated School Grant (High Needs Block) management plan, including repayment of cumulative overspend.

**Schools Forum are asked to:**

Agree the approach to Croydon's revised DSG Management Plan as set out in this paper, noting:

- the high level Dedicated Schools Grant (DSG) deficit recovery plan, including indicative allocation of revised baseline High Needs Block;
- the financial model within the High Needs Recovery Plan; and
- the arrangements for the management of the Dedicated Schools Grant deficit.

**1. Context**

- 1.1 The aim of this report is to give an overview of the DfE deficit management plan that we are required to submit to the Department for Education (DfE) to outline how we will ensure that our High Needs spend is within the budget. A five year Dedicated School Grant (DSG) Deficit Recovery Plan was previously submitted to the Department for Education (DfE), also outlining our plans for managing this overspend. We have received a positive response from the DfE in relation to the recovery plan. This management plan is in line with the DSG Deficit Recovery Plan, but aims to inject pace to how quickly the deficit can be recovered.
- 1.2 Alongside this plan we also have a clear 0 – 25 SEND strategy which outlines how the Council will meet its statutory duties and the needs of our pupils through the delivery of efficient and effective service with a continued focus on securing the best outcome for children and their families.
- 1.3 It is important to highlight the possible impact of COVID 19 on our ability to deliver the DSG recovery plan as a result of possible increased requests for assessments in relation to newly identified SEN needs and increases in pupils identified with emotional and mental health and well-being needs.

## 2. Budget overview summary

- 2.1 The overall DSG deficit position as at the end of 2019/20 financial was £14.558m. This deficit is against all four funding blocks of the DSG allocation and includes the cumulative overspend on the High Needs element of the DSG of £18.5m as at year end 2019/20.
- 2.2 As a result of this High Needs overspend against budget the DSG Management Plan is entirely focussed on the implementation of the SEND strategy to ensure that the High Needs Block expenditure is contained within the High Needs Block funding allocation by Year 3 (2023/24) with recovery of the cumulative deficit to follow in future years.
- 2.3 The current in-year High Needs overspend forecast as at 31 January 2021 (Period 10) is £4.472m. The forecast position for this year has remained stable and improved slightly by approximately £88k from £4.560m as at 30 September 2020 (Quarter 2) to £4.472m at Period 10.
- 2.4 This represents progress as this level and records a positive downward trend. This is in part due to the impact of planned approaches as well as due diligence and focus on budget management. Table 1 below demonstrates significant improvement throughout this financial year compared to previous years.

**Table 1 Trend of High Needs variance over the three years.**

High Needs Overspend	Quarter 1	Quarter 2	Quarter 3	Quarter 4
	£'m	£'m	£'m	£'m
Financial Year 2018/19	4.8	4.8	5.7	5.6
Financial Year 2019/20*	6.7	6.6	7.1	6.7
Financial Year 2020/21	4.4	4.6	4.6	4.5**

\*exc Schools Block transfer

\*\*P10 forecast

- 2.5 For example, the final outturn variances for 2018/19 and 2019/20 were £5.6m and £6.7m respectively. As 2020/21 is forecasting an outturn of £4.472m overspend, this represents a significant improvement of £2.2m over last year's outturn position.

### **Overview of recovery**

- 2.6 Table 2 (a summary of the Deficit Recovery plan) shows a steady rise in the overall expected DSG deficit of £22.948m by the end of 2021 to £25.909m by the end of 2022/23 financial year.

**Table 2 Overview of Croydon Deficit Recovery Plan**

<b>Overall DSG High Needs Forecast Position</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Total expenditure	62,388	65,712	69,806	70,133	71,068	72,845
Total income	-55,716	-61,240	-67,644	-69,335	-71,068	-72,845
Total net - High Needs (In - year)	6,673	4,472	2,162	798	0	0
Schools block transfer	-1,238					
Total net - DSG (In - year)	-70	3,918				
Add brought forward deficit	9,193	14,558	22,948	25,110	25,909	25,909
<b>Overall Cumulative deficit position</b>	<b>14,558</b>	<b>22,948</b>	<b>25,110</b>	<b>25,909</b>	<b>25,909</b>	<b>25,909</b>
<b>Do nothing option - Deficit position</b>	<b>14,558</b>	<b>24,292</b>	<b>28,633</b>	<b>31,498</b>	<b>35,094</b>	<b>35,094</b>

2.7 The summary table above is based on a number of assumptions:

- whilst the 2019/20 to 2021/22 total income reflects confirmed allocations, future High Needs Block allocations have assumed a 2.5% adjustment for inflation;
- to highlight the impact of the SEND Strategy and the accompanying planned reduction in High Needs expenditure, the surplus balances as at the end of 2019/20 have been removed from the model (£3.918m);
- transfers from the school block were not requested in 2020/21 and 2021/22 and not been factored into the model as this requires annual approval by the School Forum.

2.8 It should be noted that the in-year deficit may not be reduced to nil by the end of year 3 due to potential financial risk associated with the overall deficit plan linked to the ESFA / DSG funding methodology. A part of the High Needs funding allocation is based on historic cost benchmarking data hence the LA High Needs block continues to be under funded.

2.9 The SEND Board will undertake annual reviews of all the SEND Transformation Strategies to ensure they continue to meet the needs of the Children and Young People as outlined in the Children and Family Act 2014. This may lead to potential operational changes to the strategies and priorities possibly leading to a gap in the expected savings.

### **Do Nothing Option**

2.10 Table 2 also shows that the DSG deficit would continue to rise from £18.308m at the end of 2020/21 to approximately £35.094m by 2023/24 if nothing is done about the situation. This again demonstrates the importance and usefulness of the Deficit Recovery plan.

## 2021/22 Budget

2.11 The proposed 2021/22 High Needs Block allocation is detailed at Table 3 below showing allocations for key areas of spend including 'mainstream schools; special schools; out of borough schools; independent/non-maintained; FE colleges, Alternative Provision and early years' will be approved by Schools Forum in March 2021.

**Table 3 2021/22 Proposed High Needs Budget**

<b>Provision</b>	<b>Current Budget 2020/21 £'000</b>	<b>Proposed Budget 2021/22 £'000</b>
EHCP Pupils: Croydon Mainstream Schools + Academies	5,511	6,176
Croydon Enhanced Learning Provision	2,508	2,684
Croydon Special Schools (including 6th forms)	18,738	20,437
Small schools factor	149	149
Pre & Post16 Independent & Non Maintained Provision	11,016	11,180
Croydon pupils in out of borough maintained schools	3,449	3,649
Early Years (0-5)	1,118	1,131
FE colleges	1,953	2,753
Out of borough Hospital Education cost	385	385
Beckmead Group (Special School)	5,051	5,251
Croydon Pupil Referral Units	3,396	3,395
Alternative Providers	393	393
Springboard	927	927
Alternative Provision (inc Home Tuition, Fair Access)	41	41
Other - SEND Strategy	0	917
Inclusion support - SEND Strategy	1,237	1,500
Supplementary Teachers Pension	0	1,037
Virtual Schools	720	720
SEN Admissions and Support	1,629	1,705
Communication Support Team	1,150	1,320
Therapies, Speech and Language	868	868
Perip-Hearing Impairment Team	311	326
SEN Transport cost	250	250
Inclusion support	450	450
<b>TOTAL HIGH NEEDS BUDGET ALLOCATION</b>	<b>61,250</b>	<b>67,644</b>

2.12 Once the DSG management plan has been finalised and approved by the DfE progress in achieving financial milestones, aligned to the delivery of the strategic goal of reduced reliance on special schools through increased inclusion of children with SEN in mainstream schools/colleges, will be reported on a termly basis to Schools Forum and quarterly basis to GPAC against the areas outlined in the proposed budget.

### **3. Approaches**

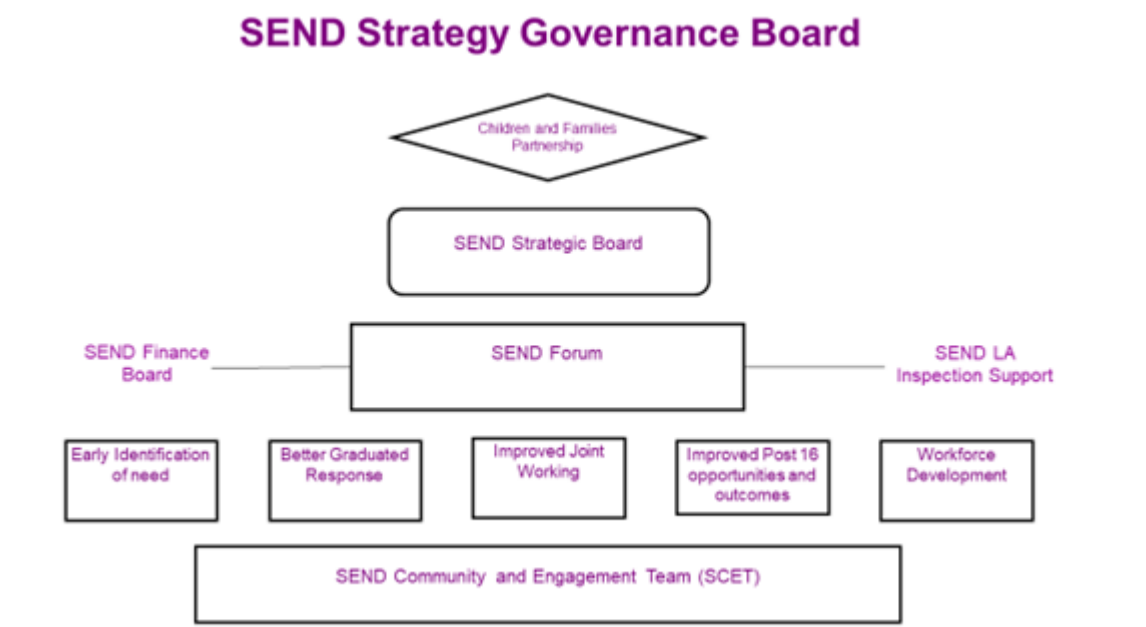
- 3.1 The DSG deficit management plan identifies a number of approaches to realign service and local provision to meet the needs of our children and young people with SEND. This overarching strategy aims to deliver appropriate support and placement at a much earlier stage and within the borough.
- 3.2 A significant cost driver is the number of children and young people educated outside the borough. Improving the in-borough offer by identifying needs earlier, supporting schools to better meet these needs and building parents' and carers' confidence in local provision aims to reduce out borough placement and travel costs.
- 3.3 Our strategy is in line with the council's move to working in locality areas, building positive working relationship with schools in local areas to better meet the needs of our families and with the knowledge that if we intervene earlier to support children with special educational needs we will reduce the demand to resource EHCPs up to the age of 25. The long term aim is for Croydon to have more Croydon children and young people supported through the very clear alternative education pathway which is well understood and valued by both parents and schools. Currently, for many parents and some schools an EHC plan is seen as the only way to secure the additional help that children need.
- 3.4 Our SEN Inclusion Support Locality strategy has been operating since September 2020 and is developing well already in three locality areas. This is a credible alternative to meeting SEND needs, enables the development of supported inclusive practice and delivers the right support at the right time to children and families.
- 3.5 A key area of focus for us is to ensure that we have enough quality provision in the borough to meet the needs of our children and young people and that we prepare them earlier for transition into adulthood. This is being addressed through a number of approaches:
- The new Preparation for Adulthood Policy 2021 as developed through the work of the SEND Transformation Post 16 Delivery Group and the SEND Post 16 Options guidance which now goes out to every pupil at year 11.
  - The increase in local specialist provision with additional capacity of 30 places within St. Nicholas Special School – Primary; the continued development for Post 19-25 students at Croydon college which has supported 53 students to date; the opening of the new special school – Addington Valley Academy – which has supported 21 year 7 pupils with complex ASD and challenging behaviours for this academic year and placement plans for 80 pupils for September 2021.
  - Out of borough placements are being reviewed with costs and requested uplifts being managed through the South London Commissioning Partnership. A quality audit is scheduled for our most high cost

placements in order to ensure provision is meeting needs and delivering according to contract and EHCP specifications.

- The Special School Funding Review currently underway aims to establish a transparent fair funding framework for our specialist provision which would minimise in-year additional funding pressures and requests.

#### 4. **Governance of SEND**

4.1 We have incorporated a SEND Finance Board into our SEND Governance Structure, membership of this includes the chair of school forum and the chair of the high needs working group. The Board will provide challenge and oversight of the DSG Management Plan.



#### 5. **SEND Local Area Transformation**

5.1 We now have a well-established framework for the quality assurance and implementation of our SEND Strategy which builds on local area partnerships and delivery. The key delivery groups are made up of local area professional representatives, schools and settings, parents/carers and the voice and influence of children and young people. They focus on the strategic priorities of:

- Early Identification of Need
- Better Graduated Response
- Improved Post 16 Opportunities and Outcomes
- Improved Joint Working
- Workforce Development

5.2 The outputs from these groups contribute to the key deliverables required to successfully improve Croydon SEND offer and reduce demand on the DSG High Needs overspend.



5.3 In addition, the re-established Joint Funding Panel is enabling effective funding decision-making relating to complex cases with the result that Education, Health and Care now meet and agree their appropriate financial contributions for the maintenance and support of our most complex children and young people. This compliments the existing Continuing Care Panel which supports the assessment and allocation for long-term on-going health care needs. In this way the financial demands are met from the appropriate budgets this reducing pressure on the DSG High Needs funding.

## **6. Stakeholders**

6.1 We have engaged with key stakeholders in development and implementation of the 0 – 25 SEND Strategy and the DSG deficit recovery models.

6.2 DSG deficit management is a regular agenda item at the High Needs working group, all DSG recovery proposals are dealt with in this group. The Chair of the High Needs Working Group then feeds in to the Schools Forum. High Needs Block is a regular agenda item for the Schools Forum.

6.3 The DSG Management Plan has been developed alongside the SEN Strategy for Croydon. All stakeholders were consulted on the strategy. The High Needs Working Group and Schools Forum were also involved with this consultation. Education Professionals from all sectors of education (early years, mainstream, Special, Post 16 and Independent) are represented on the Strategy Workstream Groups.

6.4 Parent and Carer Groups were consulted as part of the strategy consultation. Representatives from PiP (Parents in Partnership) and Kidz (SENDIASS Providers) were consulted as well as young people themselves. PiP and Kidz staff are members of the Strategy Workstream Groups and represented on the SEND Board

6.5 Young People were engaged in the Strategy Consultation. Meetings were held with various youth groups from the borough. Consultation meetings were held in Youth Centres as well as Community Centres.

6.6 The SEND Board is made up of various members including elected members. They were engaged throughout the SEND Strategy Consultation and now as part of the DSG deficit management Plan. The Schools Forum has elected members on it and are thus consulted.

6.7 Health Partners were engaged in the SEND Strategy and were instrumental in developing a coordinated approach to commissioning provision for Croydon going forward. Health Care professionals are represented in each of the SEND Strategy Workstream Groups and are represented on the SEND Board.

## **7. Risks**

- 7.1 High Needs budgets would continue to experience cost pressures across the independent / FE Colleges and special schools due to continued increase and demand for EHC assessment and plans.
- 7.2 Specialist placement pressures may result in young people with profound disabilities requiring provision out of borough at additional cost to the Council.
- 7.3 There is a possibility that the SEND demand may grow faster and does not in-line with projected increases in the school age population which may lead to increased pressure on limited resources.
- 7.4 There is also the possibility of delayed project implementation thereby leading to delayed realisation of benefits. This may be due to the external factors such as COVID.19 impacting upon project delivery., the right to parental preference provided in the Family and Children's ACT (2014) or geographical issues that may affect the target number of cases used in the model.
- 7.5 Access to robust data to inform planning and trend analysis of our SEND community is currently challenging. This makes forecasting and benchmarking difficult and prevents full understanding of the Croydon SEND landscape.
- 7.6 The delivery of quality provision in partnership such as the Pathways development with Croydon College is key to our growth strategy and dependent upon successful implementation. Project planning is underway but CCB approval will be critical to this.

## Reporting Timetable

## Appendix 2

Report	SEND Finance Board	High Need Working Group	General Purposes and Audit Committee	School Forum	DCS and CFO Sign Off
<b>DSG Management Plan, refreshed Recovery Plan</b>	<b>16-Feb</b>	<b>3-Mar</b>	<b>4-Mar</b>	<b>8-Mar</b>	<b>12-Mar</b>
DSG Outturn (2020/21)				<b>14-Jun</b>	
DSG Management Plan, Progress Report (Q1)			Jul-21		
DSG Management Plan, Progress Report (Summer Term / Q2)	TBC Oct-21	TBC Oct-21	Oct-21	4-Oct	
DSG Management Plan, Progress Report (Autumn Term / Q3)	TBC Jan-22	TBC Jan-22	Jan-22	17-Jan	
DSG Outturn (2021/22)	TBC Jun-22	TBC Jun-22	Jun-22	13-Jun	

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# Agenda Item 7

<b>REPORT TO:</b>	<b>GENERAL PURPOSES &amp; AUDIT COMMITTEE</b> 4 March 2021
<b>SUBJECT:</b>	<b>Internal Audit Update Report</b> To 31 January 2021
<b>LEAD OFFICER:</b>	<b>Simon Maddocks, Head of Internal Audit</b>
<b>CABINET MEMBER:</b>	<b>Councillor Callton Young</b> <b>Cabinet Member for Resources and Financial Governance</b>
<b>WARDS:</b>	<b>ALL</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b> 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.	
<b>FINANCIAL IMPACT</b> The Internal Audit contract for 2020/21 is a fixed price contract of £390k and appropriate provision has been made within the budget for 2020/21.	

## **1. RECOMMENDATIONS**

- 1.1 The Committee is asked to note the Internal Audit Report to January 2021 (Appendix 1).

## 2. EXECUTIVE SUMMARY

- 2.1 This report details the work completed by Internal Audit so far during 2020/21 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 2020/21 and audits relating to 2019/20, but finalised after the start of the current year, 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). It also assists management by evaluating and reporting to them the effectiveness of the controls for which they are responsible.
- 3.3 Of the small number of reports finalised and issued since 1<sup>st</sup> April 2020, 60% have received Full or Substantial Assurance.

## 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 for 2015/20 audits are shown Table 1.

**Table 1: Implementation of Audit Recommendations**

	Target	2015/16	2016/17	2017/18	2018/19	2019/20
Implementation of priority one recommendations at follow-up	90%	100%	98%	100%	89%	87%
Implementation of all recommendations at follow-up	80%	94%	93%	91%	86%	88%

## 5. PROGRESS AGAINST THE AUDIT PLAN

- 5.1 By January 2021 **41%** (68% last year) of the 2020/21 planned audit days had been delivered and **11%** (42% 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, but it is unlikely that the organisation will have the capacity to support a greater level of internal audit activity at this time, so it is likely that the plan will not be

completed on time. The delays so far this year have been caused by a number of factors, principle of which was the furloughing of our audit contractor's staff for around three months at the start of the year because of the COVID-19 pandemic.

## 6. FINALISED INTERNAL AUDIT REPORTS

6.1 All finalised internal audit reports are published on the Council's public internet site and these can be found at:

<https://www.croydon.gov.uk/democracy/budgets/internal-audit-reports/introduction>

6.2 In addition, the tables below set out the priority 1 and 2 issues identified at each audit finalised since the last report to this committee.

6.3

<b>Greenvale Primary School (Substantial Assurance)</b>
<b>No Priority 1 Issues</b>
<p><b>Priority 2 Issues</b></p> <ul style="list-style-type: none"> <li>• The School's SFVS self-assessment completed for 2019/20 was not formally agreed by the full Governing Body as required prior to being submitted to the Council.</li> <li>• Although the Head Teacher and School Business Manger reviewed the finances monthly on SIMs (The Schools finance system), this review was not evidenced and formal monthly budgeting reports containing budget vs. actual performance were not produced.</li> <li>• A copy of a Disclosure Barring Check (DBS) had been retained for over 6 months, which may be in breach of the Data Protection Act 2018.</li> <li>• Sample testing of 15 payments found that two invoices predated the corresponding purchase orders raised by the School.</li> <li>• Examination of monthly bank reconciliations for the last 5 months found that none of these had been evidenced as independently checked.</li> <li>• A checklist of the various responsibilities and duties under current health and safety legislation (as these relate to the maintenance, statutory compliance and repair upkeep of school buildings) was reviewed as part of the audit. Whilst it was evidenced through completion of the checklist by the School that a good overall level of compliance was reported, some gaps were noted.</li> </ul>

6.4

<b>Winterbourne Nursery and Infant School (Substantial Assurance)</b>
<b>No Priority 1 Issues</b>
<p><b>Priority 2 Issues</b></p> <ul style="list-style-type: none"> <li>• A copy of a Disclosure Barring Check (DBS) had been retained for over 6</li> </ul>

months contrary to Data Protection requirements.

- Testing of a sample of 15 transactions identified an instance where payment had been made to an individual without PAYE and NI deductions being made. Although an employment status check had been completed, this had been completed by the individual and not by the School as required.

6.5

### **Tunstall Nursery (Substantial Assurance)**

#### **No Priority 1 Issues**

#### **Priority 2 Issue**

- The School's 2019/20 completed SFVS self-assessment, although signed by the Chair of Governors, had not been formally agreed by the full Governing Body as required.

6.6

### **Thornton Health Nursery (No Assurance)**

This report would have received Limited Assurance but for the fact that the responses from the school gave little comfort that all the issues were accepted or would be addressed.

#### **Priority 1 Issues**

- The Governing Body did not hold the minimum required three meetings (face to face or on-line) during the 2019/20 school year.
- Sample testing of 13 transactions found that none of the invoices had been appropriately approved for payment by an identified officer.

#### **Priority 2 Issues**

- The School's Finance Policy and Procedure, which includes the scheme of financial delegation, has not been reviewed in the last 12 months as required.
- The School's 2019/20 completed SFVS self-assessment, although signed by the Chair of Governors, has not been formally agreed by the full Governing Body as required.
- The School's 2019/20 annual budget, although signed by the Chair of Governors, had not been formally agreed by the full Governing Body as required.
- Monthly budget monitoring was not being conducted.
- Examination of the Single Central Record found the Disclosure Barring Service (DBS) checks for four governors were last renewed over three years ago.
- The Schools Pay Policy had not been formally reviewed and agreed by the full Governing Body in the last 12 months as required.
- Sample testing of the records for three new starters found that evidence of



'right to work' checks was not being maintained as required.

- Sample testing of 13 non-pay expenditure transactions found three cases where the orders were dated after the corresponding invoices.
- Sample testing of 13 non-pay expenditure transactions found five cases where there was no goods received/services check evidenced.
- Examination of the procurement card documentation provided for the period 3 June to 3 October 2020 found that there was no evidence of any reconciliations being conducted.

## **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 £390k for 2020/21 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: Geetha Blood, Interim Head of Finance, Place & Resources)

## **9. LEGAL CONSIDERATIONS**

- 9.1 The Head of Litigation and Corporate Law comments on behalf of the Council Solicitor and Monitoring Officer 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 and 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: Gillian Bevan, Head of HR, Resources)

## **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. There are no immediate data protection issues arising from this report.

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**CONTACT OFFICER:** Simon Maddocks, Head of Internal Audit

**BACKGROUND DOCUMENTS:** Internal Audit report for the period to January 2021  
(appendix 1)

# London Borough of Croydon

## Internal Audit Report to 31 January 2021

### 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 in Appendix 6 of this report for further information about responsibilities, limitations and confidentiality.**

## 1. Internal Audit Performance

- 1.1 Due to the Covid-19 pandemic lockdown the 2019/20 annual internal audit plan (plan) was not delivered by 31 March 2020, with some internal audits still being progressed. With the easing of the lockdown restrictions in the summer, work on delivering the 2019/20 plan resumed and these are now well underway with the intention of completing these by the end of the current year.
- 1.2 For the 2020/21 plan, to help ensure that the annual internal audit plan supported the Risk Management Framework and therefore the Council Assurance Framework, the 2020/21 plan was substantially informed by the risk registers. The 2020/21 plan was presented to the General Purposes and Audit Committee on 17 March 2020.
- 1.4 Work on the 2020/21 plan is well underway.
- 1.5 The table below details the performance for the 2020/21 plan as well as the 2019/20 plan against the Council's targets. At 31 January 2021, for the 2020/21 plan Internal Audit had delivered 41% of the planned days, with 8 draft reports and 4 final reports issued. However it should be borne in mind the significant disruption due to Covid-19 with Internal Audit work pausing for a number of months including completion of 2019/20. In addition to significant progress on 2019/20, work for 2020/21 is progressing well with 61 of the audits commenced.

Performance Objective	Annual Target	Year to Date Target	Year to Date Actual	Performance
% of planned 2020/21 plan days delivered	100%	80%	41%	▼
Number of 2020/21 planned days delivered	959	768	397	▼
% of 2020/21 planned draft reports issued	100%	60%	11%	▼
Number of 2020/21 planned draft reports issued	74	44	8	▼
% of planned 2019/20 plan days delivered	100%	100%	93%	▼
Number of 2019/20 planned days delivered	1011	1011	942	▼
% of 2019/20 planned draft reports issued	100%	100%	75%	▼
Number of 2019/20 planned draft reports issued	87	87	65	▼
% of draft reports issued within 2 weeks of exit meeting	85%	85%	88%	▲
% of qualified staff engaged on audit	40%	40%	29%	▼

## 2. Audit Assurance

2.1 Internal Audit provides four levels of assurance as follows:

<b>Full</b>	The systems of internal control are sound and achieve all systems objectives and that all controls are being consistently applied.
<b>Substantial</b>	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.
<b>Limited</b>	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.
<b>No</b>	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.

2.2 The table below lists the internal audits for which final reports were issued from the date of the last annual report to 31 January 2021. Details of the key issues arising from these reports are shown in Appendix 1.

Internal Audit Title	Assurance Level
Azure Backup Application Audit	Full
Contract Management – Street Lighting PFI	Full
Debt Recovery In-house	Substantial
Parks Health and Safety	Limited
Age Assessment Judicial Reviews	Limited
Fairfield Halls Delivery (BxB Management)	No
School Audits	Assurance Level
Greenvale Primary School	Substantial
Winterbourne Nursery and Infant School	Substantial
Tunstall Nursery	Substantial
Thornton Health Nursery	No

## 3. Follow-up audits – effective resolution of recommendations/issues

3.1 During 2020/21 in response to the Council's follow-up requirements, Internal Audit has continued following-up the status of the implementation of agreed actions for audits carried out during 2015/16, 2016/17, 2017/18, 2018/19 and 2019/20.

3.2 Follow-up audits are undertaken to ensure that all the recommendations/issues raised have been successfully resolved according to the action plans agreed

with the service managers. The Council's target for internal audit recommendations/issues to be resolved 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)				
		2015/16	2016/17	2017/18	2018/19	2019/20
Percentage of priority one actions implemented at the time of the follow up audit	90%	100%	98%	100%	89%	87%
Percentage of all actions implemented at the time of the follow up audit	80%	94%	93%	91%	86%	88%

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

3.4 Appendix 2 shows the incomplete 2016/17 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 93% of the total recommendations were found to have been implemented and 98% of the priority 1 recommendations which have been followed up have been implemented. The outstanding priority 1 recommendation is detailed below:

Audit Title	Assurance Level	Priority 1 recommendations
Contract Monitoring and management – Streets Division	Limited	<p>Priority 1 recommendation was that staff should endeavour to locate the original full definitive signed contract with City Suburban Tree Surgeons. Where the agreement cannot be located, consideration should be given to requesting this from the contractor.</p> <p><u>Response September 2020:</u></p> <p>An initial response was provided detailing that the City Suburban Tree Surgeons contract could not be located. A formal contract is currently being procured through an extension document, which is with Procurement awaiting Cabinet and sign off.</p>

3.5 Appendix 3 shows the incomplete 2017/18 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 91% of the total recommendations/issues were found to have been implemented and 100% of the priority 1 recommendations/issues which have been followed up have been implemented.

3.6 Appendix 4 shows the 2018/19 follow-up audits undertaken to date and the number of recommendations/issues raised and implemented. 86% of the total recommendations/issues were found to have been implemented and 89% 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	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
Payments Against Orders	Limited	<p>A priority 1 issue was identified as means tests were not on file for six out of the sample of 10 adoption allowances tested.</p> <p><b>Response provided October 2020:</b></p> <p>The completion, monitoring and compliance remains poor and needs checking on all cases by the CPH on completing the financial assessments and raise any issues with the Head of Service.</p>
SEN to include Ombudsman upheld complaints	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><b>Response provided December 2019:</b></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>
Temporary Employment	Limited	<p>A priority 1 issue was raised 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.</p> <p><b>Update March 2020:</b></p> <p>Section 6.2 of the draft policy states 3 exceptions to this 13-week rule. This policy is now with HR to agree as they now oversee the operational delivery of the service. Policy update and file to be added.</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><b>Update March 2020:</b></p> <p>This policy is now with HR to agree as they now oversee the operational delivery of the service.</p>
Asbestos Management	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 roads; however, examination of the listing noted that there were also general rent dwellings, service tenancies and garages included</p> <p><b>Response November 2020:</b></p> <p>The provision of staff training has been delayed due to the Covid-19 pandemic and staff working from home.</p> <p>We are investigating the possibility of carrying out asbestos awareness training virtually whilst taking account of the financial situation at LBC.</p>

3.7 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 87% 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	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
Lettings Allocations and Assessments	Limited	<p>A priority 1 issue was raised as the application forms (on line and in hardcopy) in use were not compliant with the Data Protection Act 2018 or the General Data Protection Regulation.</p> <p><b>Response provided December: 2020:</b></p> <p>Again no handover or discussion. I will speak to digital and information services as well as interim operational manager to find out where we are with this and update with my findings and hopefully sign off.</p>

Audit Title	Assurance Level	Summary of recommendations/issues arising in priority 1 recommendations/issues
Occupational Therapy	Limited	<p>A priority 1 issue was raised as the apportionment of costs, including any over or underspends, for the Adult Community Occupational Therapy Service between the Croydon Clinical Commission Group and the Council was not formally agreed.</p> <p><u>Response provided February 2021:</u></p> <p>The local authority is reviewing and re-negotiating risk share for the period of notice. The Sprint sessions are now completed and the service specification is being worked on to be put into a section 75 agreement. Work in progress to be completed by end March.</p> <p>A priority 1 issue was raised as the 'Waiting List Report' as at 18 September 2019 detailed that there were 197 waiting clients, 180 of whom had been on the waiting list more than 3 months.</p> <p><u>Response provided February 2021:</u></p> <p>Waiting lists remain high due to increase in demand, Covid and staff shortage, although interim arrangements have helped reduce waiting lists. We have gone to spend control panel for recruitment for OTs been agreed for permeant and for locums while permeant recruitment is completed. This will help with reduction on waiting lists.</p>
Food Safety – Data Quality	Limited	<p>A priority 1 issued was raised as the reports of inspections due generated from the UNIFORM system were not accurate.</p> <p><u>Response provided November 2020:</u></p> <p>Issues remain, call with IT to identify reasons.</p>
Parks Health and Safety	Limited	<p>A priority 1 issue was raised as fire risk assessments for most of the parks and greenspaces (where applicable) required review and, where appropriate, update.</p> <p><u>Update December 2020:</u></p> <p>The FRA programme started prior to Covid-19 Lockdown and has been continued as guidance and capacity has allowed. Access to buildings is being granted through Grounds Maintenance and on-site risk assessments were programmed with the aim to have them completed by the end of December 2020. Unfortunately due to staffing issues, these will now be completed before the end of January 2021 and uploaded onto SharePoint.</p> <p>The completed FRAs will be available in this SharePoint folder.</p>
Wheelchair Service – Community Equipment Service	Limited	<p>A priority 1 issue was raised as the follow up of the recommendations raised in the 2017 ad hoc report identified that the recommendation relating to the BACs files being open to amendment had still not been implemented, meaning that any of the BACs payments during the last 2 years may have been manipulated. As about £1m of payments is made per month, this is a significant issue.</p> <p><u>Response provided February 2021:</u></p> <p>CES have been working with the Treasury section for a new payment solution. This is all set up and just awaiting Treasury section to update the permissions on Bankline, so that final testing can be conducted and the system can go live.</p>
Fairfield Hall Delivery (BxB Management)	No	<p>A priority 1 issue was raised as the licence for access to carry out works in respect of property at Fairfield, College Green issued to BXB did not include specific contract conditions relating to quality or deadline for delivery.</p>



## Appendix 1: Summary from finalised audits of Key (Priority 1) issues

Internal Audit Title	Assurance Level & Number of Issues	Summary of Key Issues Raised
Azure Backup Application Audit	Full Assurance	No priority 1 issues raised.
Contract Management – Street Lighting PFI	Full Assurance	No priority 1 issues raised.
Debt Recovery – In House	Substantial Assurance  (One priority 2 issue)	No priority 1 issues raised.
Parks Health and Safety	Limited Assurance  (Three Priority 1, four Priority 2 and a Priority 3 issue)	Priority 1 issues were identified that: <ul style="list-style-type: none"> <li>• A Parks Strategy was not in place;</li> <li>• Weekly reports of playground visual inspections were missing in a number of instances, and</li> </ul> <p>Fire risk assessments for most of the parks and greenspaces (where applicable) required review and, where appropriate, update.</p>
Age Assessment Judicial Reviews	Limited Assurance  (Two priority 1, four priority 2 issues)	Priority 1 issues: <ul style="list-style-type: none"> <li>• The 2018/19 recharge for 50% of the legal costs incurred for age assessment judicial reviews to the UK Border Agency was overstated; and</li> </ul> <p>There was a lack of monitoring and reporting of appropriate statistics on the outcomes or costs of age assessment judicial review cases.</p>
Fairfield Hall Delivery (BxB Management)	No Assurance  (Three Priority 1 issues )	Priority 1 issues were identified that <ul style="list-style-type: none"> <li>• The licence for access to carry out works in respect of property at Fairfield, College Green issued to BXB did not include specific contract conditions relating to quality or deadline for delivery.</li> <li>• The conditional sale of the Fairfield Car Park agreement was still in draft at the time of the substantive internal audit fieldwork in February 2020.</li> <li>• The Executive Director Place, a director of BXB, was the chair of the Fairfield Board meetings which is a conflict of interests.</li> </ul>
Greenvale Primary School	Substantial Assurance  (Six priority 2 and four primary 3 recommendations)	No priority 1 recommendations
Winterbourne Nursery and Infant School	Substantial Assurance  (Two priority 2 and three primary 3 recommendations)	No priority 1 recommendations
Tunstall Nursey School	Substantial Assurance	No priority 1 recommendations

Internal Audit Title	Assurance Level & Number of Issues	Summary of Key Issues Raised
	(One priority 2 and two primary 3 recommendations)	
Thornton Heath Nursery School	No Assurance (Two Priority 1, ten Priority 2 and two Priority 3 issues)	<p>Priority 1 issues were identified that:</p> <ul style="list-style-type: none"> <li>• The Governing body did not hold the minimum required three meetings during the 2019/20 school year.</li> <li>• None of the sampled 13 transactions had been evidenced as approved for payment.</li> </ul> <p>The responses received from the school gave no assurance that the issues identified would be addressed.</p>

## Appendix 2 - Follow-up of 2016/17 audits (Incomplete follow ups only)

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
<b>Non School Internal Audits</b>						
2016/17	Contract Monitoring and Management - Streets Division	Place	Limited (2 <sup>nd</sup> follow up in progress)	6	4	67%
				One priority 1 recommendation not implemented		
<b>Recommendations and implementation from internal audits that have had responses</b>				<b>421</b>	<b>392</b>	<b>93%</b>
<b>Priority 1 Recommendations from internal audits that have had responses</b>				<b>45</b>	<b>44</b>	<b>98%</b>

## Appendix 3 - Follow-up of 2017-18 audits (incomplete follow up only)

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
<b>Non School Internal Audits</b>						
2017-18	Development Management No response received	Place	Substantial (1st follow up in progress)	5	-	-
2017-18	Gifts and Hospitality	Resources	Substantial (4th follow up in progress)	4	3	75%
2017-18	Admitted Bodies	Resources	Substantial (2nd follow up in progress)	4	1	25%
2017-18	One Croydon Alliance Programme	HWA	Substantial (3rd follow up in progress)	7	3	43%
<b>Recommendations and implementation from internal audits that have had responses</b>				419	383	91%
<b>Priority 1 Recommendations from internal audits that have had responses</b>				47	47	100%

## Appendix 4 - Follow-up of 2018/19 audits

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
<b>Non School Internal Audits</b>						
2018/19	Voluntary Sector Commissioning Adult Social Care	Resources	No Assurance (No further follow up)	8	8	100%
2018/19	Housing Repairs	HWA	Limited (No further follow up)	2	2	100%
2018/19	Pensions Administration	Resources	Limited (No further follow up)	5	4	80%
2018/19	Children and Families System Support Team (ContrOCC)	CFE	Limited (3rd follow up in progress)	13	10	77%
2018/19	Payments to In House Foster Carers	CFE	Limited (No further follow up)	4	4	100%
2018/19	Payments Against Orders	CFE	Limited (2nd follow up in progress)	10	3	30%
					One priority 1 issue not yet resolved	
2018/19	SEN to include Ombudsman upheld complaints	CFE	Limited (3rd follow up in progress)	5	2	40%
					One priority 1 issue not yet resolved	
2018/19	GDPR in Schools	CFE	Limited (No further follow up)	8	8	100%
2018/19	Health and Safety in Schools	CFE	Limited (No further follow up)	6	6	100%
2018/19	Air Quality Strategy, Implementation and Review	Place	Limited (1 <sup>st</sup> follow up in progress)	8	-	-
2018/19	Allotments	Place	Limited (No further follow up)	5	4	80%
2018/19	Live Well – Active Lifestyle Team	Place	Limited (No further follow up)	7	7	100%
2018/19	No Recourse to Public Funds (NRPF)	HWA	Limited (No further follow up)	4	4	100%
2018/19	Croylease (Landlord letting Scheme)	HWA	Limited (No further follow up)	8	8	100%

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2018/19	Libraries Income Collection	Place	Limited (No further follow up)	5	5	100%
2018/19	Election Accounts and Claims	Resources	Limited (No further follow up)	7	6	86%
2018/19	Temporary Employment	Resources	Limited (3 <sup>rd</sup> follow up in progress)	16	5	31%
					2 priority 1 issues not yet resolved	
2018/19	Asbestos Management (Beyond the Corporate Campus)	Place	Limited (3 <sup>rd</sup> follow up in progress)	12	9	75%
					One priority 1 issue not yet resolved	
2018/19	Education Monitoring Tracking for LAC	CFE	Limited (No further follow up)	11	11	100%
2018/19	PMI General Building Works Service	Place	Limited (No further follow up)	6	5	83%
2018/19	Parking Enforcement and Tickets	Place	Substantial (No further follow up)	5	5	100%
2018/19	School Deficits and Surpluses (Conversion to Academy)	CFE	Substantial (3 <sup>rd</sup> follow up in progress)	4	3	75%
2018/19	Highways Statutory Defence	Place	Substantial (No further follow up)	4	4	100%
2018/19	Discretionary Housing Payments	HWA	Substantial (No further follow up)	3	3	100%
2018/19	Leasehold Service Charges	HWA	Substantial (No further follow up)	2	2	100%
2018/19	Public Events	Place	Substantial (No further follow up)	7	6	86%
2018/19	South London Work and Health Partnership( SLWHP)	Place	Substantial (No further follow up)	3	3	100%
2018/19	Parking CCTV	Place	Substantial (No further follow up)	1	1	100%
2018/19	Mortuary	Resources	Substantial (4 <sup>th</sup> follow up in progress)	4	3	75%

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2018/19	Growth Zone – High Level Review	Place	Substantial (No further follow up)	3	3	100%
2018/19	GDPR	Resources	Substantial (2nd follow up in progress)	2	0	0
2018/19	New Legal Services Model	Resources	Substantial (1 <sup>st</sup> follow up in progress)	7	4	57%
2018/19	Council Investment and Operational Properties – Income Maximisation	Resources	Substantial (3 <sup>rd</sup> follow up in progress)	4	2	50%
2018/19	Access to IT Server	Resources	Substantial (No further follow up)	3	3	100%
2018/19	Capita Event Management	Resources	Substantial (No further follow up)	3	3	100%
2018/19	Third party – Service Delivery	Resources	Substantial (No further follow up)	1	1	100%
2018/19	Cashiers (Cash Handling)	Resources	Full (No further follow up)	1	1	100%
<b>Non-School Internal Audits Sub Total: Recommendations and implementation from internal audits that have had responses</b>				<b>199</b>	<b>158</b>	<b>79%</b>
<b>Non-School Internal Audits Sub Total: Priority 1 Recommendations from internal audits that have had responses</b>				<b>27</b>	<b>22</b>	<b>81%</b>
<b>School Internal Audits</b>						
2018/19	Virgo Fidelis Convent School	CFE	No (No further follow up)	27	27	100%
2018/19	Coulston C of E Primary School	CFE	Limited (No further follow up)	8	7	88%
2018/19	The Mister Junior School	CFE	Limited (No further follow up)	11	9	82%
2018/19	Winterbourne Junior Girls School	CFE	Limited (No further follow up)	12	12	100%
2018/19	Regina Coeli Catholic Primary School	CFE	Limited (No further follow up)	10	10	100%

Financial Year	Audit Followed-up	Department	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2018/19	St Andrews C of E VA High School	CFE	Limited (No further follow up)	5	5	100%
2018/19	Thomas More Catholic School	CFE	Limited (No further follow up)	18	17	94%
2018/19	Christchurch C of E Primary School	CFE	Substantial (No further follow up)	10	10	100%
2018/19	Orchard Way Primary School	CFE	Substantial (No further follow up)	8	8	100%
2018/19	Park Hill Infant School	CFE	Substantial (No further follow up)	6	6	100%
2018/19	Ridgeway Primary School	CFE	Substantial (No further follow up)	7	6	86%
2018/19	The Hayes Primary School	CFE	Substantial (No further follow up)	7	7	100%
2018/19	St Mary's Catholic High School	CFE	Substantial (1 <sup>st</sup> follow up in progress)	12	11	91%
2018/19	Bensham Manor School	CFE	Substantial (No further follow up)	9	8	89%
<b>School Internal Audits Sub Total:</b>						
<b>Recommendations and implementation from internal audits that have had responses</b>				<b>150</b>	<b>143</b>	<b>95%</b>
<b>School Internal Audits Sub Total:</b>						
<b>Priority 1 Recommendations from internal audits that have had responses</b>				<b>19</b>	<b>19</b>	<b>100%</b>
<b>Recommendations and implementation from internal audits that have had responses</b>				<b>349</b>	<b>301</b>	<b>86%</b>
<b>Priority 1 Recommendations from internal audits that have had responses</b>				<b>46</b>	<b>41</b>	<b>89%</b>



## Appendix 5 - Follow-up of 2019/20 audits

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
<b>Non School Internal Audits</b>						
2019/20	Housing Rent (Reduced Scope)	HWA	Limited (No further follow up)	3	3	100%
	Age Assessment Judicial Review	HWA	Limited (No further follow up in)	6	6	100%
2019/20	Alternative School provisioning	CFE	Limited (No further follow up)	6	6	100%
2019/20	Partnership Governance – Children and Families	CFE	Limited (1st follow up in progress No priority 1 issues)	5	-	-
2019/20	Lettings Allocations and Assessments	HWA	Limited ( 3rd follow up in progress)	3	1	67%
				One priority 1 issue not yet resolved		
2019/20	Placements in Private Housing Accommodation	HWA	Limited (2 <sup>nd</sup> follow up in progress)	4	2	50%
	Adult Social Care (ASC) Waiting Lists	HWA	Limited (No further follow up)	4	4	100%
	Care Market Failure	Resources / HWA	Limited (No further follow up)	10	10	100%
	Financial Planning and Forecasting Adult's Services <u>Response received and being reviewed</u>	HWA	Limited (1 <sup>st</sup> follow up in progress)	6	-	-
2019/20	Occupational Therapy	HWA	Limited (2nd follow up in progress)	4	2	50%
				2 priority 1 issues not yet resolved		
2019/20	Bringing Services in-house – Parks Services	Place	Limited (No further follow up)	8	8	100%
2019/20	External Funding	Place	Limited (No further follow up)	3	3	100%
2019/20	Food Safety – Data Quality	Place	Limited	5	2	40%

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
			(3rd follow up in progress)	One priority 1 issue not yet resolved		
2019/20	Parks Health and Safety	Place	Limited (3rd follow up in progress)	8	5	62%
				One priority 1 issue not yet resolved		
2019/20	Wheelchair Service – Community Equipment Service	Resources	Limited (3rd follow up in progress)	3	2	67%
				One priority 1 issue not yet resolved		
2019/20	Fairfield Hall Delivery (BXB Management)	Place	Limited (1st follow up in progress)	3	2 (imp at final report stage)	66%
				One priority 1 issue not yet resolved		
2019/20	Business Rates	Resources	Substantial (No further follow up)	1	1	100%
2019/20	Housing Benefit	Resources	Substantial (No further follow up)	2	2	100%
2019/20	Pensions	Resources	Substantial (2nd follow up in progress)	2	1	50%
2019/20	Pay and Display Meter Maintenance	Place	Substantial (No further follow up)	4	4	100%
2019/20	Section 17 payments	HWA	Substantial (No further follow up)	5	5	100%
2019/20	Sheltered Accommodation (Extra Care Service)	HWA	Substantial (1st follow up in progress)	3	-	-
2019/20	Fire Safety (Housing Stock)	Place	Substantial (3rd follow up in progress)	1	0	0
2019/20	Growth Zone – Performance Manager	Place	Substantial (2nd follow up in progress)	4	2	50%

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2019/20	Highways Contract Management	Place	Substantial (No further follow up)	4	4	100%
2019/20	Risk Management	Resources	Substantial (No further follow up)	4	4	100%
2019/20	Uniform IT Application	Resources	Substantial (3 <sup>rd</sup> follow up in progress)	4	2	50%
2019/20	Northgate iWorld Application	Resources	Substantial (No further follow up)	1	1	100%
<b>Non-School Internal Audits Sub Total:</b>				<b>102</b>	<b>82</b>	<b>80%</b>
<b>Recommendations and implementation from internal audits that have had responses</b>						
<b>Non-School Internal Audits Sub Total:</b>				<b>25</b>	<b>18</b>	<b>72%</b>
<b>Priority 1 Recommendations from internal audits that have had responses</b>						
<b>School Internal Audits</b>						
2019/20	Winterbourne Nursery and Infant School		No (No further follow up)	22	22	100%
2019/20	Beulah Junior School		Limited (No further follow up)	14	13	93%
2019/20	Kenley Primary School		Limited (No further follow up)	11	10	91%
2019/20	Margaret Roper Catholic Primary School		Limited (No further follow up)	11	10	91%
2019/20	Minster Infant School		Limited (No further follow up)	16	13	81%
2019/20	Norbury Manor Primary School		Limited (No further follow up)	13	13	100%
2019/20	St Joseph's Federation		Limited ( No further follow up)	14	13	93%
2019/20	Virgo Fidelis Convent Senior School		Limited (No further follow up)	19	19	100%
2019/20	Crosfield Nursery and Selhurst Early Years		Substantial (No further follow up)	8	7	87%

Financial Year	Audit Followed-up	Executive Director Responsible	Assurance Level & Status	Total Raised	Implemented	
					Total	Percentage
2019/20	All Saints C of E Primary School		Substantial (No further follow up)	12	12	100%
2019/20	Elmwood Infant School		Substantial (No further follow up)	6	6	100%
2019/20	Heavers Farm School		Substantial (No further follow up)	13	13	100%
<b>School Internal Audits Sub Total:</b>						
<b>Recommendations and implementation from internal audits that have had responses</b>				<b>159</b>	<b>149</b>	<b>94%</b>
<b>School Internal Audits Sub Total:</b>						
<b>Priority 1 Recommendations from internal audits that have had responses</b>				<b>31</b>	<b>31</b>	<b>100%</b>
<b>Recommendations and implementation from internal audits that have had responses</b>				<b>261</b>	<b>231</b>	<b>88%</b>
<b>Priority 1 Recommendations from internal audits that have had responses</b>				<b>56</b>	<b>49</b>	<b>87%</b>

## Appendix 6 - Statement of Responsibility

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis

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.

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# Agenda Item 8

<b>REPORT TO:</b>	<b>GENERAL PURPOSES &amp; AUDIT COMMITTEE</b> <b>4 March 2021</b>
<b>SUBJECT:</b>	<b>Internal Audit Charter, Strategy and Plan</b>
<b>LEAD OFFICER:</b>	<b>Head of Internal Audit</b>
<b>CABINET MEMBER:</b>	<b>Councillor Callton Young</b> <b>Cabinet Member for Resources and Financial Governance</b>
<b>WARDS:</b>	<b>ALL</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b> 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 helping the Council achieve all its visions and aims. The external auditor may rely on the work from the internal audit programme when forming opinions and assessments of the Council's performance.	
<b>FINANCIAL IMPACT</b> The Internal Audit contract for 2020/21 is a fixed price contract of £390,000 and appropriate provision has been made within the budget for 2020/21.	

## **1. RECOMMENDATIONS**

- 1.1 The General Purposes & Audit Committee is asked to approve the Internal Audit Charter (Appendix 1), Strategy (Appendix 2) and the plan of audit work for 2021/22 (Appendix 3).

## **2. EXECUTIVE SUMMARY**

- 2.1 The current UK Public Sector Internal Audit Standards came into effect on 1 April 2013. To help with the Council's compliance with these standards the Council's internal audit charter (appendix 1) and strategy (appendix 2) are reviewed annually and are now attached for approval. These will be reviewed and brought back for approval each year to ensure that they remain up to date and relevant. Also attached is the work plan for internal audit for 2021/22 (appendix 3).

## **3. DETAIL**

- 3.1 In England, specific requirements are detailed in the Accounts and Audit Regulations 2015, in that a relevant body must "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."
- 3.2 The UK Public Sector Internal Audit Standards which apply to local and central government, the NHS and the three devolved governments came into force from 1<sup>st</sup> April 2013 and were further revised in 2016 and 2017. Compliance with these satisfies the requirements of the Accounts and Audit Regulations.
- 3.3 To help with the Council's compliance with these standards the Council's internal audit charter (appendix 1) and strategy (appendix 2) have been reviewed and are attached for approval. These will be reviewed and brought back for approval each year to ensure that they remain up to date and relevant. Also attached for approval is the work plan for internal audit for 2021/22 (appendix 3).
- 3.4 The work plan for 2021/22 follows a similar format to previous years and its make-up is as set out in the audit strategy. It aims to maximise the value from the internal audit resource available and to provide sufficient evidence to enable the Head of Internal Audit to give an opinion on the effectiveness of its risk management, control and governance processes.
- 3.5 The Council's Executive Leadership Team has reviewed and supports the work plan.

## **4. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 4.1 The fixed price for the Internal Audit Contract is £390,000 for 2020/21 and there is adequate provision within the budget. There are no additional financial considerations relating to this report
- 4.2 Internal Audit's planning methodology is based on risk assessments that include using the Council risk register processes.

(Approved by: Geetha Blood, Interim Head of Finance, Place & Resources)



## **5. LEGAL CONSIDERATIONS**

- 5.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that 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 and Deputy Monitoring Officer)

## **6. HUMAN RESOURCES IMPACT**

- 6.1 There are no immediate human resource considerations arising from this report for LBC employees or workers.

(Approved by: Gillian Bevan, Head of HR, Resources)

## **7. EQUALITIES, ENVIRONMENTAL AND CRIME AND DISORDER REDUCTION IMPACTS**

- 7.1 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.

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**CONTACT OFFICER:** Simon Maddocks, Head of Internal Audit

**BACKGROUND DOCUMENTS:**

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## Internal Audit Charter

**This Charter sets out the purpose, authority and responsibility of the Council’s Internal Audit function, in accordance with the mandatory UK Public Sector Internal Audit Standards.**

**The Charter will be reviewed annually and presented to the General Purposes & Audit Committee for approval.**

### Purpose

The Institute of Internal Auditors’ International Professional Practices Framework (IPPF) defines internal audit as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

In a local authority internal audit provides independent and objective assurance to the organisation, its Members, the Executive Leadership Team (ELT)<sup>1</sup> and in particular to the Chief Financial Officer to help with discharging their responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council’s financial affairs.

In addition, the Accounts and Audit Regulations (2015) specifically require the provision of an internal audit service. In line with the regulations, Internal Audit provides independent assurance on the adequacy of the Council’s risk management, control and governance processes.

The Institute of Internal Auditors (IIA) defines assurance as “services that involve the internal auditor’s objective assessment of evidence to provide opinions or conclusions regarding an entity, operation, function, process, system, or other subject matters. The nature and scope of an assurance engagement are determined by the internal auditor”.

### Mission and Core Principles

The IPPF’s overarching “Mission” for Internal Audit services is: “...to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.

The “Core Principles” that underpin delivery of the IPPF mission require internal audit functions to:

- Demonstrate integrity;
- Be objective and free from undue influence (independent);

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<sup>1</sup> Fulfil the role of senior management - Public Sector Internal Audit Standards

- Align with the strategies, objectives and risks of the organisation;
- Be appropriately positioned and adequately resourced;
- Demonstrate quality and continuous improvement;
- Communicate effectively;
- Provide risk-based assurance;
- Be insightful, proactive, and future-focused; and
- Promote organisational improvement.

### **Authority**

The Internal Audit function has unrestricted access to all Council records and information, both manual and computerised, cash, stores and other Council property or assets it considers necessary to fulfil its responsibilities. Internal audit may enter Council property and has unrestricted access to all locations and officers where necessary on demand and without prior notice. Right of access to other bodies funded by the Council should be set out in the conditions of funding.

The Internal Audit function will consider all requests from the external auditors for access to any information, files or working papers obtained or prepared during audit work that has been finalised, which External Audit would need to discharge its responsibilities.

### **Responsibility**

The Council's Head of Internal Audit<sup>2</sup>, is required to provide an annual opinion to the Council and to the Chief Financial Officer, through the General Purposes & Audit Committee<sup>3</sup>, on the adequacy and the effectiveness of the internal control system for the whole Council. In order to achieve this, the Internal Audit function has the following objectives:

- To provide a quality, independent and objective audit service that effectively meets the Council's needs, adds value, improves operations and helps protect public resources
- To provide assurance to management that the Council's operations are being conducted in accordance with external regulations, legislation, internal policies and procedures.
- To provide a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes
- To provide assurance that significant risks to the Council's objectives are being managed. This is achieved by annually assessing the adequacy and effectiveness of the risk management process.

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<sup>2</sup> Fulfills the role of the Chief Audit Executive – Public Sector Internal Audit Standards

<sup>3</sup> Fulfills the role of the board – Public Sector Internal Audit Standards

- To provide advice and support to management to enable an effective control environment to be maintained

Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas identified by the organisation as being of greatest risk and significance and rely on management to provide full access to accounting records and transactions for the purposes of audit work and to ensure the authenticity of these documents.

The remit of Internal Audit covers the entire control environment of the organisation. Where appropriate, Internal Audit will undertake audit or consulting work for the benefit of the Council in organisations in which it has a significant controlling interest, such as Local Authority Trading Companies. Internal Audit may also provide assurance to the Council on third party operations (such as contractors and partners) where this has been provided for as part of the contract.

Internal Audit may undertake consulting activities. The Institute of Internal Auditors (IIA) defines consulting as “Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training.”

## **Reporting**

The UK Public Sector Internal Audit Standards require the Head of Internal Audit to report at the top of the organisation and this is done in the following ways:

- The Internal Audit Strategy and Charter and any amendments to them are reported to the Executive Leadership Team (ELT) directly or via the Governance Board (GB) and then presented to General Purposes & Audit Committee (GPAC) for formal approval annually.
- The annual Internal Audit Plan is compiled by the Head of Internal Audit taking account of the Council's risk framework and after input from members of ELT and other senior officers. It is then presented to ELT, GB and GPAC annually for noting and comment.
- The internal audit budget is reported to Cabinet and Full Council for approval annually as part of the overall Council budget.
- The adequacy, or otherwise, of the level of internal audit resources (as determined by the Head of Internal Audit) and the independence of internal audit will be reported annually to the GPAC. The approach to providing resource is set out in the Internal Audit Strategy.

- Performance against the Internal Audit Plan and any significant risk exposures and control issues arising from audit work are reported to the GB and the GPAC on a quarterly basis.
- Any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the GPAC.
- Results from internal audit's Quality Assurance and Improvement Programme will be reported to GPAC.
- The appointment or removal of the Head of Internal Audit must be reported to and approved by ELT.
- Any instances of non-conformance with the Public Sector Internal Audit Standards must be reported to the GB and the GPAC and will be included in the head of Internal Audit's annual report. If there is significant non-conformance this may be included in the Council's Annual Governance Statement.

### **Independence**

The Head of Internal Audit has free and unfettered access to the following:

- Chief Financial Officer
- Chief Executive
- Chair of the General Purposes & Audit Committee (GPAC)
- Monitoring Officer
- Any other member of the Executive Leadership Team

The Head of Internal Audit is line managed by the Chief Financial Officer. Independence is further safeguarded by ensuring that their annual appraisal is not inappropriately influenced by those subject to audit. This is achieved by ensuring that both the Executive Director of Resources and the Chair of the GPAC contribute to, and/or review the appraisal of the Head of Internal Audit.

All Council and contractor staff in the Internal Audit Service are required to make an annual declaration of interest to ensure that auditors' objectivity is not impaired and that any potential conflicts of interest are appropriately managed. Auditors are also frequently rotated to prevent over-familiarity or complacency which could influence objectivity.

In addition, both the Council and the audit contractor have stringent procedures in place relating to the acceptance of gifts and hospitality and the prevention of bribery.

To maintain independence, any audit staff involved in significant consulting activity will not be involved in the audit of that area for at least 12 months. Nor will any member of audit staff be involved in any audit work for any area in which they have had operational responsibility within the past 12 months.

The Head of Internal Audit has no additional responsibilities in addition to internal audit thereby ensuring the absence of any conflicts of interest.

### **Due Professional Care**

The Internal Audit function is bound by the following standards:

- Institute of Internal Auditor's International Code of Ethics;
- Seven Principles of Public Life (Nolan Principles);
- UK Public Sector Internal Audit Standards (2017);
- The CIPFA Local Government Application Note (LGAN);
- The codes of ethics for any professional body that internal auditors are members of;
- All Council Policies and Procedures
- All relevant legislation

Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the UK Public Sector Internal Audit Standards, ongoing performance monitoring and an external assessment at least once every five years by a suitably qualified, independent assessor.

A programme of Continuous Professional Development (CPD) is maintained for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies. The Head of Internal Audit is required to hold a professional qualification (CCAB or IIA) and be suitably experienced.

The Head of Internal Audit will ensure that the internal audit service has access to an appropriate range of knowledge, skills, personal attributes, qualifications, experience and competencies required to perform and deliver its responsibilities.

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## Internal Audit Strategy

**This Strategy sets out how the Council’s Internal Audit service will be developed and delivered in accordance with the Internal Audit Charter.**

**The Strategy will be reviewed annually and presented to the General Purposes & Audit Committee for approval.**

### Internal Audit Objectives

Internal Audit will provide independent and objective assurance to the organisation, its Members, the Executive Leadership Team (ELT)<sup>1</sup> and in particular to the Chief Financial Officer to support the discharging of their responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council’s financial affairs.

It is the Council’s intention to provide a best practice, cost effective internal audit service.

### Internal Audit’s Remit

The internal audit service is an assurance function that primarily provides an independent and objective opinion on the degree to which the internal control environment supports and promotes the achievement of the council’s objectives.

Under the direction of a suitably qualified and experienced Head of Internal Audit<sup>2</sup> the service will:

- Provide management and Members with an independent, objective assurance and consulting activity designed to add value and improve the Council’s operations.
- Assist the General Purposes & Audit Committee<sup>3</sup> to reinforce the importance of effective corporate governance and ensure internal control improvements are delivered;
- Drive organisational change to improve processes and service performance;
- Work with other internal stakeholders and customers to review and recommend improvements to internal control and governance arrangements in accordance with regulatory and statutory requirements;

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<sup>1</sup> Fulfil the role of senior management - Public Sector Internal Audit Standards

<sup>2</sup> Fulfils the role of the Chief Audit Executive – Public Sector Internal Audit Standards

<sup>3</sup> Fulfils the role of the board – Public Sector Internal Audit Standards

- Work closely with other assurance providers to share information and provide a value for money assurance service and;
- Participate in local and national bodies and working groups to influence agendas and developments within the profession.

Internal Audit must ensure that it is not involved in the design, installation and operation of controls so as to compromise its independence and objectivity. Internal Audit will however offer advice on the design of new internal controls in accordance with best practice.

### **Service Delivery**

The Service will be delivered by the Council's strategic internal audit partner (currently Mazars) under the direction of the Council's Head of Internal Audit and supported by an in-house Governance Officer. This provides flexibility of resource and mitigates many of the risks associated with delivering a professional internal audit service.

To ensure that the benefits of the Internal Audit service are maximised and shared as best practice, Croydon has established the APEX Audit & Anti-Fraud Partnership to work with other local authorities. This includes appropriate: resource provision, joint working, audit management & strategy and a range of value added services.

### **Internal Audit Planning**

Audit planning will be undertaken on an annual basis and audit coverage will be based on the following:

- Discussions with the Council's Executive Leadership Team (ELT), Corporate leadership Team (CLT) and other management;
- The Council's Risk Register;
- The Council's priorities and Corporate plan;
- Outputs from other assurance providers (eg Ofsted or the External Auditor);
- Requirements as agreed in the joint working protocol with External Audit;
- Local and national issues and risks.

The Internal Audit Plan 2021-22 is composed of the following:

- **Risk Based Systems Audit:** Audits of systems, processes or tasks where the internal controls are identified, evaluated and confirmed through risk assessment process. The internal controls depending on the risk assessment are tested to confirm that they operating correctly. The

selection of work in this category is driven by Departments' own risk processes and will increasingly include work in areas where the Council services are delivered in partnership with other organisations.

Internal Audit planning is already significantly based on the Council's risk register and upon risks identified by management. Internal audit will continue to have a significant role in risk management with audit planning being focused by risk and the results of audit work feeding back into the risk management process to form a 'virtuous circle'.

- **Key Financial Systems:** Audits of the Council's key financial systems where External Audit requires annual assurance as part of their external audit work programme.
- **Probity Audit (schools & other establishments):** Audit of a discrete unit. Compliance with legislation, regulation, policies, procedures or best practice are confirmed. For schools this includes assessment against the Schools Financial Value Standard.
- **Computer Audit:** The review of Digital infrastructure and associated systems, software and hardware.
- **Contract Audit:** Audits of the Council's procedures and processes for the letting and monitoring of contracts, including reviews of completed and current contracts.
- **Action Plan Verification:** Testing of reported attainment of key actions or milestones in the various action plans developed to support council renewal.
- **Fraud and Ad Hoc Work:** A contingency of audit days are set aside to cover any fraud and irregularity investigations arising during the year and additional work due to changes or issues arising in-year.

The internal audit plan for 2021-22 covers a period of twelve months. However, Croydon Council and local government as a whole is being subjected to continuous change and financial pressures that may result in changed priorities during the course of the year. Where this happens the Head of Internal Audit may need to flex the internal audit plan; any proposed significant changes to the plan will be reported to the senior management and the General Purposes & Audit Committee.

### **Follow-up**

Internal Audit will evaluate the Council's progress in implementing audit recommendations against set targets for implementation. Progress will be

reported to management and to the General Purposes & Audit Committee on a regular basis.

Where progress is unsatisfactory or management fails to provide a satisfactory response to follow up requests, Internal Audit will implement the agreed escalation procedure.

## **Reporting**

Internal audit reports the findings of its work in detail to local management at the conclusion of each piece of audit work and in summary to departmental and corporate management on a regular basis. Summary reports are also provided to the General Purposes & Audit Committee at least four times per year. This includes the Head of Internal Audit's annual report that contributes to the assurances underpinning the Annual Governance Statement of the Council.

## 2021/22 Annual Audit Plan

### KEY FINANCIAL SYSTEMS REVIEWS

Business Rates and Grants  
Adult and Children's Social Care Payment Processes  
Housing Repairs  
Parking Enforcement  
Payments to Schools (Include licensed deficit process)  
Continuous auditing  
Follow-up of audits

### Total Key Financials Audits

### CORPORATE RISK AUDITS

Service Based Budget Monitoring: Across the Organisation  
Standard Operating Procedures: DLTs, DMTs and Departmental Communications  
Sundry Expenditure : Compliance Checks  
Savings Plans : Formulation and Monitoring  
Fees and Charges  
Use of Covid-19 Government Assistance  
Staff Expenses - Compliance checks  
Follow up of audits

### Total Corporate Risk Audits

### DEPARTMENTAL RISK AUDITS

Early Years and Parenting  
UASC - Value for Money  
In-House Foster Carer Recruitment  
Block Booking of Places  
SEND  
Youth Services / Youth Engagement  
Youth Offending  
Children with Disabilities  
Leaving Hospital - Schemes 1 and 2  
Housing Forecasting and Allocations  
Growth Zone Programme  
CALAT - Income generation and controls  
Traffic Management  
Food Safety  
BxB  
Fire Safety (Council Residential Buildings)  
PMO - Structures and Processes  
PMO - Savings and Action Plans  
Community Fund : Contracts  
Asset Strategy (Short term)  
My Resources : HR Modules  
Pension Improvement Plan  
Community Equipment Service - Governance  
Information Management  
Oracle - HR Functions  
MTFS  
Capital Budgeting and Treasury Management  
Capitalisation Funding, Capital Receipts and Revenue funding of Capital

Reserves : General and Earmarked HRA - Accounting Follow up of audits
<b>Total Departmental Risk Register Audits</b>
<b>COMPUTER AUDITS</b>
Security Architecture Application Support IT Asset Management Windows 10 Security 3rd Party Service Provider Management Follow up of audits
<b>Total Computer Audits</b>
<b>CONTRACT AUDITS</b>
Contract Pipeline Contract audits to be determined Follow-up of audits
<b>Total Contract Audits</b>
<b>SCHOOLS AUDITS</b>
<b>Primary &amp; Nursery Schools</b> Crosfield Nursery and Selhurst Early Years Purley Nursery Beaumont Primary Downsview Primary School Elmwood Junior School Gresham Primary School Howard Primary School Norbury Manor Primary Rockmount Primary School St John's C of E School
<b>Secondary Schools</b> Thomas More Catholic School Virgo Fidelis Convent Senior School
<b>PRU's &amp; Special Schools</b> Saffron Valley Priory
Follow-up of Schools audits
<b>Total Schools Audits</b>
<b>CONTINGENCY</b>
Follow up of External Review Action Plans (RiPI, Finance Improvements, Rapid Rev Contingency for fraud including NFI and other ad hoc audits Contingency for Grant Claims
<b>Total Contingency</b>
<b>ADMIN AND MANAGEMENT</b>
<b>Total Admin and Management</b>
<b>GRAND TOTAL BUDGET</b>

Dept	Audit Days
Resources	10
Resources	20
Resources	10
Resources	10
Resources	10
Resources	60
	10
	<b>130</b>
Corporate	15
Corporate	20
Corporate	15
Corporate	15
Corporate	15
Corporate	10
Corporate	15
Corporate	10
	<b>115</b>
Children, Families and Education	10
Children, Families and Education	15
Children, Families and Education	10
Children, Families and Education	10
Children, Families and Education	10
Children, Families and Education	10
Children, Families and Education	10
Children, Families and Education	10
Health, Wellbeing & Adults	15
Health, Wellbeing & Adults	10
Place	15
Place	10
Place	10
Place	10
Place	15
Place	15
Resources	10
Resources	15
Resources	10
Resources	10
Resources	10
Resources	10
Resources	10
Resources	15
Resources	10
Resources	10

Resources	10
Resources	10
	40
	<b>380</b>
Resources	15
Resources	15
Resources	15
Resources	15
Resources	15
	10
	<b>85</b>
Resources	10
Various	50
	10
	<b>70</b>
Children, Families and Education	5.5
Children, Families and Education	5.5
Children, Families and Education	5.5
Children, Families and Education	5.5
Children, Families and Education	5.5
Children, Families and Education	5.5
Children, Families and Education	5.5
Children, Families and Education	5.5
Children, Families and Education	5.5
Children, Families and Education	5.5
Children, Families and Education	5.5
Children, Families and Education	7.5
Children, Families and Education	7.5
Children, Families and Education	5.5
Children, Families and Education	5.5
	14
	<b>95.0</b>
(view, etc.)	100
	25
	14
	<b>139</b>
	<b>40</b>
	<b>1054</b>



<b>REPORT TO:</b>	<b>GENERAL PURPOSES AND AUDIT COMMITTEE</b> 4 March 2021
<b>SUBJECT:</b>	Anti-Fraud Update Report 1 <sup>st</sup> April 2020 – 31 January 2021
<b>LEAD OFFICER:</b>	David Hogan, Head of Anti-Fraud
<b>CABINET MEMBER</b>	Councillor Callton Young Cabinet Member for Resources and Financial Governance
<b>WARDS:</b>	All
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>	
<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>	
<b>FINANCIAL SUMMARY:</b>	
<p>The budget provision for the Anti-Fraud service for 2020/21 is £328,107 and the service is on target to be delivered within budget.</p>	
<b>FORWARD PLAN KEY DECISION REFERENCE NO: N/A</b>	

<b>1.</b>	<b>RECOMMENDATIONS</b>
1.1	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> <li>• Note the Anti-fraud activity of the Corporate Anti-Fraud Team for the period 1 April 2020 – 31 January 2021</li> </ul>

## 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 2020 – 31 January 2021.

## 3. DETAIL

### Performance 1 April 2020 to 31 January 2021

- 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 generates an income by providing a service to the London Borough of Lambeth, as well as providing Financial Investigation services to LB Bexley, LB Wandsworth, LB Newham and Adur/Worthing councils. Statistics related to the other councils that CAFT supports are not included in the figures below.
- 3.2 The team continues to be impacted by the national lockdowns and the need to balance the work they do with the need to keep people safe and this has impacted two of the key components of their work, visiting residents and business and face to face interviewing. This is causing a backlog of investigations casework as it has impacted on the team's ability to conclude investigations. When faced with a similar backlog in the mid- point of last year we prioritised backlogged work and were able to clear this within a couple of months and we will take the same approach this time. This does however reflect in performance figures below which are understandably below target.
- 3.3 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 19/20	ANNUAL TARGET 20/21	20/21 YTD PERFORMANCE
Successful Outcomes	181	130	103
Identified Overpayments & Savings	£1,414,384	£1,000,000	£916,989

Table 2 - Breakdown of Outcomes from 1 April 2020 – 31st January 2021 compared to the same period in 2019/20

2019/20		2020/21	
Area	Value £	Area	Value £
Housing - 34		Housing - 26	

7 Recovered Properties 2 Removed from housing list 6 Right to Buy stopped 1 Nomination Rights 6 Possession order 11 Legal notices issued* 1 tenancy warning letter	£226,800  **£4,000  £658,000 £32,400	5 Recovered Properties 7 Removed from housing list 2 Right to Buy stopped 2 Nomination Rights 1 Temp Accommodation 7 Legal notices issued* 1 Wilful damage 1 Tenancy Warning letter	£162,000 **£14,000  £224,600 £64,800  £32,400
<b>Other - 125</b> 30 Formal Cautions 7 Dismissal/Resignation & Other Disciplinary Action 7 Council Tax Discounts 6 Council Tax reduction removed 50 Blue Badge Abuse 1 NRPF 1 Liability Order 23 Other	£238,901	<b>Other – 77</b> 2 Audit Recommendations 11 Formal Cautions 1 Grant Rejected 6 Dismissal/Resignation & other Disciplinary Action 10 Council Tax Discount 12 Council Tax Reduction Removed 20 Blue Badge abuse 1 NRPF 8 Covid Business grants 6 Other	£419,189
<b>Total</b>	£1,160,101	<b>Total</b>	£916,989

\*Includes: Notice Seeking Possession and Notice to Quit

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

### 3.4 National Fraud Initiative 20/21

The National Fraud Initiative (NFI) is a bi-annual exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

The NFI is a statutory data matching exercise that has operated since 1996, initially the responsibility of the Audit Commission but since 2014 it has been the responsibility of the Cabinet Office using its statutory powers under the Local Audit and Accountability Act 2014.

Where a match is found, it indicates that there may be an inconsistency or circumstance that requires further investigation. No assumption can be made as to whether there is fraud, error or other explanation until an investigation is carried out. The NFI is wide ranging in terms of the areas it examines and in total we have received a total of 7457 matches we will need to review. These matches are prioritised in a red, amber, green rating and we are currently working through the red matches. Some examples of the areas matched and the numbers identified for investigation are in the table below:

<b>Match Description</b>	<b>Number</b>
LA pension to DWP deceased	77
Housing Tenancy to Housing tenancy between boroughs with the same personal phone number	43
Blue Badge permit to Blue Badge permit between boroughs with the same personal phone number	33
Blue Badge issued by Croydon to DWP deceased	410
CTRS to CTRS between boroughs	44
Croydon Housing Tenants to other boroughs waiting list	31
CTRS to DWP deceased	68

#### **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. This year they currently are undertaking work for LB Bexley, LB Newham, LB Wandsworth and Adur and Worthing Councils.

Their investigations relate to a broad section of service areas 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 The Financial Investigators, as is the case with many other teams across the council, are experiencing significant delays in legal proceedings due to Covid. This is resulting in constant adjournments as the courts appear to try to deal with their own backlogs.

## 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 below are some additional areas which we are required to make public. The figures detailed below for the period from 1 April to 31 January 2021:

Number of occasions the Council has used powers under the Prevention of Social Housing Fraud Act	6
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*	273

\*The number of investigations that have been closed during the period April 20 to 31 January 2021.

## 6. FINANCIAL AND RISK ASSESSMENTS

- 6.1 The budget provision for the anti-fraud service for 2020/21 is £328,107 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: Geetha Blood, Interim Head of Finance, Resources & Place)

## 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 the 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)

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

<b>REPORT TO:</b>	<b>GENERAL PURPOSES AND AUDIT COMMITTEE</b>  4 March 2021
<b>SUBJECT:</b>	<b>Corporate Risk Report</b>
<b>LEAD OFFICER:</b>	<b>Chris Buss, Interim Director of Finance, Investment &amp; Risk and S151 Officer</b>
<b>CABINET MEMBER</b>	<b>Councillor Callton Young, Cabinet Member for Resources &amp; Financial Governance</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>	
<p>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 report accompanies the appendix document which presents those risks recorded as ‘high rated’ or RED on the corporate risk register as at 24<sup>th</sup> February 2021.</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>	
<b>FINANCIAL SUMMARY:</b> No additional direct financial implications.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.:</b> N/A	

## 1.1 RECOMMENDATIONS

The Committee is asked to:

Note the contents of the corporate risk register as at 24<sup>th</sup> February 2021

## 2. EXECUTIVE SUMMARY

- 2.1 The report updates the General Purposes & Audit Committee Members on the corporate risk register (the register) as at 24<sup>th</sup> February 2021.

### **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 risks have been escalated to Red Status:
- FIR0021. Risk of further deterioration in Internal Control & Governance as a result of budget and resourcing constraints.
  - FIR0034. Risk that the audit of the 2019/20 and 2020/21 accounts requires a significant number of adjustments to be completed in order to provide a balance.
  - FIR0035. Risk that the additional £60m savings in respect of the 2022/23 financial year set out by MHCLG in Capitalisation Direction Agreement (2021) are not identified and delivered.
  - VRN0003. A rise in domestic abuse in the borough resulting in greater numbers of murders and serious harm.
- 3.3 Since the register was last considered by Members, the following risks have been de-escalated from Red status as follows.
- FIR0021. Funding levels provided through the Government Grant are significantly lower than forecast or anticipated. Elements of this risk are now incorporated into risk FIR0035.
  - C190017. Continuing increase in the infection rate of C19 leads to further restrictions on residents & businesses resulting in a prolonged demand for emergency provision of services. This risk has been de-escalated to Amber.
  - ELT0020. The council's financial strategy does not enable it to maintain the required level of reserves. This risk has been incorporated into risks FIR0034 and FIR0035.
- 3.4 In addition to the changes in the red risks noted above there have been a number of recent changes in relation to risk ownership as per the attached report and all risks are subject to an on-going review in relation current and future control measures.



3.5 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).

3.6 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 Chris Buss –Interim Director of Finance, Investment & Risk and Section 151 Officer)

#### **5. LEGAL CONSIDERATIONS**

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) operates a '**horizon scan**' strategy 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 that are maintained by the RMT. This strategy incorporates a multi-faceted approach including activities such as:

- 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: Chris Buss, Interim 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: Chris Buss, Interim Director of Finance, Investment & Risk and Section 151 Officer)

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**CONTACT OFFICER:**

Malcolm Davies,  
Head of Risk & Insurance  
Ext 50005

**BACKGROUND DOCUMENTS:**

Appendix 1 Corporate Risk Register

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## Appendix 1 Corporate Risk Register Red Risks

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
EHCS0001  Madden, Roisin	<p>The significant and increasing numbers of unaccompanied asylum seeking children (UASC) / 'care leavers looked after' arriving within the borough (above the national average) places substantial additional financial pressures on the Council in order to deliver its statutory obligations.</p> <p>**The voluntary structure of the scheme means there is always vulnerability. Croydon is responsible for all new presentations to Lunar House as a locally based service**.</p>	<ul style="list-style-type: none"> <li>Significant service and staff resources pressures, with pressures on placement supply of in-house and independent foster carers, and pressures on school places and LAC health services.</li> <li>Impact on Council revenue budgets as a result of insufficient funding for overhead costs due to volume.</li> <li>National Transfer Scheme (NTS) continues to fail.</li> <li>Dedicated teams required to deal with large numbers of UASC meaning that the processing of UASC cannot be absorbed into the existing staffing structure like in other Council's.</li> <li>Additional overheads including staff management and legal costs not paid for by Government grants like other Council's e.g. Kent.</li> </ul>	<p>Jones, Debbie</p> <p>Children Families &amp; Education Services</p>	<p>2020/21 Budget assumption of £9m incorporated into current financial year.</p> <p>Additional Home Office funding of £4m for 2020/21 has been agreed.</p> <p>Continued use of the rota to place young people in other boroughs through the Pan-London Protocol.</p> <p>Delivering support to all relevant 'young people' whose appeal rights have been exhausted in order to effectively plan for their futures whilst also facilitating the withdrawal of the automatic support the Council has historically offered to all young people until age 25.</p> <p>Emphasis on wider negotiation of fair funding arrangements for Croydon.</p> <p>Ensuring compliance and ensure opportunities are utilised through a formal system for dispersing unaccompanied child migrants as introduced by central government.</p> <p>Implementation of the National Transfer Scheme.</p>	5	5	25	<p>Complete a forensic review of income against the total expenditure for unaccompanied asylum seeking children and care leavers over the past 3 years. UASC will be presented to GPAC (March 2021).</p> <p>Present options for decision to elected members to meet the needs of children within the grant funding available. UASC will be presented to GPAC (March 2021).</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>Ongoing and regular negotiation with the Home Office and Department for Education to secure agreement to the support currently provided to other port of entry authorities.</p> <p>Ongoing negotiation / lobbying of MHCLG as part of the capitalisation negotiation, in order to resolve the UASC pressure.</p> <p>The Council continues to hold meetings with the Immigration Minister and others in Home Office. Ongoing correspondence, conversations and clarifications with Home Office taking place.</p> <p>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>Working with London local authorities to secure practical support to share the disproportionate burden on Croydon.</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>Working with the Association of London Directors of Children's Services, the Department for Education and Home Office to implement the voluntary National Transfer Scheme.</p> <p>Working with the Home Office to ensure that only appropriate young people are placed.</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
ELT0006  Kerswell, Katherine	<p>Robust governance &amp; risk management procedures/frameworks are not activated to safeguard the interests (financial &amp; reputational) of the Council and its taxpayers within all subsidiary organisations where the Council has an interest.</p> <p>(Specifically in reference to Brick X Brick &amp; Croydon Homes LLP).</p> <p>Grant Thornton - 'Report in the Public Interest' recommendation number(s): 8,12,17,19 &amp; 20.</p>	<ul style="list-style-type: none"> <li>• Significant financial loss.</li> <li>• Reputational damage.</li> <li>• Political interest and scrutiny.</li> <li>• Media interest and scrutiny.</li> <li>• Council placed in unstable financial position leading to potential bankruptcy.</li> <li>• Significant fraudulent activity.</li> <li>• Continuing and increasing levels of non-compliance.</li> </ul>	<p>Kerswell, Katherine</p> <p>Executive Leadership Team</p>	<p>Annual business plan of BXB reported to Cabinet.</p> <p>Cabinet member responsibility in portfolio.</p> <p>Dedicated shareholder function in place to manage relationship and risks.</p> <p>LBC non-executive directors allocated to serve on all subsidiary Boards.</p> <p>PwC Review of the transparency of reporting of any remedial action taken to address in year overspends.</p> <p>Shareholder Board created September 2019.</p> <p>Strategic review recommendations agreed to reduce risks and deliver secure financial path forward.</p>	5	5	25	<p>S.151 Officer Review of the financial rationale and associated risks. Recommendations to Cabinet &amp; Council on the future of the revolving investment fund. Proposal / strategy to be presented to Members (March 2021).</p> <p>The s.151 Officer and the Monitoring Officer to review and reconsider the ongoing financial rationale for the Council in the equity investment arrangement with BxB. Proposal / strategy to be presented to Members (March 2021).</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
ELT0007  Kerswell, Katherine	Poor financial control and ineffective application of governance arrangements continues to lead to an unstable financial situation.  Grant Thornton - 'Report in the Public Interest' recommendation number(s):1-20.	<ul style="list-style-type: none"> <li>Internal Controls rated at 'limited' or 'no assurance' by Head of Internal Audit.</li> <li>Continuing instances of non-compliance with corporate policies and legislative requirements.</li> <li>Political scrutiny and interest at local and national level.</li> <li>Media interest at local and national level.</li> <li>Increasing and uncontrollable financial loss.</li> <li>Legislative action.</li> <li>Staff redundancies.</li> <li>Report in the Public Interests (RIPI) issued by External Auditors.</li> </ul>	Kerswell, Katherine  Executive Leadership Team	<p>CLT co-ordination to identify and instigate savings strategies.</p> <p>Collaborative working initiated with MHCLG.</p> <p>Finance Consultant issued report into improving finance system.</p> <p>Finance Review Panel initiated. Led by independent Chair(s) to investigate the Council's financial strategy and approach and to make recommendations for changes to operational and strategic practice.</p> <p>Immediate spending controls implemented across the Council. Recruitment; PCards; Expenditure control greater than £10k (Purchase Orders).</p> <p>Introduced non-essential spend and recruitment controls as if s.114 notice issued.</p> <p>Leader, Cabinet Member for Finance &amp; Resources and the Chair of General Purposes &amp; Audit Committee attended LGA Training 07/11/2020.</p> <p>Monthly reporting to ELT / Cabinet.</p>	5	5	25	Training programmes to be introduced to improve General Purposes & Audit Committee (GPAC) and Scrutiny Committees. Planned training programme ongoing / continuous through financial year 2021/22.	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>Proper management of purchase orders to ensure compliance with corporate policy to eliminate retrospective activity.</p> <p>Rapid review completed to highlight issues.</p> <p>Spending Control Panel in place monitoring and approving all expenditure across the Council.</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
FIR0023 Buss, Chris	Further deterioration in Internal Control & Governance as a result of budget and resourcing constraints.	<ul style="list-style-type: none"> <li>Financial / Reputational and Legal implications arising from bad decision making.</li> <li>Inadequate financial governance</li> <li>Failure to comply with probity requirements, legislation, local regulations or council policy.</li> <li>S114 Notice.</li> <li>Report in the Public interest.</li> </ul>	Harris-Baker, Jacqueline  Resources Department / Corporate	<p>Committee Award process for contracts.</p> <p>Commissioning &amp; Procurement Framework in place and enforced.</p> <p>Governance Board established to monitor key governance issues.</p> <p>Higher profile of key policies and procedures and easier access to support and guidance.</p> <p>Implementation of 'Doing the Right Thing' training across the organisation to senior and budget managers.</p> <p>Robust Internal Audit Programme in place.</p> <p>Strategy implemented to raise profile of Governance / Internal Audit function to ensure appropriate adherence at all levels across organisation.</p> <p>Tendering Made Easy - web based guide produced to assist with compliance.</p>	5	5	25	Improved engagement with ELT to facilitate their enforcement and instruction through their departmental hierarchies. To be finalised April 2021.	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
FIR0034 Buss, Chris	The audit of the 2019/20 and 2020/21 accounts requires a significant number of adjustments to be completed in order to provide a balance.	<ul style="list-style-type: none"> <li>• Unqualified accounts provided.</li> <li>• Additional £20m deficit over the two financial years.</li> <li>• Inappropriate financial behaviour and practice evidenced.</li> <li>• Political scrutiny applied at local and national level.</li> <li>• Media interest and scrutiny at local and national level.</li> <li>• Continuing financial loss.</li> <li>• Reputational damage.</li> <li>• Potential investigation of historic financial practices.</li> <li>• Impact on reserves</li> </ul>	Harris-Baker, Jacqueline  Resources Department / Corporate	Control measures to be confirmed	5	5	25	Control measures to be confirmed	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
FIR0035  Buss, Chris	2022/23 financial year risk that the additional £60m savings set out by MHCLG in Capitalisation Direction Agreement (2021) are not identified and delivered.	<ul style="list-style-type: none"> <li>• Do not meet terms and conditions set out by MHCLG in Capitalisation Direction Agreement (2021) / Three Year Delivery Programme.</li> <li>• Inappropriate financial behaviour and practice evidenced.</li> <li>• Political scrutiny applied at local and national level.</li> <li>• Media interest and scrutiny at local and national level.</li> <li>• Impact on reserves</li> <li>• Continuing financial loss.</li> <li>• Reputational damage.</li> <li>• Potential investigation of historic financial practices.</li> </ul>	Harris-Baker, Jacqueline  Resources Department / Corporate	Control measures to be confirmed	5	5	25	Control measures to be confirmed	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
PH0001 Flowers,Rache I	The Director of Public Health is unable to fulfil ALL statutory obligations as required under the 1938 Public Health Act in order to assure leadership that they can deliver the appropriate activities to ensure the safety and well-being of all residents within the borough during the Covid-19 pandemic.	<ul style="list-style-type: none"> <li>• Central government control implemented (civil control removed).</li> <li>• Political scrutiny.</li> <li>• Inability to ensure operational delivery in relation to the Council's ability to respond.</li> <li>• Reputational damage.</li> <li>• Financial loss.</li> <li>• Media interest and scrutiny.</li> <li>• Civil unrest due to inadequate / inappropriate response.</li> </ul>	Van Dichele, Guy  Health, Wellbeing & Adult Services	<p>Activation of LBC GOLD and SILVER national standard Emergency Planning meetings.</p> <p>BECC activated 16th March 2020.</p> <p>Council GOLD meeting weekly to monitor and review situation.</p> <p>Director of Public Health influence in respect of non-assurance with Exec Management. - incorporates liaising with relevant Directors and HoS to ensure clarity around plans in place and receive assurance as to organisational preparedness.</p> <p>Excess Death Scenario 'Task &amp; Finish Group' participation.</p> <p>LSP of all Croydon parties regularly briefed.</p> <p>Ongoing collaborative working with Corporate Resilience Team to ensure regular review and update of Council's Pandemic Plan.</p>	5	5	25	Achievement of coverage for all age categories under the mass vaccination programme. Anticipated completion August 2021.	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
VRN0003  Hayward, Sarah	<p>A rise in domestic abuse in the borough resulting in greater numbers of murders and serious harm.</p> <p>Referrals December 2020: 44 high harm high risk (Multi-Agency Risk Assessment Conference aka MARAC).</p> <p>**C19 --- The 4th January 2021 National Lockdown Restrictions is leading to additional increases in domestic abuse incidents resulting in an even larger increase in the demand on the Council's Domestic Abuse Support Service (DASS)**.</p>	<ul style="list-style-type: none"> <li>• Death or serious injury to clients and their children / families.</li> <li>• Financial loss due to increase in the pressure on inter-related services as well as DASS.</li> <li>• Legislative action.</li> </ul>	Mustafa, Shifa  Place Department	<p>Feb 2021 - the council sought agreement to a refreshed approach from the partners in the Community Safety Partnership to the recommendations from Domestic Homicide reviews. This should give new focus from partners to learning the lessons from domestic homicides in the borough. Sought agreement to a refreshed approach from the partners in the Community Safety Partnership to the recommendations from Domestic Homicide reviews. This should give new focus from partners to learning the lessons from domestic homicides in the borough.</p> <p>Action plans for Safer Croydon Partnership.</p> <p>Action plans for the Council's Domestic Abuse Support Service (DASS).</p> <p>Active management of workloads and pressures on staff.</p> <p>Commissioning of DRIVE service provider.</p> <p>Contingency location identified if move is delayed.</p> <p>Crime &amp; Disorder Reduction Strategy.</p>	5	5	25	<p>Council will lead on the development of a new Community Safety Strategy for the Safer Croydon Partnership. Given our high and rising rates of domestic abuse it is likely to be a central area of focus. (Ongoing during 2021).</p> <p>Domestic Homicide Review findings pending following statutory review. Spring/Summer 2021</p> <p>The Council's annual strategic assessment will be published this will provide an evidence base to council practitioners and partners to better understand prevalence and types of domestic abuse across the borough. (March 2021).</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
				<p>Family Justice Centre Advocates for domestic abuse sufferers</p> <p>Chief Executive Group set up</p> <p>White Ribbon Borough and petition</p> <p>FJC team working with victims and putting in place new advocacy measures</p> <p>MARAC and DAPP processes in place. Occurring weekly to manage increased referral volume.</p> <p>Plans in place for prevention and support</p> <p>The Council's domestic violence conducts annual refresh of their own specific strategy and work programme</p> <p>The work of the Family Justice Centre.</p> <p>Working with the Police and other public agencies to increase referrals.</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
ASC0001  McPartland, Annette	Social Care market supply disruption leading to market failure and inability to fulfil statutory requirements.  Risk jointly owned with Commissioning & Procurement.	<ul style="list-style-type: none"> <li>• Reduction in choice.</li> <li>• Failure to meet service user needs.</li> <li>• Delayed discharge from hospital.</li> <li>• Increase budget pressure.</li> <li>• Reduced quality of provision.</li> <li>• Increase in safeguarding concerns.</li> <li>• Increase number of providers within the provider concerns process.</li> <li>• Increases in delays or overpayments to providers.</li> <li>• Increase pressure on all internal services.</li> </ul>	Van Dichele, Guy  Health, Wellbeing & Adult Services	<p>ADASS Pan London minimum standards programme adopted.</p> <p>Brokerage and Placements Quality Assurance.</p> <p>Corporate programme initiated on reviewing Placements &amp; Payments process in Adult Social Care (ASC).</p> <p>Croydon Dynamic Purchasing and e-market system commissioned September 2018.</p> <p>Increased 'Supported Living' capacity created.</p> <p>Inflation strategy in place to manage fees paid.</p> <p>Insourcing commenced on 04/01/2020 to help improve services to residents.</p> <p>Market management by Contract monitoring team.</p> <p>Micro Commissioning arrangements for new DPS for Care Homes in place.</p> <p>Monitoring of the provider market on a daily basis to ensure Care Homes and Domiciliary settings / providers are operating at appropriate levels following all statutory guidance.</p>	5	4	20	Future Controls measures to be confirmed.	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 Dynamic Purchasing System (DPS) for Home Care commenced May 2020.</p> <p>One Croydon Alliance Commissioning strategy ongoing implementation.</p> <p>Pan London provider concern's process managed by safeguarding team.</p> <p>Provider Failure Policy updated with C-19 Chapter.</p> <p>Reablement in South of borough - Review of ability for provision within area completed.</p> <p>Refreshed Market position statement.</p> <p>Restructured contract &amp; market management function with increased number of monitors.</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
ASC0012  McPartland, Annette	The financial and staff resources provided cannot meet the demand for Adult Social Care in line with all statutory obligations.	<ul style="list-style-type: none"> <li>Residents do not have their statutory needs met, reducing quality of life, and increasing the risk to life.</li> <li>Legal challenge (judicial review), and associated financial and reputational costs.</li> <li>Political and media scrutiny and interest.</li> <li>Unable to attract or retain a proportionately skilled permanent workforce, leading to increased use of agency staff, higher costs and reduced service quality.</li> </ul>	Van Dichele, Guy  Health, Wellbeing & Adult Services	<p>20/21 period 6 forecast used to identify current budget gap (run rate).</p> <p>A Business Intelligence dashboard on key metrics on activity and unit costs aligns with monthly budget monitoring.</p> <p>Annual budget developed using performance review, aligned with continued modelling on activity and unit cost, demand and inflation advice from LGA.</p> <p>Budget development meetings with cross Council peers, are enabling transparency, growth of service knowledge, and scrutiny of proposals.</p> <p>Change and efficiencies programme delivers savings / service change meeting annual targets, or escalating to the Croydon Renewal plan where there are significant issues.</p> <p>Cost of care tool and ASC FR national reporting tool, used to identify current activity and unit costs.</p>	5	4	20	<p>Older people activity and unit costs to be 'at or below' the national average due to negotiation with providers. (Anticipated completion by end of financial year 2023/24).</p> <p>Younger adult activity and unit costs are at or below the London average due to negotiation with providers. (Anticipated completion by end of financial year 2023/24).</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>Daily challenge panel lead by Director and heads of service, will ensure packages/placements do not exceed unnecessarily, the new target unit costs; and are appropriately using the strengths based practice model.</p> <p>Developing key performance indicators to identify the year on year target activity and units costs.</p> <p>Director and head of service / budget holder monthly monitoring.</p> <p>Directors, heads of service, budget holders and staff, know the budget, activity against targets and unit costs, and deliver services within these metrics and aligned to the Care Act (2021/22).</p> <p>Full Review of contracts and development of a 3 year commissioning plan.</p> <p>Implementation of a 5-7.5% reduction in the spending on packages of care in mental health, younger and older adults.</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>Ongoing equality impact analysis maintained on all projects, ensuring negative impacts are mitigated where possible.</p> <p>Senior management team have accepted the issues raised in the report in public interest; and the Local Government Association advice that our activity levels and spend are too high.</p> <p>Support from Local Government (LGA) Association to review proposed growth, key performance indicators and projects to deliver service change and savings.</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
ASC0017  McPartland, Annette	<p>Young people transitioning from 18-25 to 25-65 Social Care Services are disadvantaged due to operational restrictions:</p> <p>Specifically:</p> <ul style="list-style-type: none"> <li>• Unaffordability and budget overspend;</li> <li>• Delays in assessment, reassessment and review;</li> <li>• Increase in staff caseload.</li> <li>• Managing parental expectations;</li> <li>• Insufficient management oversight and scrutiny of proposed placements</li> </ul>	<ul style="list-style-type: none"> <li>• High value care packages and placements transferring to 25-65 budget and creating additional budget pressures;</li> <li>• Additional case management activity transferring to the 25-65 service including reviews, reassessments, support planning, placement changes and potentially crisis intervention;</li> <li>• Existing short-term provision (defined as up to 2 years) could no longer be financially viable under the new funding model.</li> <li>• Closure of short-term supported housing schemes.</li> <li>• Commissioning new short-term supported housing more challenging due to the capital and revenue cost implications for providers and lack of certainty about future funding.</li> <li>• LBC may find its grant funding capped at a level that will not sustain short-term supported housing and may have to provide additional revenue support from its own resources to sustain schemes.</li> <li>• Implementation of the new funding model requires additional resources and shifts in existing resources.</li> </ul>	<p>Van Dichele, Guy</p> <p>Health, Wellbeing &amp; Adult Services</p>	<p>1 year forecast of service users transitioning at year end.</p> <p>3 year forecast of service users transitioning.</p> <p>Children with Disabilities (CwD) -- Recruitment of assessment and support planning staff in transitions to ensure stable and cost effective placements and packages of care prior to transition.</p> <p>Complex care team intervention through high cost placement review.</p> <p>Current protocols require transition with stable placement or care package and thereby reducing the requirement for urgent intervention.</p> <p>Developing and improving the local service offers for supported accommodation, active lives and employment.</p> <p>Forecasting used to develop growth bids and inform budget build.</p>	4	5	20	Future Controls measures to be confirmed.	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
				<p>High value placements and care packages are selected for reassessment by Complex Care Team as part of the high cost placement reviews.</p> <p>Provision of a comprehensive service offer for accommodation, active lives and employment.</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
C190019  Kerswell, Katherine	<p>The spread of the C-19 infection and the nature of the interventions implemented to reduce it widen health inequalities and increase demand on all Council services.</p> <p>** E.g. overcrowded/poor housing - less effective self-isolation; those in deprived areas more likely to have underlying conditions; unsecure employment leading to great financial insecurity**.</p>	<ul style="list-style-type: none"> <li>• Increasing demand on Council services as this occurs.</li> <li>• Increased mortality and morbidity in more vulnerable groups.</li> <li>• Adult Social Care pressure.</li> <li>• Housing demand.</li> <li>• Political and media interest.</li> </ul>	<p>Kerswell, Katherine</p> <p>Covid-19</p>	<p>Targeted comm's and engagement to the 'at risk' populations.</p> <p>Council wide Inequalities programmes including Local Strategic Partnerships (LSP).</p> <p>COVID-19 and flu messaging detailed in the NHS Health Check invitation letter sent to people aged 40-74.</p> <p>Deep dive with data to identify if there are patterns around testing e.g. people not accessing testing or testing positive e.g. community clustering.</p> <p>Director of PH is Regional Lead for London (ASC) and briefing LSP / ELT / GOLD on epidemiology and control measures.</p> <p>Epidemiology data provided by DHSC and LCRC reviewed by PH Team on a daily basis to enhance understanding.</p> <p>Free school meal vouchers.</p> <p>Good engagement across borough with C19 Health Protection Board that provides oversight to the Outbreak Control Plan.</p>	5	4	20	<p>Achievement of coverage for all age categories under the mass vaccination programme. Anticipated completion August 2021.</p>	5	2	10



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>Lower level risks discussed on regular basis at SILVER and escalated where necessary.</p> <p>The Outbreak Control Plan operating to ensure that there is coordinated approach to provide effective delivery across the borough in a coordinated and targeted process.</p> <p>Ward level Power BI dashboard analyses data at a local level.</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
ED0001  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 Dedicated Schools Grant (DSG) budget, which can't be funded from General Fund reserves.</p> <p>**The in-year overspend for 2019/20 is £5.434 million, with a DSG cumulative overspend of £14.558 million. The Department for Education (DfE) has confirmed the provisions in The School and Early Years Finance (England) Regulations 2020 establishing a statutory requirement for any DSG deficit balance to be held within the local authority's overall DSG, meaning authorities cannot fund deficit from general fund without Secretary of State approval**.</p>	<ul style="list-style-type: none"> <li>• Children and families do not receive the advice and support they would expect.</li> <li>• Increased costs due to tribunals and complaints leading to reduced reputation.</li> <li>• Inability to achieve outcomes for children and families in Croydon.</li> <li>• LBC over reliance on 'independent sector'.</li> <li>• Increase in Education, Health &amp; Care (EHC) Plans issued with no additional funding provided.</li> </ul>	Jones, Debbie  Children Families & Education Services	<p>0-25 SEND Strategy Implementation Plan to deliver change across the system.</p> <p>Addington Valley Academy Free School opened in temporary site for Year 7 (September 2020).</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>Delivery of training for travel providers in supporting PMLD and any other pupils requiring APG treatments – and how to maintain safe Covid 19 Health practices should this be required.</p> <p>DSG Recovery Plan (balanced budget 2024/25) approved by Schools forum.</p> <p>Early Identification and Intervention –improved HV assessment, identify needs, work with families early. Support provided for EY education providers, personalised inclusion funding until the end of EY Foundation Stage.</p>	5	4	20	Addington Valley Free School will open on substantive site for all year groups (September 2021).	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>Free School opened which will relieve pressure in spend in non-mainstream sector.</p> <p>Further senior management review of existing plans.</p> <p>Graduated response – right support, right time. Meeting needs locally in local schools at SEN Support level; reduced reliance on alternative education.</p> <p>High Needs Funding Review planned.</p> <p>Implement strategies for managing demand for more effective mainstream school placements.</p> <p>Implementation of joint working with other local authorities to reduce placement costs. South London dynamic purchasing system (SL DPS).</p> <p>Improved forecasting and reporting of demand led spend to manage overall budget position.</p> <p>Improved projections for school places.</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>Joint Working – children's needs are being met locally in Croydon (cost avoidance in independent sector), through co-ordinated and coherent pathways which are achieved through collaborative work with parents and YP; across education, health and care.</p> <p>July 2019 5 yr. deficit recovery plan submitted to DfE.</p> <p>Modelling of Locality Based Working &amp; Staged Approach supporting mainstream schools meeting SEN needs.</p> <p>Post 16 pathway development providing effective local education, care and health pathways to adulthood, and EHC Plans are ceased in timely way (currently 40% HNB spend is post 16).</p> <p>Post 16 specialist placements provision created at Coulsdon College for pupils in Sept 2019.</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>SEN strategy 2019 - 2022 presented and approved by Cabinet March 2019 following consultation. Plans to improve impact of service and measure to mitigate against cost.</p> <p>South London Partnership SEN Commissioning Programme in place for commissioning residential and day placements for children and young people with Special Education Needs.</p> <p>Utilised the additional funding allocated in the 2019 'Spending Review'.</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
ED0002  Davies, Shelley	<p>That a 'Local Area (OFSTED) Inspection' issue a letter detailing improvement requirements / concerns in respect of the SEND Service.</p> <p><b>**The Education Directorate is coordinating the Council's approach but the responsibility is jointly shared by Education, Health &amp; Children's Social Care**</b></p> <p>NB - Lockdown 3 means that OFSTED have stood down all review activity.</p>	<ul style="list-style-type: none"> <li>• Reputational damage.</li> <li>• Government intervention.</li> <li>• Financial cost of implementing wide ranging changes.</li> <li>• Difficulty in recruiting and retaining experienced and effective workforce.</li> <li>• Media scrutiny.</li> <li>• Political scrutiny and activity.</li> <li>• Increased referrals into SEND service and associated financial pressures.</li> <li>• Judicial Review.</li> </ul>	<p>Jones, Debbie</p> <p>Children Families &amp; Education Services</p>	<p>Governance structure introduced to oversee delivery and implementation of the Improvement Strategy.</p> <p>Implement plan to ensure 'Local Area' is Inspection ready. The SEND strategy is a three year strategy, we have a five year DSG recovery plan and in terms of inspection readiness we are awaiting the inspection call.</p> <p>Implementation of revised 0-25 SEND strategy.</p> <p>SEN Improvement Board established &amp; meeting monthly to monitor SEN improvement plan and strategy.</p> <p>SEND Inspection Readiness Working Group set up September 2020.</p>	4	5	20	<p>Future Controls measures to be confirmed.</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
ED0003  Davies, Shelley	<p>The number of Council maintained schools moving into a financial deficit leading to default and arrears continues to increase.</p> <p>**Currently there are 10 of our 50 maintained schools in deficit. Two schools account for a significant proportion (Virgo Fidelis at £2.5m) for which the Council holds liability**.</p>	<p>• Financial loss to LBC as the Council holds liability to settle deficit should schools transfer to academy status.</p>	<p>Jones, Debbie</p> <p>Children Families &amp; Education Services</p>	<p>'Schools of concern' are under monthly review.</p> <p>Deficit schools report financial outturn monthly to LBC.</p> <p>Implementation of new strategies following Independent Financial Review of 'Schools in Deficit' funded from DSG schools block. Visits to 'Schools in Deficit' commenced September 2020.</p> <p>Oversight of any significant deficit reporting as a result of C19 in place.</p> <p>Regular update meetings with the Governing Body's / SLT's of schools with the highest levels of debt.</p> <p>Risk rating system is in place for each of the schools that are either in deficit or 'causing concern'.</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>	4	5	20	<p>Future Controls measures to be confirmed.</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
				<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> <p>Where appropriate the Council 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. Output from the independent Financial Review to inform the LA of next steps. Target date of September 2020.</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
ELT0001  Kerswell, Katherine	<p>Effective action is not taken to address the underlying causes of social care overspends within Children's Services, specifically in terms of both the demand and the resulting cost pressures.</p> <p>Grant Thornton - 'Report in the Public Interest' recommendation number: 1</p>	<ul style="list-style-type: none"> <li>• Continuing financial loss.</li> <li>• Political scrutiny.</li> <li>• Media interest.</li> <li>• Senior officer resignations.</li> <li>• Legislative action.</li> <li>• Reputational damage.</li> <li>• Potential harm to clients.</li> </ul>	<p>Kerswell, Katherine</p> <p>Executive Leadership Team</p>	<p>Finance Review Programme completed and recommendations being acted on.</p> <p>Ongoing implementation of audit recommendations.</p> <p>Renewing Croydon Task &amp; Finish Group activated.</p> <p>Submission to MHCLG that identified clear focus on improvement of Children's Social Services to achieve specific actions.</p> <p>Work streams tasked with reviewing existing processes to identify cost and demand savings.</p>	5	4	20	<p>Future Controls measures to be confirmed.</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
ELT0002  Kerswell, Katherine	<p>Effective action is not taken to address the underlying causes of social care overspends within Adult's Services, specifically in terms of both the demand and the resulting cost pressures.</p> <p>Grant Thornton - 'Report in the Public Interest' recommendation number: 1</p>	<ul style="list-style-type: none"> <li>• Continuing financial loss.</li> <li>• Political scrutiny.</li> <li>• Media interest.</li> <li>• Senior officer resignations.</li> <li>• Legislative action.</li> <li>• Reputational damage.</li> <li>• Potential harm to clients.</li> </ul>	<p>Kerswell, Katherine</p> <p>Executive Leadership Team</p>	<p>Finance Review Programme initiated.</p> <p>Ongoing implementation of audit recommendations.</p> <p>Renewing Croydon Task &amp; Finish Group initiated.</p> <p>Work streams in place to identify cost savings and demand management processes.</p>	5	4	20	Future Controls measures to be confirmed.	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
ELT0004  Kerswell, Katherine	Ineffective management of identified risk leads to organisational failure.  Grant Thornton - 'Report in the Public Interest' recommendation number(s):1-20.	<ul style="list-style-type: none"> <li>• Inaccurate risk reporting leads to risk materialisation and consequences associated with them.</li> <li>• Service disruption, death or serious injury.</li> <li>• Political and media interest and scrutiny.</li> <li>• Leadership Team (senior officer / Cabinet Member) resignations / potential legislative action taken against individuals.</li> <li>• Continuing and increasing financial loss.</li> <li>• Public unrest / disorder.</li> <li>• Legal action against Council instigated.</li> <li>• S.114 Notice submitted.</li> <li>• Political scrutiny (national level).</li> <li>• Media interest and scrutiny.</li> </ul>	Kerswell, Katherine  Executive Leadership Team	<p>Continuous horizon scan review of national and global events / trends.</p> <p>Effective risk recording / reporting mechanism in place allowing for 'high level Risk Register reporting to leadership. ELT are accountable for successful delivery of the Council's Risk Management Framework.</p> <p>Frequency of management oversight of risk register has increased at a senior level in line with demand.</p> <p>Rapidity of escalation to ELT amended to achieve desired outcome.</p> <p>Risk is standing item on regular ELT risk reviews.</p> <p>Risk Register utilised as a framework for review and therefore included as a standing item on GOLD Agenda.</p> <p>Risk Team form part of core organisational groups.</p> <p>Robust corporate Risk Management Framework in place.</p>	5	4	20	Provision of risk management training to officers and members to be implemented April 2021.	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
ELT0008  Kerswell, Katherine	<p>There is no effective challenge, review, investigation or ownership taken on all activities that the Council undertakes by the Executive Leadership Team, Cabinet and all Scrutiny Committees (including GPAC).</p> <p><b>**This risk specifically relates to financial strategy, treasury management strategy (including borrowing), capital investment strategies and appropriateness of continuing investment and association with BxB**</b></p> <p>Grant Thornton - 'Report in the Public Interest' recommendation number(s): 2,5,8,9,10,11,14,15 &amp;17.</p>	<ul style="list-style-type: none"> <li>• Government commissioners brought in to run Council.</li> <li>• All services immediately ceased (except where statutory duty).</li> <li>• Political scrutiny and interest at local and national level.</li> <li>• Media interest at local and national level.</li> <li>• Increasing financial loss.</li> <li>• Legislative action.</li> <li>• Staff morale substantially decreased.</li> </ul>	<p>Kerswell, Katherine</p> <p>Executive Leadership Team</p>	<p>Appropriate risk assessments being conducted prior to budget approval.</p> <p>ELT, Cabinet and Scrutiny Committees regular report review process initiated.</p> <p>Reports on actions presented to GPAC and Scrutiny Committees in a timely manner. These reports will include:</p> <ul style="list-style-type: none"> <li>• A comprehensive update on the High Needs Funding Block being taken to address the Dedicated Schools Grant (DSG) and highlight whether appropriate progress is being achieved. his is added to the GPAC Agenda.</li> <li>• An appraisal of the Growth Zone activities (and assumptions) and recommendations as to whether there should be continued investment in the scheme.</li> </ul>	5	4	20	<p>Detailed Treasury Management training to be delivered in order to assist Members to better understand and challenge the long-term financial implications of matters reported within the Treasury Management Strategy. (May 2021)</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
ELT0015  Kerswell, Katherine	The data provided from within the organisation via corporate systems and processes is inaccurate and incomplete.	<ul style="list-style-type: none"> <li>Inaccurate / misleading reporting.</li> <li>Financial loss.</li> <li>Reputational damage.</li> <li>Political and media scrutiny.</li> </ul>	Kerswell, Katherine  Executive Leadership Team	<p>Data validation activities to ensure accuracy.</p> <p>Enhanced review of data recording in place to identify appropriate strategies to mitigate.</p> <p>Establishment data corrected within My Resources.</p> <p>Review of existing data recording practices / processes to ensure accuracy.</p> <p>Work stream initiated to ensure activities are appropriate.</p>	5	4	20	Subject experts to be engaged to workflow current practices and identify control weaknesses (March 2021).	5	2	10

Risk Ref	Risk Scenario		Exec Director	Existing Controls	Current			Future Controls	Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total		Impact	L'hood	Total
ELT0019  Kerswell, Katherine	<p>The scale and ambition of the capital programme creates a requirement for borrowing that exceeds affordability.</p> <p>Grant Thornton - 'Report in the Public Interest' recommendation number(s):12,16 &amp; 19.</p>	<ul style="list-style-type: none"> <li>• Insufficient capital available to meet financial commitments / obligations.</li> <li>• Leadership collapse.</li> <li>• Political and media scrutiny.</li> <li>• Government intervention.</li> <li>• S.114 Notice submitted.</li> <li>• Leadership and senior officer resignations.</li> </ul>	<p>Kerswell, Katherine</p> <p>Executive Leadership Team</p>	<p>Best practice identification activities in place.</p> <p>Finance Review Programme initiated.</p> <p>Ongoing Cabinet and ELT reviews.</p> <p>Ongoing monitoring and strategy identification.</p> <p>Quarterly review and scrutiny.</p> <p>Review of existing expenditure / work streams to identify cost reductions.</p> <p>Specific work stream initiated to identify capital programmes that can be decommissioned.</p>	5	4	20	Future Controls measures to be confirmed.	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
HSI0001 Ali, Ozay	<p>The investment strategy and income generating properties do not deliver the required financial benefits / targets.</p> <p><b>**Main Risks CPH (£1.75m), Colonnades (potential £700k), Davis House (£200k), BWH (Arcadis £750k) remainder portfolio (£100k). Issue compounded by the inability of landlords to take swift action through the courts to pursue non-payment remedies**.</b></p>	<ul style="list-style-type: none"> <li>• Financial loss due to under-performance of assets through non-payment of rents due to failure of tenants, reduced rents or deferrals.</li> <li>• Service area funding / continuity of delivery could be impacted as a result of lower revenue income to support.</li> <li>• Reputational damage due to failure of high profile assets.</li> <li>• Political and media scrutiny.</li> <li>• Covid-19 pandemic and Brexit significantly impact on investment properties and the general rental income across the wider portfolio leading to reduced revenue generation.</li> <li>• Inability of landlords to take swift action through the courts to pursue non-payment remedies</li> </ul>	<p>Mustafa, Shifa</p> <p>Place Department</p>	<p>Clear and agreed (Scrutiny &amp; Cabinet) strategy in place. Strategy incorporates CIPFA recommendations.</p> <p>New ways to utilise properties to secure longer term security being investigated.</p> <p>Revised Corporate Asset Strategy in place to help focus resources in the most appropriate way. The effectiveness of this strategy is dependent on result of Capitalisation Directive award from MHCLG.</p> <p>Spending strategy stopped with immediate effect for any more investment purchases.</p>	4	5	20	Future Controls measures to be confirmed.	4	5	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
HSI0011 Ali, Ozay	The Council does not meet its statutory obligations for the delivery of the General Building Works and Mechanical upgrade works across the HRA estate.	<ul style="list-style-type: none"> <li>• Unsafe buildings.</li> <li>• Enforcement action against the Council by regulatory bodies.</li> <li>• Political scrutiny and interest at local and national level.</li> <li>• Media interest at local and national level.</li> <li>• Substantial financial loss.</li> <li>• Serious incident / injury.</li> <li>• Criminal investigation with charges brought against officers possibly leading to custodial sentences.</li> </ul>	Mustafa, Shifa  Place Department	<p>Commissioning of fire safety works is prioritised over other HRA work streams.</p> <p>Forward Programming of works to substitute other HRA non-essential works. In addition where required to install a 'Waking Watch' provision.</p> <p>On-going review of draft legislation. Liaison with key stakeholders.</p>	5	4	20	Future Controls measures to be confirmed.	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
PST0001  Cheesbrough, Heather	<p>The Whitgift Centre is not redeveloped as anticipated.</p> <p>Previous uncertainty in respect of retail behaviours has been exacerbated by Covid 19, which has further affected the likelihood of the risk materialising. The redevelopment was removed from the Unibail development pipeline in Feb 20 and there is no date for the redevelopment. The Croydon Limited Partnership (CLP) partners are both suffering from loss of income and are seeking to raise funding to strengthen their balance sheets.</p>	<ul style="list-style-type: none"> <li>Major economic and social impact if development does not go ahead.</li> <li>Political and media scrutiny.</li> </ul>	Mustafa, Shifa  Place Department	<p>A robust Meanwhile and Management Strategy to maintain footfall.</p> <p>Communication channels between politicians and officers kept cordial and relationship maintained with CLP to optimise influence.</p> <p>Consultation with all interested parties, including major land holders.</p> <p>Officers and their consultant team continue to seek to hold CLP to account on their plans and to manage the CPO process to minimise impact to the Council's reputation and the vitality of the town centre.</p> <p>Preparation underway of a new Indemnity Land Transfer Agreement (ILTA) that reflects the current circumstances.</p> <p>Projects will need to be reprofiled within the Growth Zone to later years.</p> <p>Refusal to issue Notice of Entries (NoEs).</p>	4	5	20	<p>End the arrangements entirely with agreement, but would have to address all outstanding issues, land transfer, compensation and make provision for various outstanding claims. (Completion financial year 2021/22).</p> <p>The Council introduces a new development partner currently at a sensitive and end stage negotiations. (Completion financial year 2021/22).</p> <p>The Council seeks to introduce a new development partner, once the ILTA expires (July 2021).</p> <p>The creation of a Town Centre Board or Town Team with a ToR to maintain vitality and vibrancy in the town centre consisting of key stakeholders who can collaborate and bring resources and influence (April 2021).</p> <p>The preparation of a new Indemnity Land Transfer Agreement (ILTA) that reflects the current circumstances. (Completion financial year 2021/22).</p>	4	4	16

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>Regular meetings with CLP to maintain dialogue between partners. Robust discussion through planning pre-application process.</p> <p>Robust discussion through planning pre application process for any new application.</p> <p>The Council is actively seeking to facilitate CLP to deliver a robust management strategy to maintain footfall. The Council seeks to facilitate CLP to deliver a robust management strategy to maintain footfall.</p> <p>The Council through its statutory powers - Local Planning Authority (LPA), CPO and land assembly, and as a Highway Authority.</p> <p>The Indemnity Land Transfer Agreement (ILTA) sets out the responsibilities of the parties, penalties with. Timeframes, which will need to be complied with and will need to be actively managed.</p> <p>Withdrawing Notice to Treat (NTT).</p>							

# Threat and Opportunity Risk Assessment

## Impact Classification

Risk Identification and Assessment  
Consider Both Opportunities And Threats

	Service disruption	Financial Loss	Reputation	Failure to provide statutory service/meet legal obligations	People
<b>Extreme</b> 5	Total failure of service	Over £5m	National publicity > than 3 days. Resignation of leading Member or Chief Officer.	Multiple civil or criminal suits. Litigation, claim or fine above £5m	Fatality of one of more clients/staff
<b>Very high</b> 4	Serious disruption to service	£500k- £5m	National public or press interest.	Litigation, claim or fine £500k - £5m	Serious injury. Permanent disablement of one of more clients/staff
<b>Medium</b> 3	Disruption to service	£50k -£500k	Local public/press interest	Litigation, claim or fine £50k - £500k	Major injury to individual
<b>Low</b> 2	Some minor impact on service	£5k - £50k	Contained within department	Litigation, claim or fine £5k - £50k	Minor injuries to several people
<b>Negligible</b> 1	Annoyance but does not disrupt service	< £5k	Contained within unit/section	Litigation, claim or fine less than £5k	Minor injury to an individual

Select the highest category to score the risk.

Likelihood Classification For An Event Occurring In A Given Year

5. *Almost Certain*—Expected to occur in most circumstances (> 80%).
4. *Likely* - Will probably occur in most circumstances (51% - 80%).
3. *Possible* – *Fairly likely to occur* (21% - 50%).
2. *Unlikely* - Could occur at some time (6% - 20%).
1. *Rare* -May occur only in exceptional circumstances (0 – 5%).

**Risk Rating/Scoring = Impact\*Likelihood**

**Prioritisation of Risks**

<b>20-25</b>	Those risks requiring immediate management and monitoring
<b>9-19</b>	Those risks requiring management and monitoring but less time critical
<b>1-8</b>	Those risks which require ongoing monitoring

RISK MANAGEMENT

**Approaches that can be adopted for the management of risk:**

- **Eliminating or avoiding:** Changing or abandoning goals specifically associated with the risk in question, or choosing alternative approaches or processes that make what was a risk no longer relevant.
- **Risk sharing:** Sharing risks in part or full with another stakeholder who could be involved solely to facilitate risk treatment.
- **Reducing the probability:** Changing approach identifying causal links between threat and impact, or causes of threat, and intervening to mitigate occurrence, acting to reduce the threat.
- **Reducing the impact:** Developing contingency plans for responding to the threat if it occurs, even if other steps have been taken to minimise risk.

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