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Audit & Governance Committee Agenda

To: Dr Olu Olasode (Idependent Chair)
Councillor Matt Griffiths (Vice-Chair)
Councillors Claire Bonham, Simon Brew, Endri Llabuti, Enid Mollyneaux,
Nikhil Sherine Thampi and Sean Fitzsimons

Reserve Members: Kola Agboola, Alisa Flemming, Simon Fox,
Mark Johnson, Stella Nabukeera and Helen Redfern

A meeting of the **Audit & Governance Committee** which you are hereby invited to
attend, will be held **Thursday, 19 October 2023** at **6.30 pm. Council Chamber,
Town Hall, Katherine Street, Croydon, CR0 1NX.**

Katherine Kerswell Chief Executive
London Borough of Croydon
Bernard Weatherill House
8 Mint Walk, Croydon CR0 1EA

Hannah Cretney, Democratic Services
hannah.cretney2@croydon.gov.uk
www.croydon.gov.uk/meetings

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AGENDA

1.   Apologies for Absence

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

2.   Disclosure of Interests

Members are invited to declare any disclosable pecuniary interests (DPIs) they may have in relation to any item(s) of business on today's agenda.

3.   Minutes of the Previous Meeting

To approve the minutes of the meeting held on 21 September 2023 as an accurate record of the proceedings.

Draft minutes to follow.

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.   Audit & Governance Committee Action Log (Pages 5 - 8)

6.   Audit & Governance Committee Work Programme 2023-24 (Pages 9 - 10)

7.   Annual Governance Statement 2022/23 and Action Plan (Pages 11 - 114)

The Council must conduct a review, at least annually, of the effectiveness of its systems of internal control and prepare an Annual Governance Statement reporting on the review with the Statement of Accounts. This report sets out the Council's Annual Governance Statement (AGS) 2022/23 for the period ending March 2023 and the Statement includes the Council's significant challenges and risk, the governance arrangement and internal controls in place, and improvements required which are set out in the AGS 2023/24 Action Plan.

The Committee is asked to consider and approve: a) the draft Annual Government Statement 2022/23 and Action Plan; b) the Local Code of Corporate Governance; and c) the Governance Framework.

8.   **Corporate Risk Register** (Pages 115 - 160)

The report updates the Audit & Governance Committee Members on the corporate risk register (the register) as at October 2023.

The Committee is asked to**:**
Note the contents of the corporate risk register as at October 2023.

9.   **Update on Oracle Improvements Programme** (Pages 161 - 186)

The Audit and Governance Committee are referred to the Cabinet report at **Appendix A**.

A presentation will be given to update the committee on the progress with the Oracle Improvement Programme, slides attached at **Appendix B.**

For the reasons set out in the report Audit & Governance Committee are recommended to:

Receive the presentation and update.

10.   **Anti-Fraud Report** (Pages 187 - 196)

This report and appendix details the performance of the Council's Corporate Anti-Fraud Team (CAFT) together with an update on developments 1 April 2023 – 30 September 2023.

The Committee is asked to: Note the Anti-fraud activity of the Corporate Anti-Fraud Team for the period 1 April 2023 – 30 September 2023.

Audit and Governance Committee Action Log

Date of meeting	Action	Minute ref.	Deadline	Progress
13 October 2022	Officers to include RAG ratings against the 12 RIPI recommendations	14/22	Completed	RIPI recommendations RAG ratings included in October AGS Report at Appendix 1.
19 January 2023	Officers to include additional staff training in 'way forward' plans. Suggestion of training to include additional support for teams likely to be most impacted by self-service push back (HR, Finance) to be taken to Programme Steering Group.	27/22	Completed	Lead Change Officer in place and designing training programme.
19 January 2023	Benchmarking data on Whistleblowing incidences at other Councils to be included in future reporting.	29/22	February meeting	No significant Whistleblowing disclosures within the Council. Therefore, update deferred to February 2024 meeting.
02 February 2023	Formal aspirational timeline target to achieve the 90% completion of Internal Audit recommendations to be considered in 23/24 IA Service Plan.	33/22	November meeting	Under discussion, to be included in Internal Audit Update Report to November Committee.
02 February 2023	Previously shared dashboard style reporting illustrating the movement of risks to be brought to Committee.	34/22	By next report	Updated Risk Management software being launched 19/10/23. This will enable dashboard reporting to be included in next risk report.
02 February 2023	Agreed to consider adding Risk FIR0061 to the register as an ongoing risk.	34/22	Completed	Risk Owner Allister Bannin, Dept S151 Officer has raised to Amber risk, but it is fully budgeted. Officers comfortable this is the correct risk level.
02 March 2023	Prioritisation of recommendations to be included in future opening the books reporting and action tracker.	40/22	November meeting	To be reported in November as part of Revenue and Capital Monitoring Improvements Report.

02 March 2023	Covid funding including Sales, fees and charges grants reconciliation to be completed.	40/22	November meeting	To be reported in November.
02 March 2023	Committee to receive quarterly MTFS tracker to monitor budget variances.	41/22	Quarterly	Link to future Financial Performance Reports to be included in the Committee Action Log. 23-24 Period 3 Financial Performance Reports
02 March 2023	Development of process to involve the Cabinet Member for Finance in resolving recurrent internal audit actions whilst ensuring visibility to the Committee.	42/22	Ongoing	Amending audit protocol to include escalation to KK for lack of responses to reports and to later be expanded to include follow ups. Once in place further escalations are being considered.
20 April 2023	Report on 15% Council Tax VFM increase to External Auditor	49/22	June 2024	Option to bring draft to Committee to confirm format, expected at November 2023 Committee meeting.
20 April 2023	Interim Auditors Reports Recommendations AGS reporting to include a breakdown of target setting and progress.	52/22	February meeting	To be included in next AGS update in February 2024.
20 April 2023	Impact assurance to be provided via additional narrative to describe the effect of actions and provide assurance on the embeddedness of improvement activities within future AGS reporting.	52/22	October meeting	Assessment of Impact / Outcomes Achieved - column included in AGS Action Tracker. Further work is required to adopt and embed.
20 April 2023	Risk movement and time spent as red to be included in future reporting. Ensure future control dates are not in the past.	53/22	By next report	Updated Risk Management software being launched 19/10/23. This will enable dashboard reporting to be included in next risk report.

20 July 2023	Officers agreed to raise Scrutiny resourcing issues at CMT. Committee to receive updates via the Chairs' regular catch up.	5/22	Completed	Additional Democratic Services and Governance Officer in post for Scrutiny.
20 July 2023	Officers agreed to include the monetary values in future Energy Recharges reporting.	7/22	March meeting	
21 September 2023	Update on Cultural Transformation Programme: Officers to circulate a shareable version of the presentation with the Committee (to include the Pillars slide).		Before October meeting	
21 September 2023	Update on Cultural Transformation Programme: The Committee requested future reporting on implementation of the action plan, governance and benchmarking of the people and workforce.		March meeting	Included in Committee Work Programme for March 2024 meeting.

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Audit & Governance Committee Work Programme 2023-24		
Date of meeting	Agenda item	Officers
19-Oct-23	AGS (Update on Action Plan 21/22 & New 22/23)	Stephen Lawrence-Orumwense, MO
	Corporate Risk Register 6 month report	Malcolm Davies, Head of antifraud, risk & insurance
	Oracle Update Report	Jane West, S151 Officer
	Anti Fraud Report 6 month report	Malcolm Davies, Head of antifraud, risk & insurance
30-Nov-23	Revenue and Capital Monitoring Improvements	Allister Bannin, Director of Finance (Deputy S151)
	Risk deep dive	Malcolm Davies, Head of antifraud, risk & insurance
	Mid-Year Treasury Management Report 23-24	Matt Hallett, Head of Treasury and Pensions/ S151 Officer
	Financial Statements / Accounts 2020/21	Ian Geary, Head of Finance (Corporate and Treasury Management)
	Internal Audit Update Report	Dave Philips, Head of Internal Audit
01-Feb-24	Risk deep dive	Malcolm Davies, Head of antifraud, risk & insurance
	AGS (Update on Action Plan 2022/23)	Stephen Lawrence-Orumwense, MO
	DSG 2023-24 Financial Update	Charles Quaye, Acting Head of Finance
	Quarterly Whistleblowing Update	Stephen Lawrence-Orumwense, MO
	Financial Statements / Accounts 2019/20 - external audit report	Ian Geary, Head of Finance (Corporate and Treasury Management)
14-Mar-24	Financial Statements / Accounts 2020/21 - external audit report	Ian Geary, Head of Finance (Corporate and Treasury Management)
	Financial Statements / Accounts 2021/22	Ian Geary, Head of Finance (Corporate and Treasury Management)
	People & Cultural Transformation Update	Elaine Jackson, Interim Assisant Chief Executive
	Revenue and Capital Monitoring Improvements	Allister Bannin, Director of Finance (Deputy S151)
11-Apr-24	Corporate Risk Register EoY report	Malcolm Davies, Head of antifraud, risk & insurance
	Anti Fraud Report EoY report	Malcolm Davies, Head of antifraud, risk & insurance
	Financial Statements / Accounts 2021/22 - external audit report	Ian Geary, Head of Finance (Corporate and Treasury Management)
	Financial Statements / Accounts 2022/23	Ian Geary, Head of Finance (Corporate and Treasury Management)
July 2023 - Agreed Officers to provide updates to Committee on Fairfield Halls as information becomes available.		

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LONDON BOROUGH OF CROYDON

REPORT:	AUDIT & GOVERNANCE COMMITTEE	
DATE OF DECISION	19th OCTOBER 2023	
REPORT TITLE:	ANNUAL GOVERNANCE STATEMENT 2022/23 AND ACTION PLAN	
CORPORATE DIRECTOR / DIRECTOR:	STEPHEN LAWRENCE-ORUMWENSE DIRECTOR OF LEGAL SERVICES & MONITORING OFFICER JANE WEST CORPORATE DIRECTOR OF RESOURCES	
LEAD OFFICER:	STEPHEN LAWRENCE-ORUMWENSE DIRECTOR OF LEGAL SERVICES & MONITORING OFFICER	
LEAD MEMBER:	CLLR JASON CUMMINGS LEAD MEMBER FOR RESOURCES	
KEY DECISION? [Insert Ref. Number if a Key Decision]	No	REASON: N/A
CONTAINS EXEMPT INFORMATION?	NO	
WARDS AFFECTED:	N/A	

1   SUMMARY OF REPORT

1.1   The Council must conduct a review, at least annually, of the effectiveness of its systems of internal control and prepare an Annual Governance Statement reporting on the review with the Statement of Accounts. This report sets out the Council's Annual Governance Statement (AGS) 2022/23 for the period ending March 2023 and the Statement includes the Council's significant challenges and risk, the governance arrangement and internal controls in place, and improvements required which are set out in the AGS 2023/24 Action Plan.

1.2   The Committee is asked to consider the draft AGS 2022/23 and the Action Plan for 2023/24; the Local Code of Corporate Governance; and the Governance Framework.

2   RECOMMENDATIONS

2.1   The Committee is asked to consider and approve: a) the draft Annual Government Statement 2022/23 and Action Plan; b) the Local Code of Corporate Governance; and c) the Governance Framework.

3   REASONS FOR RECOMMENDATIONS

3.1   The Council is responsible for ensuring that its business is conducted in accordance with the law and the proper standards of good governance. The Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Coronavirus)(Amendments) Regulations 2020, require the Council to conduct a review, at least annually, of the effectiveness of its systems of internal control and to prepare an Annual Governance Statement (AGS) reporting on the review with the Statement of Accounts.

4   BACKGROUND AND DETAILS

4.1   The purpose of an AGS, which is published with the Statement of Accounts, is to provide an accurate representation of the Council's governance arrangements in place during the year and to identify areas where there are significant gaps or where improvements are required.

4.2   CIPFA Delivering Good Governance in Local Government Framework 2016 provides that the Statement:

"7.2 ….. enables an authority to explain to the community, service users, tax payers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes. It should reflect an individual authority's particular features and challenges.

7.3   It should be high level, strategic and written in an open and readable style.

7.5   The annual governance statement should include:

- ▪ *an acknowledgement of responsibility for ensuring that there is a sound system of governance (incorporating the system of internal control) and reference to the authority's code of governance*

- ▪ *reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment, such as the authority, the executive, the audit committee, internal audit and others as appropriate*

- ▪ *an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework*

- *an agreed action plan showing actions taken, or proposed, to deal with significant governance issues reference to how issues raised in the previous year's annual governance statement have been resolved*

- *a conclusion – a commitment to monitoring implementation as part of the next annual review."*

4.3   The Council's annual governance review was led by the Monitoring Officer. The review involved Council's Code of Corporate Governance and the Governance Framework which were updated.

4.4   The Code of Governance identifies how component parts of Croydon's Governance Framework that include rules, policies, procedures, protocols, practice, and values, align A copy of the revised Code is attached as Appendix 3

4.5   The Governance Framework is the set of structures, rules, processes, procedures, and values by which the Council is directed and controlled and through which it is accountable to, engages with and, where appropriate, leads the community of Croydon. It includes the Council's governance structure at Member level i.e., Full Council, Executive Mayor and Cabinet, Scrutiny and Overview, Ethics, Audit and Governance and other Committees, and at Officer level i.e., Chief Executive, Corporate Management Team, Directorate Management Teams, Internal Control Boards, Transformation Boards, and the role of Statutory Officers. Also, it incorporates and references relevant governance documents such as the Constitution, HR Handbook, Audit Charter, Risk Management Strategy and Project and Programme Management Framework. The revised and updated Framework is attached as Appendix 4.

4.6   The outcome of the governance review is the Annual Governance Statement (AGS) 2022/23 which is attached as Appendix 1. The AGS is intended to be a high-level overview of the significant issues affecting the Council's governance. For the ease of reference and review, the AGS has the following contents:

1. Introduction
2. Summary
3. The Principles of Good Governance
4. The Governance framework
5. Corporate Directors Assurance Statements
6. Council Priorities/Mayor's Business Plan
7. Medium Term Financial Strategy 2022-2026
8. SoS Directions and Improvement & Assurance Panel.
9. Croydon arm's length companies
10. Reports in the Public Interest and Croydon Renewal & Improvement Plan (Mayor's Business Plan)
11. Housing Improvement
12. Performance and risk management
13. Procurement & Project Management
14. Complaints, Fraud and Whistleblowing
15. Health and Safety

16. Information Governance
17. Safeguarding
18. Learning and organisational development
19. Working in partnership
20. Internal audit review
21. External audit
22. Conclusion

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

Appendix 2 Annual Governance Statement 2023/24 Action Plan

4.7 The review acknowledges that during 2022/23 and arising from the previous years (2021/22 and 2020/21), the Council has experienced significant challenges in its financial governance and sustainability and in the performance of its services. In response it has and continues to deliver much required transformation and improvement to the design of some services, systems, management practice and culture. Also, the Council has taken significant strides to hold to account those responsible for its financial crises. In brief, the key highlights are:

a) In July 2022, the Executive Mayor's 'Opening the Books' project was launched. This exercise identified substantial financial accounting corrections that have had a significant impact on the Council's budget. It has also clarified how structural issues in the Council's finances, such as its level of non-asset backed debt (or negative equity) are holding the Council's financial recovery back.

b) In November 2022, the Chief Finance Officer issued a report under Section 114 (3) of the Local Government Finance Act 1988 that the Council's available resources were unlikely to meet planned budgetary demands in the financial year 2023/24 and beyond. There was no prospect of returning to financial sustainability without significant and different support from government above and beyond their current model of Capitalisation Directions. In December 2022, Full Council accepted the report of the Chief Finance Officer which meant the stringent financial controls through the Spend Control Panel and Recruitment Control Panels should continue, and that different financial support be sought from government.

c) In March 2023, the Council's External Auditors Grant Thornton published a Section 24 Schedule 7 Local Audit and Accountability Act 2014 Recommendation Report on the Council's historically inadequate arrangements and capacity in the financial years 2019/20, 2020/21 and 2021/22. The recommendations included a root and branch review of financial management in all service departments; resolve the accounting arrangements in respect of Croydon Affordable Homes; invest significant extra resource (when possible) in finance capacity, internal audit and risk management; develop an action plan to clear the three outstanding years of accounts and audit by June 2024; and ensure that the lessons learned from the former CEO's termination payments are applied to all future Chief Officer severance payments. These recommendations are being progressed by the Council through an action plan. Following the Council's review of the termination payments to the former

CEO, changes have been made to the Council's policies and practice on settlement payments.

d) In April 2023, Grant Thornton, issued an Interim External Auditor's Report for the financial years 2019-20, 2020-21 and 2021-22 pending completion of their final assessments. The External Auditor Report's findings on financial sustainability, governance and improving economy, efficiency and effectiveness are for 2019/20 adverse conclusion expected; for 2020/21 'significant weaknesses identified', and 2021/22 'significant weaknesses identified'. The Report's recommendations were accepted by the Council and is now being progressed.

e) In February 2023, the Council published the Independent Investigation Report by Richard Penn which, amongst other issues, considered the culture, behaviours and practices of both chief officers and elected members that led to the Council's governance and financial collapse. The report makes several recommendations in respect of actions to be considered in regard to former Officers and the ex-Leader and Cabinet Members of the Council. The Council has fully acted on these recommendations.

f) In March 2023, the Council received the Independent Report by Kroll Associates into any wrongdoing relating to the refurbishment of Fairfield Hall. This was commissioned following the publication of the Report in the Public Interest into the refurbishment of Fairfield Halls in February 2022. The Council took the necessary steps to ensure those responsible for the Council's governance and financial crises could be held to account and this included deciding to refer the Penn and Kroll reports and other appropriate reports to the Metropolitan Police and a number of individuals to their relevant professional bodies and institutes.

g) In December 2022, the Council's Cabinet approved the Housing Transformation Programme which was endorsed by the independent Housing Improvement Board (HIB). The Programme is being implemented and is monitored monthly by Steering Board with updates to HIB, Improvement & Assurance Panel and Cabinet on a regular basis.

h) The Annual Report of the Head of Internal Audit for the year ending March 2022/23 provided only 'Limited Assurance' that the system of internal control accorded with proper practice. Several internal audit reports have nil or limited assurance. However, the report provides that the corporate governance framework complies with the best practice guidance and that the risk management processes are effective and provide regular information on key risks and issues. These are detailed in paragraphs below.

i) In July 2023, following the Minded to Letter in March 2023 and determination that the Council was not meeting its Best Value Duty, the Secretary of State ("SoS") issued Directions to the Council requiring certain actions be taken to comply with its Best Value Duty. This included action on the Council's finances, housing service and transformation. The Council continues to lead in its recovery and improvements. The SoS appointed Improvement & Assurance Panel has the power of last resort to

instruct the Council to take action to meet its Best Value Duty should they deem it necessary.

4.8   The review concludes that the Council has an effective decision-making and internal control arrangement designed to ensure the highest standards of good governance. The Council's governance structures at Member level (i.e., Full Council, Executive Mayor and Cabinet, Scrutiny and Overview, Ethics, Audit and Governance and other Committees), and at Officers level (i.e., Chief Executive, Corporate Management Team, Directorate Management Teams, Internal Control Boards, Transformation Boards and Statutory Officers), and the accompanying governance documents are effective. They make certain the Council conducts its business in accordance with the law and that public money is properly accounted for, as the Council work to achieve the best outcomes for residents within the resources it has.

4.9   Further, the Council has worked to continue to deliver the improvements required in its governance arrangements and services to residents. These are outlined in the review statement and are referred to in the 2021/22 AGS Action Plan progress update. During 2022/23 the failings in previous years (2021/22 and 2020/21) were fully analysed as part of the Opening the Books programme which revealed in great depth that the Council continues to face serious and fundamental challenges with it finances, that culminated in the SoS statutory intervention and Directions. The Council is satisfied that its governance arrangements are fit to deal with the expectations arising from the SoS Directions and other improvements required. An Action Plan has been developed for 2023/24 to address the gaps in governance identified in this Statement. The key themes for action include financial management, housing services, transformation, and information governance. The Action Plan also includes ongoing and outstanding activities to be carried over to 2023/24. The delivery of these actions will be monitored through the ICBs, CMT and regular updates to the Audit and Governance Committee.

5.   ALTERNATIVE OPTIONS CONSIDERED

Not applicable.

6.   CONSULTATION

6.1   The Monitoring Officer convened a Working Group that included the Head of Internal Audit, the Head of Insurance, Anti-Fraud and risk and a nominee from each directorate, which undertook the governance review including the Code of Governance and the Governance Framework. The Chief Executive, Corporate Directors, Directors, and Heads of Service were also consulted on the key themes in the draft AGS.

7.   CONTRIBUTION TO COUNCIL PRIORITIES

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

8. IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS

8.1.1 There are no financial consideration arising from the Annual Governance Statement and the Action Plan. But there are significant financial and reputational risk arising from non-delivery of the Action Plan which are intended to rectify the gaps in governance identified.

8.2 LEGAL IMPLICATIONS

8.2.1 The Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Coronavirus)(Amendments) Regulations 2020, require the Council to conduct a review, at least annually, of the effectiveness of its systems of internal control and to prepare an Annual Governance Statement reporting on the review with the Statement of Accounts. This obligation is discharged by the preparation and publication of the AGS 2022/23 and Action Plan.

8.2.2 The AGS enables the Council to demonstrate its continuous improvements towards delivering on its best value duty.

8.3 EQUALITIES IMPLICATIONS

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

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

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

The Annual Governance Statement and Action Plan do not give arise to any equalities implication. However, the Council has had due regard to its obligations under the Equality Act in preparing and approving the statement.

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9   APPENDICES

Annual Governance Statement 2022/23

Appendix 1 AGS 2021/22 Action Plan and Progress Update

Action Plan and Progress Update in Response to the Second Report in the Public Interest

Appendix 2 AGS 2022/23 Action Plan

Appendix 3 Local Code of Corporate Governance

Appendix 4 Governance Framework.

10   BACKGROUND DOCUMENTS

Draft ANNUAL GOVERNANCE STATEMENT (AGS) 2022/23

Introduction

1. Croydon Council is responsible for ensuring that its business is conducted in accordance with the law and high standards of good governance. The Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Coronavirus)(Amendments) Regulations 2020, require the Council to conduct a review, at least annually, of the effectiveness of its systems of internal control and to prepare an Annual Governance Statement (AGS) reporting on the review along with the Statement of Accounts.

2. This Annual Governance Statement is informed by, amongst others, the: Secretary of State for Levelling Up, Housing & Communities' Minded to Letter (March 2023) and Directions (July 2023); Chief Finance Officer Section 114(3) Report (November 2022) and Full Council Decision (December 2022); Opening of the Books initiative (2022/23); and the External Auditors Section 24 Statutory Recommendations (March 2023) and Interim Annual Reports 2019/20, 2020/21 and 2021/22. Also, the Corporate Directors' Assurance Statements and the Annual Report of the Head of Internal Audit 22/23. This Statement reflects the Council's assessment of its governance arrangements as of 31st March 2023 and identifies actions already undertaken and plans to address areas of weakness.

Summary

3. The Council's decision-making and internal control arrangements are designed to ensure the highest standards of good governance for a public body. They make certain the Council carries out its duties in accordance with the law and that public money is properly accounted for, as the Council works to deliver the Mayor's Business Plan and achieve the best outcomes for residents within its resources. During 2022/23 and arising from the previous years (2021/22 and 2020/21), the Council has experienced significant challenges in its financial governance and sustainability and in the performance of its services. In response it has and continues to deliver much required transformation and improvement to the design of some services, systems, management practice and culture. Also, the Council has taken significant strides to hold to account those responsible for its financial crises. In brief, the key highlights are:

    a) In July 2022, the Executive Mayor's 'Opening the Books' project was launched. This exercise identified substantial financial accounting corrections that have had a significant impact on the Council's budget. It has also clarified how structural issues in the Council's finances, such as its level of non-asset backed debt (or negative equity) are holding the Council's financial recovery back.

    b) In November 2022, the Chief Finance Officer issued a report under Section 114 (3) of the Local Government Finance Act 1988 that the Council's available resources were unlikely to meet planned budgetary demands in the financial year 2023/24 and beyond. There was no prospect of returning to financial sustainability without significant and different support from government above and beyond their current model of Capitalisation Directions. In December 2022, Full Council accepted the report of the Chief Finance Officer which meant the stringent financial controls through the Spend Control Panel and

Recruitment Control Panels should continue, and that different financial support be sought from government.

c) In March 2023, the Council's External Auditors Grant Thornton published a Section 24 Schedule 7 Local Audit and Accountability Act 2014 Recommendation Report on the Council's historically inadequate arrangements and capacity in the financial years 2019/20, 2020/21 and 2021/22. The recommendations included a root and branch review of financial management in all service departments; resolve the accounting arrangements in respect of Croydon Affordable Homes; invest significant extra resource (when possible) in finance capacity, internal audit and risk management; develop an action plan to clear the three outstanding years of accounts and audit by June 2024; and ensure that the lessons learned from the former CEO's termination payments are applied to all future Chief Officer severance payments. These recommendations are being progressed by the Council through an action plan. Following the Council's review of the termination payments to the former CEO, changes have been made to the Council's policies and practice on settlement payments.

d) In April 2023, Grant Thornton, issued an Interim External Auditor's Report for the financial years 2019-20, 2020-21 and 2021-22 pending completion of their final assessments. The External Auditor Report's findings on financial sustainability, governance and improving economy, efficiency and effectiveness are for 2019/20 adverse conclusion expected; for 2020/21 'significant weaknesses identified', and 2021/22 'significant weaknesses identified'. The Report's recommendations were accepted by the Council and is now being progressed.

e) In February 2023, the Council published the Independent Investigation Report by Richard Penn which, amongst other issues, considered the culture, behaviours and practices of both chief officers and elected members that led to the Council's governance and financial collapse. The report makes several recommendations in respect of actions to be considered in regard to former Officers and the ex-Leader and Cabinet Members of the Council. The Council has fully acted on these recommendations.

f) In March 2023, the Council received the Independent Report by Kroll Associates into any wrongdoing relating to the refurbishment of Fairfield Hall. This was commissioned following the publication of the Report in the Public Interest into the refurbishment of Fairfield Halls in February 2022. The Council took the necessary steps to ensure those responsible for the Council's governance and financial crises could be held to account and this included deciding to refer the Penn and Kroll reports and other appropriate reports to the Metropolitan Police and a number of individuals to their relevant professional bodies and institutes.

g) In December 2022, the Council's Cabinet approved the Housing Transformation Programme which was endorsed by the independent Housing Improvement Board (HIB). The Programme is being implemented and is monitored monthly by Steering Board with updates to HIB, Improvement & Assurance Panel and Cabinet on a regular basis.

h) The Annual Report of the Head of Internal Audit for the year ending March 2022/23 provided only 'Limited Assurance' that the system of internal control accorded with proper practice. Several internal audit reports have nil or limited assurance. However, the

report provides that the corporate governance framework complies with the best practice guidance and that the risk management processes are effective and provide regular information on key risks and issues. These are detailed in paragraphs below.

   i)   In July 2023, following the Minded to Letter in March 2023 and determination that the Council was not meeting its Best Value Duty, the Secretary of State ("SoS") issued Directions to the Council requiring certain actions be taken to comply with its Best Value Duty. This included action on the Council's finances, housing service and transformation. The Council continues to lead in its recovery and improvements. The SoS appointed Improvement & Assurance Panel has the power of last resort to instruct the Council to take action to meet its Best Value Duty should they deem it necessary.

4.   Through its governance and internal control arrangements, the Council has identified these, and other significant challenges and risks and the necessary improvements required across its functions. In 2021/22, the Croydon Renewal and Improvement Plan was the major programme to, amongst other goals, strengthen governance and financial practice in response to the two Reports in the Public Interest and embed new ways of working to put the Council on a more sustainable financial footing. In 2022/23, following the election of the Executive Mayor and new administration, the Croydon Renewal Plan has been subsumed within and replaced by the Mayor's Business Plan 2022-2026 which sets out the strategic outcomes and priorities of the Council ranging from maintaining financial grip to delivering good sustainable services across its functions. These two plans were pivotal to the progress made in the delivery of the improvements identified in the 2021/22 AGS Action which is attached as Appendix 1. There is still significant work to be done to embed best practice in the management of the Council's finances, housing services, information management and to meet its best value duty. These are part of the 2022/23 AGS Action Plan and which is attached as Appendix 2.

The Principles of Good Governance

5.   The Council's Code of Governance sets out the Council's commitment to uphold the highest possible standards of good governance. These standards are designed to ensure that the Council conducts its business in accordance with the law and that public money is properly accounted for, as the Council work to achieve the best outcomes for residents within the resources it has.

6.   The diagram below, taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the 'International Framework'), illustrates the various principles of good governance in the public sector and how these relate to each other.

DIAGRAM
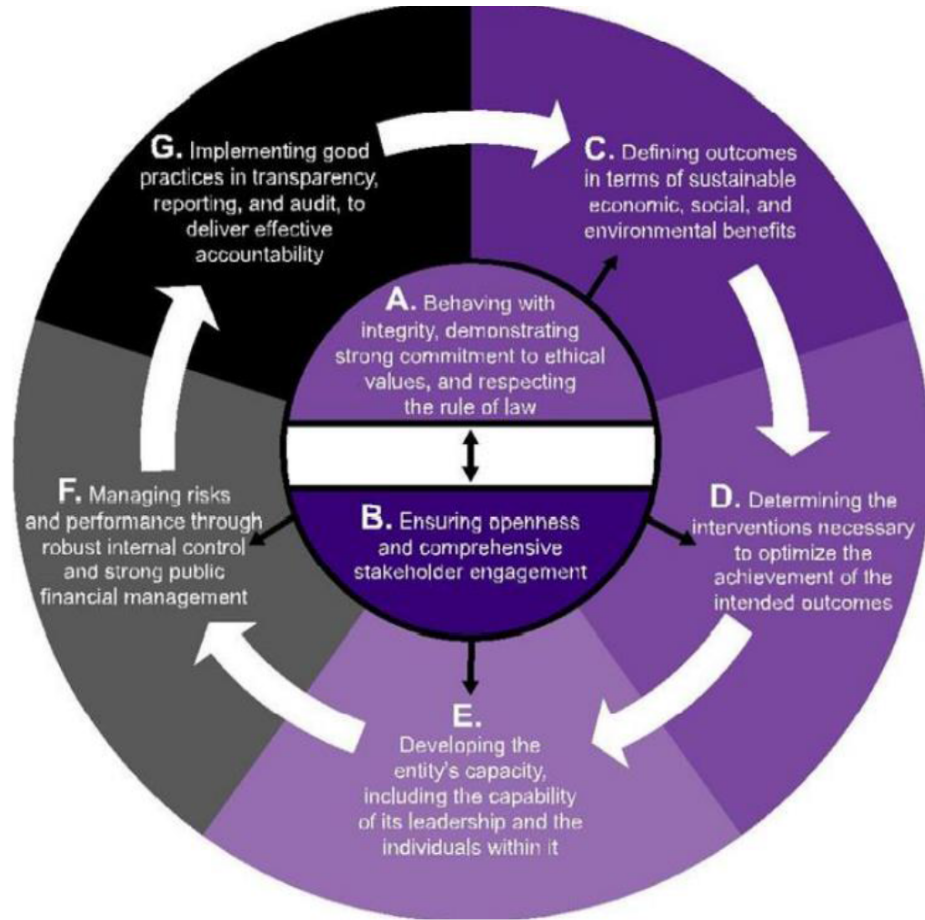
7.   The Council's Code of Governance (available here link………………….) identifies how component parts of Croydon's Governance Framework that include rules, policies, procedures, protocols, practice, and values, align with and meet the seven principles of good governance in the International Framework. The Code was reviewed and updated in 2022/23 as part of the annual governance review.

The Governance framework

8.   The Council's Governance Framework (available here xxxxxxxxxxxxxx) was reviewed in 2022/23. The framework is the set of structures, rules, processes, procedures, and values by which the Council is directed and controlled and through which it is accountable to, engages with and, where appropriate, leads the community of Croydon. It includes the Council's governance structure at Member level i.e., Full Council, Executive Mayor and Cabinet, Scrutiny and Overview, Ethics, Audit and Governance and other Committees, and at Officer level i.e., Chief Executive, Corporate Management Team, Directorate Management Teams, Internal Control Boards, Transformation Boards, and the role of Statutory Officers. Also, it incorporates and references relevant governance documents such as the Constitution, HR Handbook, Audit Charter, Risk Management Strategy and Project and Programme Management Framework.

9.   The Council's arrangements for decision making and conduct of its statutory functions are contained in its Constitution available [here](#) xxxxxxxxxxxx. It sets out the various bodies (referred to above and below) that are responsible for certain functions, the rules of procedure under which they operate, and the protocols, codes of conduct and good practice that must be adhered to, to ensure effective governance. The Constitution is reviewed and updated regularly through the Constitution Working Group and the General Purposes Committee, and any amendment approved by Full Council. [See AGS Action Plan in Appendix 1 for progress made with the review of the Constitution].

10.   Full Council which comprises all 70 Members (Councillors) plus the Executive Mayor, is responsible for making non-executive decisions such as the Budget and Council Tax setting for the Authority or approving the policies, plans and strategies that are specified in the Council's Budget and Policy Framework detailed in article 4 of the Constitution. The Executive Mayor is responsible for making all executive decisions which are generally decisions that are not the responsibility of Full Council.

11.   The Council publishes a 'Forward Plan' that details the key decisions to be made by the Executive Mayor in relation to executive matters.

12.   Full Council delegates various non-executive functions to Committees, Sub-Committees and to Officers for the efficient conduct of business. These Delegations are set out in 'Responsibility for Functions' contained in Part 3 of the Constitution. As with the Scrutiny and Overview Committee, seats on the non-executive committees are allocated between the political groups in proportion to their respective numbers of Members.

13.   The Audit and Governance Committee together with its independent chair is responsible for discharging the functions of an audit committee, including reviewing the risk management process, the performance of Internal Audit and agreeing the external audit plan. The Audit and Governance Committee Annual Report for 2022/23 is available here xxxxxxxxxxxx.

Overview and Scrutiny

14.   The Council has a Scrutiny and Overview Committee whose role is to scrutinise the decisions of the Executive Mayor and to contribute to policy review and development. The 2021/22 AGS Action Plan included plans to improve the scrutiny function. The progress made on this are set out in Appendix 1.

Codes of Conduct

15.   The Council has adopted a Code of Conduct for Members (including Co-opted Members). All Members are required to undertake to observe the Code of Conduct when they accept office as Councillors or are appointed to a committee. The details of Members' interests are published on the Council's website.

16.   The Council has determined that its Ethics Committee shall be responsible for receiving and considering reports on matters of probity and ethics and to consider matters relating to the Members' Code of Conduct. The Monitoring Officer conducts investigations into complaints on Member conduct and, where appropriate, convenes meetings of the Hearings Panel.

17.   The Council has appointed several Independent Persons who are consulted on investigations on Member conduct complaints and may advise on other standards matters.

18.   The Monitoring Officer reports to the Ethics Committee on a quarterly and yearly basis on complaints received for alleged breach of the Code of Conduct and on any trends and lessons learnt.

19.   The Council also has a Code of Conduct for Officers: all staff are given their own copy as they are inducted into the organisation. This Code was reviewed in 2021/22 to ensure consistency of arrangements for reporting interests, gifts and hospitality for Members and Officers.

20.   The Codes are supported by Protocols such as the Protocol on Staff / Member Relations and the Planning Code of Good Practice, which are all contained within the Constitution. The Protocol on Staff / Member Relations was reviewed during 2021/22. The Planning Code of Good Practice was to be reviewed as part of the 2022/23 review of the Constitution. This has now been deferred to 2023/24.

21.   An innovative and unique officer 'Guardians programme' was implemented in 2021/22 and promoted via a series of webinars, as part of the changes to the Council's culture, shifting the workplace to becoming more psychologically safe for staff to enable them to raise issues and concerns and give confidence if whistleblowing was needed that they would be supported. The Guardians who are volunteer trained council staff, to provide other council staff with a safe space to share concerns about behaviour or the culture at Croydon. The Guardians can signpost staff where appropriate to mechanisms within and outside the Council where they can get advice about situations that cause them concern, such as perceived bullying or inappropriate behaviour. This is an approach which is recognised as contributing to the development of an open culture. It was modelled on the NHS duty of candour and the speak out champions.

Officer-Level

22.   The Chief Executive is the most senior officer in the Council. The Chief Executive and the Corporate Directors may exercise any functions of the Council or the Executive which have been delegated to them and they in turn may delegate decisions or functions to one or more officers in any of the Council's directorates, except when prohibited to do so by the Constitution or law.

23.   The current Council structure, approved by Full Council on 5 July 2021, provides for a corporate management team, with seven members as its core membership, and six directorates.   The law also requires the Council to appoint certain statutory chief officers that are responsible for the governance of the Council and have specific statutory powers. Similarly, the Council must name the 'proper officers' to undertake specific statutory functions. Each of the above are described in more detail below:

a)   **Chief Executive:** The most senior officer in the Council is the Chief Executive Officer (and Head of Paid Service). Certain matters not reserved to the Council, the Executive Mayor, are decided by the Chief Executive acting under delegated powers, and the Chief Executive is responsible for deciding how executive decisions are implemented.

b)   **Corporate Management Team (CMT):** This is the Council's senior management team, consisting of the Chief Executive, the Assistant Chief Executive and the **five** Corporate Directors. Reporting into CMT are the respective Directorate Management Teams, Internal Control Boards and Transformation Boards. The minutes and papers of CMT are distributed to all directors.

c) **Directorate Management Teams (DMTs):** These are the management teams within each of the Council's six directorates, each headed up by either a Corporate Director or the Assistant Chief Executive and consisting of Directors and, heads of service where they report directly to the Corporate Director or the Assistant Chief Executive. These directorates are the:

- Adult Social Care and Health Directorate
- Assistant Chief Executive's Directorate
- Children, Young People and Education Directorate
- Housing Directorate
- Resources Directorate
- Sustainable Communities, Regeneration & Economic Recovery Directorate

Each directorate has its own underlying departmental management structure reporting to the DMT. Each directorate determines how they ensure that health and safety matters and equality, diversity and inclusion and major projects and programmes are addressed at the directorate level. Some can incorporate them within their regular DMT agendas others may find it more appropriate to have sub committees from their main DMT.

d) **Internal Control Boards (ICB)** – The ICBs are corporate officer boards which operate alongside the respective directorate structures providing governance over cross directorate matters and include the:

- Capital Board
- Commissioning and Contracts Board
- Corporate Resilience Board
- Digital Board
- Equality, Diversity & Inclusion Board
- Finance, Risk & Assurance Board
- Health & Safety Board
- Information Management Board
- Performance Board (paused)
- Procurement Board
- Resident Voice and Improvement Board (paused)
- Statutory Officers Board (Group)
- Workforce Board

Each ICB has terms of reference and includes membership from each directorate management team and other officers and is accountable for the delivery of allocated corporate strategies on behalf of the Council. The minutes of each Board are presented at the CMT and shared with all directors. Each ICB's terms of reference require the consideration of escalation to the next CMT meeting of matters of concern.

The ICBs can also act as a 'Programme Board' in the overall Project & Programme Management Framework for cross-departmental pieces of work, with highlight reports, exception reports, plans and logs being reported to these meetings. Where projects or programmes are specific only to a directorate, the Directorate DMT may act as Programme Board.

e) **Statutory Chief Officers:** The statutory chief officers are the:

- Head of Paid Service (Local Government and Housing Act 1989, s 4)

- Monitoring Officer (Local Government and Housing Act 1989, s 5)

- S151 (or Chief Finance) Officer (Local Government Act 1972, s 151)

- Director of Children's Services (Children Act 2004, s 18)

- Director of Public Health (National Health Service Act 2006, s 73A(1)); and

- Director of Adult Social Services (Local Authority Social Services Act 1970, s 6(A1))

These are officers that the Council must appoint, some of which may be combined and some of which cannot, but they all have additional personal responsibilities. These officers have statutory mechanisms for bringing concerns to the attention of the Council, and for requiring the Council to consider their decisions and actions publicly. Each of these officers has special employment protection to enable them to fulfil their statutory duty and highlight their concerns.

There are a number of other statutory officer roles that a local authority must have in place, (such as, but not limited to, a Scrutiny Officer, a Caldicott Guardian, a Head of Internal Audit and a Chief Information Officer) but these are not chief officer posts in their own right. All however attend the Statutory Officers Group meetings.

f) The three chief officer roles with leading responsibilities relating to governance are the:

- **Chief Finance Officer** – who is responsible for finance and expenditure. The Council designated the role of the Corporate Director of Resources as the Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972.

- **Monitoring Officer** – who is responsible for lawful behaviour. The Council designated the role of the Director of Legal Services as the Monitoring Officer in accordance with Section 5 of the Local Government and Housing Act 1989.

- **Head of Paid Service-** who is responsible for the overall functioning of the Council and the allocation of resources. T**he Council designated the role of the Chief Executive as Head of Paid Service –** in accordance with Section 4 of the Local Government and Housing Act 1989.

24.   Each of these statutory officers has the power to refer certain matters to the Council. During 2022/23 there were regular meetings of the Statutory Officers Group chaired by the Chief Executive, to discuss relevant issues and the effective functioning of their roles and liaised regularly between meetings on matters affecting the governance of the authority. The Statutory Officers ensure the provision of professional advice on all decision-making reports to ensure legal, financial, risk management and equality implications are addressed, including compliance with the Public Sector Equality Duty.

25.   The Chief Executive chairs a weekly meeting of the Corporate Management Team to consider key items of business and ensure the organisation is delivering the Mayor's Business Plan and the Council's priorities. Each Corporate Director holds weekly Directorate Management Team meetings. These are used to support internal control processes (e.g., budget and risk management, equality, diversity and inclusion compliance, monitoring of complaints, health and safety, and performance indicators) as well as business within the department. Directors are then responsible for cascading information down to Heads of Service via their divisional management teams to ensure effective delivery of Council services and decision making in accordance with the scheme of delegation. There is a meeting each month of CMT and Directors and a meeting each month of CMT, Directors and Heads of Service to aid corporate understanding and knowledge of the whole council's activity and to build a shared leadership and senior management cadre.

26.   The Statutory Officers and Directors with responsibility for the development and maintenance of the Council's governance keep the effectiveness of the Council's governance framework under review. The processes which maintain the effectiveness of the governance framework include:

a)   The Council's Constitution, which sets out how decisions are made and the procedures that are followed to evidence open and transparent policy and decision making, ensuring compliance with established policies, procedures, laws and regulations;

b)   The Council's internal management processes, such as performance monitoring and reporting, monthly budget monitoring and assurance meetings, the staff performance appraisal framework and monitoring of policies such as corporate complaints and health and safety policies;

c)   Mandatory training for officers and a 'Re-Induction' of all managers to focus on key accountabilities and corporate objectives as part of the appraisal process is planned for the forthcoming year as part of changing and improving the culture of the Council;

d)   The financial management of the Council is conducted in accordance with the Financial Regulations set out in the Constitution. The Council's financial management arrangements conform to the requirements of the CIPFA statement on the role of the Chief Financial Officer in Local Government (2013);

e)   Quarterly review by the CMT and DMTs of departmental and corporate risk registers;

f)   The annual report of the Head of Internal Audit, the opinion of the external auditors in their reports and annual letter and dedicated CMT meetings on specific matters highlighted;

g)   Findings from fraud and whistleblowing investigations;

h)   The work of Scrutiny and Overview Committees and the Audit and Governance Committee; and

i)   Other review agencies, through their inspection arrangements, such as the Care Quality Commission and Ofsted.

Corporate Directors Assurance Statements

27.   The 2022/23 AGS has been underpinned by Corporate Director Assurance Statements. The feedback from the Statements received suggest that there are gaps in areas such as regularity of budget assurance meetings; awareness and understanding of Contract & Tender Regulations and Financial Regulations; Health & Safety Management and Monitoring; and delivery capacity across the Council. These need to be addressed in the 2022/23 AGS Action Plan.

Council Priorities/Mayor's Business Plan

28.   In December 2022, Full Council adopted the Mayor's Business Plan 2022-2026 (available here https://www.croydon.gov.uk/mayors-business-plan-2022-2026) which sets out the strategic outcomes and priorities of the Council. The five Outcomes are:

- The Council balances its books, listens to residents and delivers good sustainable services.
- Croydon is a place of opportunity for business, earning and learning.
- Children and young people in Croydon have the chance to thrive, learn and fulfil their potential.
- Croydon is a cleaner, safer and healthier place, a borough we're proud to call home.
- People can lead healthier and independent lives for longer.

Each outcome is underpinned by a subset of priorities. For example, Outcome 1 has the following Priorities:

- Get a grip on the finances and make the Council financially sustainable.
- Become a council which listens to, respects and works in partnership with Croydon's diverse communities and businesses.
- Strengthen collaboration and joint working with partner organisations and the voluntary, community and faith sectors.
- Ensure good governance is embedded and adopt best practice.
- Develop our workforce to deliver in a manner that respects the diversity of our communities.

There is a detailed delivery plan, which has been used to inform the development of service plans across the organisation, and performance indicators have been developed to track delivery against these commitments.

Medium Term Financial Strategy 2022-2026

29.   On 22 November 2022, the Council's Section 151 Officer issued a Section 114 Notice to make it clear to all Members of the Council that it faced an extremely serious financial situation with significant estimated unfunded financial deficits forecast from 2023/24 onwards. This is the Council's third S.114 Notice over a period of 3 years. Alongside the S114 Notice, the Council's Medium Term Financial Strategy was published and subsequently presented to Cabinet on 30 November 2022 which set out in detail the financial projections for the Council through to 2025/26. It also identified that there were still legacy gaps in the Council's open financial accounts going back to 2019/20 estimated at £74.6m for which government support needed to be sought. Earlier, in June 2022, the Executive Mayor announced the Opening the Books Project, and which subsequently identified fundamental shortfalls in the Council's finances.

30.   The MTFS demonstrated significant gaps in the Council's budget each year for 2023/24, 2024/25 and 2025/26. Previously the government had assisted the Council by granting Capitalisation Directions of £150m over the period from 2019/20 to 2023/24 of £70m, £50m, £25m and £5m which gave the Council space to reduce its core operating costs through the transformation and savings programmes by financing ongoing annual revenue spend from capital resources including borrowing, an action which goes against normally accepted good financial practice.

The MTFS identified that the impact of the Capitalisation Direction approach is to continue to push up the Council's debt into the future. Continuing to use the Capitalisation Direction

approach was one of the major reasons that the Council's fundamental financial unsustainability was continuing to grow. The MTFS noted that the Council currently holds £1.3b of general fund borrowing. This level of borrowing requires annual debt financing charges of £58m. Therefore, the Council faces an existential question, which requires a new model of extraordinary financial support to be sought from the government.

31.   The government granted the Council the flexibility to set a council tax increase of up to 10% beyond the Referendum Cap of 5% in 2023/24, so 15% in total providing £22m per annum additional income. The Council requested a write off of £540m of the Council's debt during 2023/24 to restore financial sustainability by reducing the annual cost of the Council's debt by £38m thus reducing the council's debt levels to be in line with other councils, (albeit still at the upper end of that comparison). As it was very unlikely a debt write off could be achieved by mid-February 2023 in time for the Council to set the Council Tax, the request was for a bridging Capitalisation Direction in 2023/24 of £63m to allow the Council to set a balanced budget (the base model £85m gap reduced by the 15% Council Tax proposed above). The request noted that should the Council Tax increase of 15% and the 2023/24 debt write off be agreed, no further Capitalisation Directions would be required for future years as the Council would be able to become financially sustainable.

32.   A request has also been made of government to provide the Council with a Capitalisation Direction of £161.6m to cover the historic finance issues that have been revealed through the Opening the Books programme. The Council needs to correct a range of misstatements in its legacy accounts from 2019/20 which are currently still not fully closed. This was more than the £74.6m previously identified in the MTFS Update report in November 2022. The Council's Provision for Bad Debt was found to be understated by £46m rather than the £20m previously assumed and a decision was made to include the potential £70m gap in the accounts caused by earlier wrongful accounting for Croydon Affordable Homes and Tenures, instead of the £9m previously assumed. With three years of accounts still open, there remains a risk that further legacy issues will be uncovered.

33.   The Council's financial position is completely unsustainable without new action being taken. There should be a shared solution between government, the Council and residents as council taxpayers and as service recipients. This is being worked through, initially with the limited tools available such as significant savings proposals, increased council tax levels and capitalisation directions. The Council continues to speak with government about different financial support to reduce the huge and ongoing financial cost of the Council's debt burden such as the write off or the award of an annual exceptional grant equivalent to the ongoing debt charges generated by the toxic negative equity. The Council is also committing to reduce its operating costs by at least £20m per year which is significantly more than the savings being delivered by most London Boroughs. It recognises the financial pressures that council taxpayers are facing in this period of economic challenge and the impossibility of the full solution being increases in Council Tax or cuts to services. The Council's unprecedented debt burden is symptomatic of an authority failing to meet its best value duty. It will need to be resolved for the Council to come out of the current statutory intervention.

SoS Directions and Improvement & Assurance Panel.

34.   Following the 'minded to letter' on 16th March 2023 and the Council's response on 31st March 2023, on 20th July 2023 the Secretary of State for Levelling Up, Housing and Communities ("the SoS") issued Directions to the Council on the actions to be taken to comply with its Best Value

Duty. The Directions and its accompanying documents can be accessed at Statutory intervention: London Borough of Croydon - GOV.UK (www.gov.uk). The SoS Directions requires the Council to, amongst other matters, continue to address the culture of poor financial management; improve the capacity and capability of the housing service; restore public trust and confidence by transforming the Council's activities, practices, and omissions to ensure that they are compatible with the best value duty; and secure that functions are exercised in conformity with the best value duty thereby delivering improvements in services and outcomes for the people of Croydon. The Directions are expected to remain in force until 20th July 2025. But it could be amended or revoked at an earlier date by the SoS if appropriate.

35. The Council is now the subject of formal statutory intervention. The Council is still responsible for all decision making relating to its powers, functions and responsibilities and continues to lead on its recovery and improvements. The SoS has appointed an Improvement & Assurance Panel with the power of last resort to instruct the Council to act if failing comply with the Best Value Duty. The Panel also provide external advice, expertise and challenge to the Council and assurance to the Secretary of State on the Council's progress with the actions required to meet the Best Value Duty.

36. A newly required Exit Strategy which will be jointly produced between the Panel and the Council will include the plan of action to secure compliance with the SoS Directions. This will form a significant part of the AGS Action Plan for 2022/23.

Croydon arm's length companies

37. The Committee on Standards in Public Life report dated January 2019 made a best practice recommendation regarding separate bodies created by local authorities and how such bodies should be referenced in the Council's AGS together with the transparency expected from those bodies, namely that, *'Councils should report on separate bodies they have set up or which they own as part of their annual governance statement, and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place'.*

38. Croydon Council acknowledges that it has an 'arm's length' interest in the following organisations:

a) Croydon Council owns a 100% stake in the development company Brick By Brick Croydon Limited, which was established to deliver housing across a number of Council owned sites in the Borough. The Council took a decision in February 2021 to trade out 23 sites to completion and dispose of all of its remaining sites. It is anticipated that this process will be completed in 2023/24. Regular Brick by Brick Update reports have been shared with Cabinet periodically with the last update made to Cabinet in July 2023. Progress on winding down the company and expected financial implications have been shared with Cabinet with a clear trail of all loans and interest paid by Brick by Brick back to the Council.

b) The Council has a 99% membership of LBC Holdings LLP which itself holds 10% holdings of the other LLPs in the structure. An independent charity, Croydon Affordable Housing, holds a 90% membership in each of the LLPs (other than LBC Holdings LLP). The Council has entered 80years leases and 40years loan transactions (amongst other agreements) with Croydon Affordable Homes LLP ('CAH') and Croydon Affordable Tenures LLP ('CAT'). A review of the financial accounting position in respect of CAH and CAT was completed by

PWC in February 2022 and is necessary as part of finalising the accounts for 2019/20 and 2020/21. Failure to correctly account for the monies exchanged with this company contributed significantly to the need for the further capitalisation direction referenced above.

c) Croydon Council held 40% of control of the board of Octavo Partnership Limited, which was created to deliver school improvement services across the Borough of Croydon and beyond and sells discretionary support services to schools directly whilst delivering statutory services on behalf of Croydon Council. Services were brought inhouse and the company dissolved in September 2021. Financial activity in 2021/22 was not considered material.

d) Croydon owns a 100% stake in YourCare (Croydon) Ltd, a company that carries out sales of aids to daily living equipment to the public. The company is in the process of dissolution and the process for liquidation started in September 2021. Turnover and balances are not considered material. The service has now been insourced with no further exposure to the Council.

e) The Council holds 100% stake in three companies related to the Taberner House development and these include Croydon Central Management Company, Croydon TH Ltd and Croydon TH Commercial Ltd. The Council is in the process of transferring its equity interest to the investors of the Taberner development and it is expected this will be concluded by end of 2023/24.

f) The Council holds 100% stake in several Charitable organisations, each of which have been established over some time. A list of these Charitable organisation is provided below

- The Wettern Tree Garden Trust
- Queenhill Road Playground
- Rotary Field, Purley
- Woodcote Village Green
- Willian Webb, Land forming part of the Promenade de Verdun
- Garwood's Gift in connection with Lloyd Park
- Charity of James Spurrier Wright
- The Betts Mead Recreation Ground

39.   The Croydon Companies' Supervision and Monitoring Panel, chaired by the Chief Finance Officer, ensure good governance of the Council's external entities. The Panel reports at least biannually to the Executive Mayor and Cabinet, making recommendations as appropriate. The Executive Mayor and Cabinet were presented with a report May 2023 with regards to the companies monitored by the Croydon Companies' Supervision and Monitoring Panel. The Council has strengthened its governance arrangements and oversight of Brick by Brick Croydon Ltd with a Brick by Brick Shareholder Cabinet Advisory Board and a Board of Chair and non-executive Directors is in place at Brick by Brick.

Reports in the Public Interest and Croydon Renewal & Improvement Plan (Mayor's Business Plan)

40.   During 2020/21, following the first Report in the Public Interest relating to the Council's financial position and various other governance related reports, the Council fully recognised the scale and significance of issues to be addressed and the systemic change required. In December 2020, it adopted actions to address areas for improvement through the Croydon

Renewal and Improvement Plan, a major programme to deliver savings, strengthen governance and financial practice and embed new ways of working to put the Council on a more sustainable financial footing. The Croydon Renewal Plan is an umbrella term that covers the financial recovery plan, the submission to the MCHLG (now DLUHC) for a capitalisation direction and actions to respond to the RIPIs. Updates were provided to the Cabinet and the Audit and Governance Committee on progress in addressing the RIPI action plans. Internal Audit independently assessed the quality of the delivery on the actions. As advised above, the Croydon Renewal Plan is being replaced by the Mayor's Business Plan which sets out the Council's strategic outcomes and priorities which include balancing the books, embedding good governance, and providing sustainable services.

41.   In January 2022, the Council's external auditor, Grant Thornton, issued a second Report in the Public Interest (RIPI 2) concerning the refurbishment of Fairfield Halls and related governance arrangements. The report detailed significant concerns regarding the decision making, value for money, behaviour and governance arrangements for chief and statutory officers and members that were associated with this major project during the financial years 2016/17 to 2019/20. On 3 February 2022, the Council accepted in full the Report and its recommendations. It also agreed that the action plan be included in the Croydon Renewal and Improvement Plan, which is now captured in the Mayor's Business Plan. The recommendations and action plan were built into the 2021/22 AGS Action Plan and progress made is set out in Appendix 1. The Kroll Report referred to below was commissioned following concerns raised in the RIPI 2 report.

Housing Improvement

42.   Following the coverage of chronically poor housing conditions at Regina Road in March 2021, the Council committed to the creation of the independently chaired Housing Improvement Board and the development and implementation of the Housing Improvement Plan in May 2021. The Cabinet had agreed that the purpose of the Plan would be to address the failings of the housing service highlighted in the ARK Consultancy Investigation into Conditions at 1-87 Regina Road, South Norwood. Since July 2021, the housing service has developed and begun to deliver the Housing Improvement Plan. Improvements to the Council's housing service have remained a concern of the Improvement and Assurance Panel. The Housing directorate self-referred to the Regulator for Social Housing who declared the council was in breach of the Home and Tenant Involvement and Engagement standards. The housing directorate's improvement planning must provide a path to compliance. In March 2022, the Council agreed the content of the Plan. In March 2022, Cabinet also required quarterly updates on the implementation of the improvement plan and that going forward it would include commentary from the Housing Improvement Board. In July 2022, proposals were approved to considerably strengthen the Housing Improvement Plan.

43.   In December 2022, a new Housing Transformation Programme was approved by the Mayor in Cabinet and endorsed by the independent Housing Improvement Board (HIB). There are a total of 67 projects across eight workstreams. Progress updates on high impact projects is presented to Cabinet through the regular channels and is also scrutinized by the Housing Improvement Board. Since December 2022, workstreams have been finalised with workstream leads and a clear programme plan. The Transformation Steering Board, which oversees the delivery of the Housing Transformation Programme is held monthly. Representatives from Directorates across the Council also participate in and attend the Steering Board meeting. On 26th July 2023, a progress update report on the Housing

Transformation Programme was considered by the Mayor in Cabinet. Housing Improvement is in the 2021/22 AGS Action Plan and progress made indicated above is also set out in Appendix 1.

Performance and risk management

44.   A Performance reporting framework created in April 2021 to ensure delivery of a robust suite of corporate performance reports remains in place. This reporting mechanism ensures that what the data is telling us is visible to everyone and open to challenge. Directorate and statutory performance reporting are a suite of measures from the Mayors Business Plan report 2022-26, operational performance reports and statutory measures. These reports are presented at monthly Directorate Management Team meetings to allow a process of review, check, and challenge by the Corporate Director with their Directors. Relevant data, based on the principle of exception reporting, from these reports will then be incorporated into the monthly performance report presented to the Corporate Management Team monthly. Corporate Directors / Directors are responsible for discussing the contents of departmental and statutory performance reports with the relevant Cabinet Member to ensure line of sight and accountability. This allows Members the opportunity for discussion and challenge of performance where required and to understand potential risks. Corporate Directors are responsible for the dissemination of these reports for discussion at Divisional Management Team meetings to ensure all managers and Heads of Service are sighted.

45   A performance report is presented to the Cabinet on a quarterly basis, this report will now be based around the Mayors Business Plan 2022-26 transitioning from the previous reporting on the Croydon Renewal Plan which went to Cabinet on a monthly basis initially. Reports to the Chief Executive are also created using the data from the suite of reports as detailed above, with the focus being on one Directorate per report. This allows for informed one to one session between the Chief Executive and the relevant Corporate Director.

46.   The Council's risk management process is designed to identify, assess, and manage significant risks to the Council's objectives including risks associated with delivering the Mayor's Business Plan. The process includes a risk management policy statement, corporate /directorate risk registers, and appropriate staff training delivered to risk owners (Directors and above).

47.   During the 2022/23 period, the Council has continued to embed an approach to risk management consistent with the 'Three Lines of Defence' model recognised by the Institute of Internal Auditors and HM Treasury 'Orange Book' standards, as good practice. The first 'line of defence' is implemented by the risk owners (the Council's directorates, Corporate Directors, Directors and Heads of Service as appropriate) to ensure an effective control environment, implement risk management policies in relation to their roles and responsibilities, being fully aware of the risk factors to be considered in every decision and action. The second line of defence is the maintenance of a risk management framework and compliance functions, in supporting structured risk management implemented by risk owners. The third line of defence is implemented by both internal and external audit who take an independent view of the application of risk management, reviewing and evaluating the design and implementation of risk management and the effectiveness of the first and second lines of defence.

48.   All corporate/strategic risks are formally reviewed and signed off quarterly by the risk owner on the council's corporate risk management system 'JCAD'. In turn, all risks are reviewed

quarterly by the Directorate Management Teams and assurance given/obtained by the Corporate Director. CMT and the Audit and Governance Committee then review all red rated risks. In addition, risk management 'deep dives' on individual risks are undertaken by the Audit and Governance Committee as well as the monthly review of corporate 'red' risks by CMT.

49.   The action plan in response to the first RIPI included actions to increase ownership of and capability for risk management across the Council, including risks of non-delivery of financial savings. This included:

- An externally-led 'health check' review of the Council's risk management framework and implementation was conducted in 2022/23. This included interviews with key Members and Officers to ensure that the council's approach to risk management was sound and developing in the right areas.
- A number of recommendations were made as a result of the that review, including the establishment of a refreshed risk management champion network across directorate areas which was established during the year.
- 1-1 training sessions have been provided for all relevant officers, Corporate Directors and Directors on an on-going basis on the identification of risks and use of the corporate risk management software JCAD.
- Continued assurance that risk considerations are identified at the outset of all new decisions, both for the individual decision and its impact on the whole of the Council by way of the risk and financial impact sections of Member reports.
- All new programmes of work continue to be subject to sign off at a Programme Steering Group to ensure appropriate consideration of risk.
- Terms of reference for the Audit and Governance and Scrutiny and Overview committees ensure clarity of roles and responsibilities in relation to risk. The newly established Officer Finance, Risk & Assurance Internal Control Board oversees the risk management framework and implementation in Croydon including receiving a quarterly update on the review of risks across the council.

Procurement & Project Management

50.   A Procurement Internal Control Board meets monthly with director-level attendance to ensure compliance with the Council's Contract and Tender Regulations, holding managers to account and providing challenge to ensure that the use of waivers is minimised. Internal Audit identified a number of improvements required to tender evaluations, contract frameworks, systems and documentation. These are being addressed through the contract's improvement plan.

51.   In 2021 the Council has identified a need to develop a more strategic overview of the pipeline of commissioning and contracts. This has resulted in the introduction of an annual procurement plan which is presented to the Mayor in Cabinet for approval before the start of the financial year and updated at least on a quarterly basis. The Council has in place a Contracts Register which is reviewed and updated regularly. The procurement ICT system is currently being reviewed as part of the Council's Oracle ERP Improvement Programme.

52.   The integration of the VERTO a programme management tool continues through the PMO (Programme Management Office) which is there to support various workstreams covering Capital delivery and Transformation work streams

Complaints, Fraud and Whistleblowing

53. The Council's formal complaints policy sets out how complaints can be made by the public, what should be expected in terms of response and the residents' rights of escalation. Lessons learned from complaints are fed back to services regularly and included in the quarterly and annual reports that are presented to directorate management teams and CMT.

54. The Local Government and Social Care Ombudsman (LGO) issued 4 public reports about the Council during 2022/23. The Council accepted the Ombudsman's final reports and recommendations, and the Ombudsman confirmed their satisfaction with the actions taken. The LGO annual report is discussed at CMT and taken to Scrutiny and Overview for review and challenge lessons learned. Significant work is being undertaken to improve the quality of complaint responses and the response times. Face to face training is undertaken, online training packages implemented, weekly reports are sent to all service and management detailing current open and overdue complaints, service improvement meetings are held directly with services, monthly DCO bulletins are sent to all complaint handlers and quarterly and annual performance reports are presented to DMTs and CMT. Complaint handling is also a key aspect of the Housing Improvement Plan.

55. Audit & Governance Committee to continue to oversee the Anti-fraud and Corruption Policy and Strategy and Anti Bribery and Anti Money Laundering policies. In addition, the committee receives regular reports in relation to the activities of the shared Croydon/Lambeth anti-fraud service, which was established January 2023. The aim of the shared service has been to target pro-active anti-fraud initiatives in addition to reactive investigations. Examples of this introduced during the year has included the formal vetting of all staff for fraud concerns before they are taken on by the council and the formal vetting of all housing succession applications for fraud issues. The service also interfaces with the council's Whistleblowing Policy which enables staff, partners, and contractors to raise concerns of crime or maladministration confidentially. This has been designed to enable referrals to be made without fear of being identified and is supported by a whistle blowing hotline supported by a third sector partner.

56. During the year the Council commissioned Kroll Associates (UK) Limited ("Kroll") to undertake an independent, fact-finding review of the circumstances and decision-making process leading up to and following the Council's approval for Brick by Brick Ltd (a company wholly owned by the Council) to undertake the refurbishment of the Fairfield Halls, and which was the subject of the second RIPI report. The aims of the investigation include to provide clarity over the probity and integrity of decision making around the Fairfield Halls project, the reasons for the cost overrun and late delivery and the governance failures and whether there is evidence of potential wrongdoing by relevant individuals. In March 2023, the Council received the Report by Kroll into any wrongdoing relating to the refurbishment of Fairfield Hall. The Council is taking the necessary steps to ensure those responsible for the Council's governance and financial crises are held to account and this includes referring the Richard Penn and Kroll reports to the Metropolitan Police and to relevant professional bodies and institutes. Also, in February 2023, the Council published the Independent Investigation Report by Richard Penn which amongst other issues considered the culture, behaviours and practices by officers and members that led to the Council's financial collapse. The report makes several recommendations in respect of actions to be taken against for former Officers and Cabinet Members of the Council. Through the Appointment & Disciplinary Committee, all the recommendations have been actioned.

Health and Safety

57.   Responsibility for health and safety ultimately rests with the Chief Executive. To ensure this responsibility is discharged effectively across the Council the Corporate Health and Safety Internal Control Board and directorate subgroups were established. Their role includes the monitoring of statistics, safety audit reports and trends of accidents and near misses, dangerous occurrences and notifiable diseases and making recommendations for and monitoring progress on corrective action on unsafe and unhealthy conditions and practices. The Board also monitors the effectiveness of health and safety training and communications and escalating any issues to CMT as appropriate. The Board is chaired by a corporate director and attended by directorate representatives, the corporate health and safety team and trade union representatives. The minutes of the Health and Safety Board are presented at CMT with any urgent items immediately escalated to the next CMT meeting and shared with all directors. Improvements in the arrangements for Health and Safety is in the 2021/22 AGS Action Plan and progress made are set out in Appendix 1.

Information Governance

58.   The Information Management Internal Control Board (IMICB) leads the Council's strategic approach to governance of information management. Chaired by the Council's Monitoring Officer and membership includes Chief Information Officer and Senior Information Risk Owner (SIRO), the Caldicott Guardian, Data Protection Officer, Information Manager, and key service leads. The Board's role is to support the Council to ensure compliance with Data Protection, Freedom of Information (FOI) and Caldicott requirements and assist in making good Information Management (IM) part of the culture of the Council. The Board reports to the CMT in respect of IM issues/incidents and has an overview of the Council's compliance with policies, procedure and guidance and commissions reviews of policies, procedure and guidance as appropriate.

59.   The Council is not meeting targets for responses to FOIs and Subject Access Requests. Steps have been taken to improve capacity and the management of the processes to secure compliance with statutory requirements. This area was flagged up in the 2021/22 AGS Action Plan and progress made are set out in Appendix 1. However, in September 2022, the Information Commissioner's Office (ICO) issued a Practice Recommendation to the Council to direct it to improve its compliance with FOIs. Due to a decline in compliance, in June 2023, the ICO issued an Enforcement Notice to the Council to comply with the FOI request requirements and to devise and publish an up-to-date action plan and supported by a 'lessons learned' exercise. In 2023/24, the Council must continue at pace with its plans to improve practices and secure compliance with FOI and Subject Access Request. The Information Management ICB will oversee and monitor delivery of the improvements required.

Safeguarding

60.   The Council's approach to safeguarding both in relation to vulnerable adults and children is led by the Corporate Directors for Adult Social Care and Health, and Children, Young People and Education respectively and is also subject to the relevant statutory inspections.

61.   Croydon Safeguarding Children Partnership (CSCP) is the multi-agency arrangements in place to ensure Croydon's children are safeguarded. It is an equal partnership between the three statutory partners (Local Authority, Health & Police) with an Independent Scrutineer. In November 2022 the partnership commissioned an Independent Review of its effectiveness

which found that "*The CSCP supports the delivery of safe multi-disciplinary practice in the Borough*" and "*Benefiting significantly from highly experienced and competent leaders, the partnership demonstrates a capability to identify and focus on those issues relevant to the needs of local children and young people.* Additionally, the operating procedures for the CSCP were revised and agreed by the CSCP in March 2023 (CSCP Arrangements 2023). The CSCP business plan reflects the quality assurance & audit work it carries out, including the Section 11 Audits which enable the CSCP to be assured of the safeguarding arrangements for organisations working with children. Where the safeguarding arrangements are not sufficiently robust, those organisations are committed to action plans which are regularly reviewed. The CSCP Executive has quarterly updates to ensure line of sight.

62.   The CSCP is producing an annual report for the year 2022-23 which will be reviewed at Corporate Management Team meeting in October 2023, Scrutiny Overview Committee in November 2023, and Cabinet in November 2023.

63.   Croydon Safeguarding Adults Board (CSAB) is the multi-agency arrangements in place to ensure Croydon's adults are safeguarded. It is an equal partnership between the three statutory partners (Local Authority, Health & Police) with an Independent Chair. The CSAB ensures there is effective communications with Croydon residents, between professionals, agencies and different Boards and Partnerships. The CSAB continues to work closely with the Croydon Safeguarding Children Partnership in order to have oversight of cross cutting safeguarding agendas such as transition between children's and adults' services.

64.   The CSAB is producing an annual report for the year 2022-23 which will be reviewed at Corporate Management Team meeting in October 2023, Scrutiny Overview Committee in October 2023 and Cabinet in November 23.

Learning and organisational development

65.   A Members' induction and training programme training was developed for implementation after the local government election in 2022. This formed part of the AGS Action Plan for 2021/22. The progress made is set out in Appendix 1. In addition, an ongoing programme of training and awareness is available for Members with formal and informal events each year, including all major changes in legislation and governance issues.

66.   The development of the programme is overseen by a member-led Member Development Panel and includes training identified.

67.   Staff development needs are identified through the Council's Appraisal Scheme. The Council's Learning and Organisational Development service delivers and/or commissions a suite of elective and mandatory courses, children, and adult social care specialisations in a variety of formats, including e-learning through a centralised learning management system. Work is underway to revise the corporate virtual induction programme 'Welcome to Croydon'. The new contents cover three key thematic areas: (i) managers' induction checklist, to ensure effective compliance (ii) mandatory training for new staff on fundamental topics such as health and safety, information governance, and equality and diversity (iii) understanding the council – to ensure effective orientation and understanding of the council, its decision-making processes, governance, and compliance. This will be delivered to all new staff joining the Council, supplemented by department-specific elements.

Working in partnership

68.   A number of the Council's services are delivered in partnership with commercial organisations and, increasingly, with other local public sector organisations, and the voluntary, community and faith sector. In order that the Council can maintain effective partnerships with a number of these organisations, representatives of the Council, usually elected councillors, sit on the various committees and forums that are responsible for these.

69.   The borough has themed partnerships (including the statutory Health and Wellbeing Board, Safer Croydon Partnership, Croydon Safeguarding Children Partnership and Croydon Safeguarding Adults Board) that bring together the Council and representatives of the emergency services, health, education, business, faith, voluntary and community sectors involved in decision making that affects the wellbeing of those who live, work, are schooled in and visit Croydon. The partnerships ensure a focus on local priorities.

70.   These partnerships undertake a range of partnership activities and consultation exercises to enable all residents and customers to contribute to and shape the strategic themed plans such as the Health and Wellbeing Strategy and the Safer Croydon Partnership Community Safety Strategy. In addition, the Council undertakes surveys with residents who provide the Council with reliable feedback on important issues that help improve services as part of establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability, and encouraging open consultation.

71.   The Health and Care Act has led to the introduction of statutory arrangements for integrated care systems (ICSs) from April 2022. In Croydon, this has meant moving from Croydon Clinical Commissioning Group (CCG), to a South West London Integrated Care System (SWL ICS). In South West London there are six ICS Places: Croydon, Kingston, Merton, Richmond, Sutton and Wandsworth. The Croydon arrangements are delivered through the One Croydon Partnership and the Croydon Health and Care Board of which the Executive Mayor is Co-Chair.

Internal audit

72.   The Council maintains an Internal Audit service delivered by Mazars as part of 'The Apex Framework' providing local authorities including Croydon with internal audit resources in a tried and tested framework that operates in accordance with the Public Sector Internal Audit Standards. The Council's assurance arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit (2019)*. The Council's contract with Mazars is cliented by the Corporate Director of Resources.

73.   Internal audit is responsible for monitoring the quality and effectiveness of the Council's governance, risk management and controls. An internal audit plan is compiled annually for the work to be undertaken, which is submitted to the Audit and Governance Committee for review and approval. The plan is informed by the results of the previous year's audit and follow-up work by Internal Audit, the Council's risk registers and discussions with senior managers, directors and members of the Council's CMT. The Head of Internal Audit is a standing member of the CMT and can attend at any time and ask for items on the agenda. The post reports to the Corporate Director of Resources but also has access to the Chief Executive at any time.

74. The outcome of the internal audit risk-based work is reported to all relevant Corporate Directors and Directors and regularly to the Audit and Governance Committee. Implementation of recommendations is monitored, and progress regularly reported to the Audit and Governance Committee.

75. In addition to the quality assurance processes in place, the Internal Audit function is reviewed by the external auditors as part of their annual audit process and every five years by an external body to assess compliance with the Public Sector Internal Audit Standards (this is next due for Croydon in 2023).

76. The Annual Report of the Head of Internal Audit for the year ending 31 March 2022/23 provided only 'Limited Assurance' that the system of internal control accorded with proper practice. 64% of the overall audits undertaken had 'Limited' or 'No' assurance, with 71% of internal audits of systems falling into these categories. The following system audits from the Annual Report had limited or no assurance:

- Health and Safety: Incident Reporting (in draft) (No)
- HEAT – Assessment Management (Emergency Accommodation Assessment) (in draft) (No)
- Housing – Tenancy Checks (in draft) (No)
- Housing Disrepairs (in draft) (No)
- Journals: Impact on Budget Management (in draft) (No)
- Legal Recharges (No)
- Adult Social Care Payment Processes (in draft) (Limited)
- Agency Use and IR35 (Limited)
- Anti-Social Behaviour: Referrals and Case Management (in draft) (Limited)
- Brokerage (Quality of Care Market) (in draft) (Limited)
- CES – Banking Compliance (in draft) (Limited)
- Children's Social Care Payment Processes (in draft) (Limited)
- Continuous Auditing Q1/Q2 (two audits) (Limited)
- Continuous Auditing Q3/Q4 (two audits) (Limited)
- Fire Safety (FRAs) (in draft) (Limited)
- Housing – Leaseholder Service Charge (Limited)
- Housing Register – Assessments (in draft) (Limited)
- Information Governance: SARs/FoIs (in draft) (Limited)
- IT Services – Project Management (in draft) (Limited)
- IT Vulnerability Management (in draft) (Limited)
- Parking Enforcement (inc. Budget Modelling and Reconciliations (in draft) (Limited)
- Payment to Schools (Include Licensed Deficit Process) (in draft) (Limited)
- Planning Enforcement – DM Systems Link to Systems and Processes in Enforcement (in draft) (Limited)
- Safeguarding – Partnerships & LADO (Limited)
- School Admissions (Including Appeals) (in draft) (Limited)
- SGO Allowances (in draft) (Limited)
- SLWP Income Collection and Payment of Funds (in draft) (Limited)
- TFL Reclaims (in draft) (Limited)
- The Role of the DPO (in draft) (Limited)
- Traded Services – Education (in draft) (Limited)

The assessment of Corporate Governance showed an improvement from the limited assurance reported in 2022/23 annual Head of Internal Audit report, reporting that the corporate governance framework complied with the best practice guidance issued by CIPFA/SOLACE.

During the year, Internal Audit identified the following significant control weaknesses:

- general compliance issues in basic areas of governance and control;
- a number of issues with contract letting, monitoring and management across the organisation;
- issues over information governance, including the role of the data protection officer and the process for responding to freedom of information requests;
- issues over budget monitoring and management, and
- issues over tenancy and temporary accommodation tenancies, including over the allocations, recording and checking of these and arrangements for repairs and maintenance.

77.   The Council has action plans to address these issues and Internal Audit will continue to be involved in further audits of these areas.   During 2022/23 CMT regularly reviewed the management actions arising from internal audits, helping ensure that historic and current actions were being implemented and improvements to systems and controls were made as appropriate.

External audit

78.   In 2022, the external auditor raised concerns relating to the settlement agreement reached with the former chief executive of the Council and requested that the Council assure itself that the settlement is lawful. The Council's Monitoring Officers reported on 27 April 2022 and 13 October 2022 to the Appointment and Disciplinary Committee on the issues raised by the External Auditor. On 9 November 2022, the Appointment and Disciplinary Committee approved the response to the External Auditors queries and agreed that the response be submitted to Full Council for noting. The Committee also decided that "For the avoidance of any doubt, and for the reasons set out in the Monitoring Officer's findings, the Committee does not endorse the decision of the August 2020 Appointments Committee that the settlement payments made to the former Chief Executive were value for money. The Monitoring Officer found that the Appointments Committee at the time had the requisite decision-making powers to approve the settlement agreement with the former Chief Executive. The Committee was acting within its constitutional authority. Based on the information and advice in the officer report at the time, the Committee's decision was not irrational. It is within scope of the decision that a reasonable local authority could have made at that time and with the information provided. The decision made to approve the terms of the settlement at the time (albeit tainted by poor and inadequate advice in the officer report) was lawful. However, for the avoidance of any doubt, for the reasons with the Monitoring Officer report and considering the Reports in the Public Interest in 2020 and 2021, the Council should not have agreed to settlement payments."

79.   The Monitoring Officer also found that the Council must clearly demonstrate that lessons have been learnt and that it has now embedded best practice in the form of the statutory guidance on severance payments. The exit of the former Head of Paid Service has significant local and wider public interest. There should have been proper records kept of the conversations between the Leader, Monitoring Officer, former Chief Executive, Section 151 Officer, and

Director of HR relating to the exit. There should have been some initial enquiries to establish the facts and to inform any future decision making. The Leader of the Council chaired the committee which made the decision without any consideration of any conflict of interest. Legal advice (Counsel's opinion) should have been sought on merits, chances of success and quantum of damages of any potential ET claim. This should have informed the decision on settlement. The ethos of the Openness and Accountability in Local Pay Guidance, as the title clearly suggest, is that there should be more transparency and scrutiny of senior officer's exit payment. There should be compliance with the constitutional and statutory requirements for notice and agenda papers to be sent to members in advance of the meeting. Democratic Services should have attended the closed session of meetings to make sure proper minutes are taken of the deliberations that informed the decision made. There must be consideration given to managing any conflicts of interest arising. The Council now has measures in place to address these findings.

80.   In March 2023, the Council's External Auditors Grant Thornton published a Section 24 Schedule 7 Local Audit and Accountability Act 2014 Recommendation Report on the Council's historically inadequate arrangements and capacity in the financial years 2019/20, 2020/21 and 2021/22, to prepare reliable financial statements and supporting working papers. The recommendations included a root and branch review of financial management in all service departments; resolve the accounting arrangements in respect of Croydon Affordable Homes; invest significant extra resource (when possible) in finance capacity, internal audit and risk management; develop an action plan to clear the three outstanding years of accounts and audit by June 2024; and ensure that the lessons learned from the former Chief Executive termination payments are applied to all future Chief Officer severance payments. The Council has accepted the recommendations and indicated which have been completed and which will be progressed in 2023/24 and form part of this AGS Action Plan. The recommendations relating to the payment to the former Chief Executive have been implemented and resulted in changes in policy and practice.

81.   In April 2023, Grant Thornton, issued an Interim External Auditor's Report for the financial years 2019-20, 2020-21 and 2021-22 pending completion of their final assessments. The Report findings on financial sustainability, governance and improving economy, efficiency and effectiveness are for 2019/20 adverse conclusion expected; 2020/21 significant weaknesses identified, and 2021/22 significant weaknesses identified. The Report makes recommendations to the Council which have all been accepted. They relate to the delivery of sufficient savings to return the Council to financial sustainability, increasing the profile of internal audit and the pace of delivery of internal audit recommendations, improving resident engagement and strengthening procurement governance. These are now the subject of action plan which is being progressed.

Conclusion

82.   The Council has an effective decision-making and internal control arrangement designed to ensure the highest standards of good governance. The Council's governance structures at Member level (i.e., Full Council, Executive Mayor and Cabinet, Scrutiny and Overview, Ethics, Audit and Governance and other Committees), and at Officers level (i.e., Chief Executive, Corporate Management Team, Directorate Management Teams, Internal Control Boards, Transformation Boards and Statutory Officers), and the accompanying governance documents are effective. They make certain the Council conducts its business in accordance with the law

and that public money is properly accounted for, as the Council work to achieve the best outcomes for residents within the resources it has.

83.   The Council has worked to continue to deliver the improvements required in its governance arrangements and services to residents. These are outlined in the paragraphs above and are referred to in some detail in the 2021/22 AGS Action Plan attached as Appendix 1. During 2022/23 the failings in previous years (2021/22 and 2020/21) were fully analysed as part of the Opening the Books programme which revealed in great depth that the Council continues to face serious and fundamental challenges with it finances, that culminated in the SoS statutory intervention and Directions. The Council is satisfied that its governance arrangements are fit to deal with the expectations arising from the SoS Directions and other improvements required. An Action Plan has been developed for 2023/24 to address the gaps in governance identified in this Statement. The key themes for action include financial management, housing services, transformation, and information governance. The Action Plan is attached as Appendix 2 and includes ongoing and outstanding activities and carried over to 2022/23. The delivery of these actions will be monitored through the ICBs, CMT and regular updates to the Audit and Governance Committee.

Signed by ………………………………………………………. Date…………………………………….

        Katherine Kerswell

        Chief Executive

Signed by ………………………………………………………. Date…………………………………….

        Jason Perry

        Executive Mayor

Appendix 1 Annual Governance Statement 2021/22 Action Plan and Progress Update

Green - Completed

Amber - Ongoing

Appendix 1 Annual Governance Statement 2021/22 Action Plan

No.	Governance Issue	Action	Accountable	Responsible	Status update	Assessment of Impact / Outcomes Achieved
1	**Improve arrangements for management of capital projects and programmes**	Review capital programme, establish monthly capital monitoring and strengthen capital project management.	Corporate Director of Resources	Allister Bannin, Director of Finance (Deputy S151 Officer)	The capital programme is reviewed by the Capital Internal Control Board on a monthly basis, providing robust challenge to project managers on project delivery. Capital delivery is reported on a monthly basis to Cabinet through the Financial Performance Report.

For 2023/24, as part of the budget setting process, a new best practice Capital Strategy Improvement Plan was prepared and approved by Full Council. This set out the overall capital strategy and capital programme plans. It also set out clearly the governance of the capital programme including, roles and responsibilities, funding and financing, decision making process, risk management and escalation approach, and management and monitoring processes. Link to Capital Strategy 2022-23 to 2026-27: Report and Appendices B to D - Capital ...Capital Strategy_2023.24_and_26-27.pdf (croydon.gov.uk). Capital Board will look to further improve the governance of the capital programme during 2023-24 taking on board what best practice can be incorporated within the resource constraints given the Council's financial position.

Verto 365 is enterprise project and programme management software that has been purchased by the Council following an open procurement exercise that took place in 2022. Verto 365 is in use in many other local authorities in the UK. The contract was | Better oversight of and monitoring of capital programme and budget.

Earlier detection of slippages and remedial action.

Enabled reallocation of unused capital funding.

More robust budget monitoring. |

					signed in January 2023 and the software is now in the process of being rolled out in phases ('Sprints') across the organisation. The Capital Programme should be built into the system by the close of July 2023, which will enable the Capital Internal Control Board to oversee the delivery of the Capital Programme in a much more consistent and informed way.	
2	**Ongoing review of Constitution to align with new Executive Mayoral arrangement**	Establish arrangements for ongoing review of the Constitution.	Corporate Director of Resources	Stephen Lawrence-Orumwense	Member Constitutional Working Group established and report to the General Purposes Committee. There is an agreed work programme for the review of the Constitution. As part of this programme, the Council Procedure Rules were reviewed, amended and agreed at Full Council in March 23. Other reviews in the pipeline including Contract Regulations, Financial Regulations, Pensions, Planning and Health & Wellbeing Committee.	The Constitution better reflects the executive mayoral arrangement and the political make up of Full Council. Better resident engagement through changes to the rules on petition. Better management of the agenda of Full Council meetings. But further work required, as this is an ongoing task.
3	**Improvement in awareness and practice in finance management**	Implement CIPFA maturity model. Finance training for non-finance managers.	Corporate Director of Resources	Allister Bannin, Director of Finance (Deputy S151 Officer)	CIPFA has been carrying out a Financial Management (FM) Review to improve alignment with best practice of the CIPFA FM Model. The review commenced in October 2022 and workshops with senior finance officers concluded in April 2023. Draft recommendations have been provided to the council and an action plan to implement the improvements is being developed. CIPFA delivered a programme of training to revenue budget holders during 2022. The council is considering the training required for capital budget holders and project leads.	Enhancing and promoting the financial literacy of Council Officers.
4	**Strengthen governance framework**	Establish and implement internal control boards across directorates and functions.	Director of Policy, Programmes & Performance	Reece Bowman	The following Internal Control Boards (ICB) have been implemented and remain under continuous review: • Information Management & Transparency • Resident Voice & Improvement	The ICB are now fully embedded in the Council's governance arrangement and fundamental in bringing about improvement across

					- Equality, Diversity & Inclusion - Finance, Risk & Assurance - Corporate Resilience - Health & Safety - Transformation - Performance - Workforce - Capital - Digital Administrative support is provided by the Corporate PMO, and each ICB submits the minutes of its proceedings to Corporate Management Team (CMT).	the Council's functions and responsibilities. Better oversight and monitoring of improvements across the Council.
		Ensure directorate schemes of management (i.e., delegation) are kept routinely updated.	Corporate Directors	Corporate Directors & Stephen Lawrence-Orumwense	There is an ongoing review of the Directorate Schemes of Delegation which is being led by Legal Services.	
5	**Review and improve arrangements for health and safety**	Review of effectiveness of health and safety arrangements	Corporate Director of SCRER	Nick Hibberd	Corporate Health & Safety Board meets every 6-8 weeks. Each directorate has established a directorate level Health & Safety Board with the chairs of directorate boards attending the Corporate Board Corporate Health & Safety Policy has been reviewed. The corporate health & safety team are undertaking a rolling programme of audits of services and a review of risk assessments undertaken by services. A corporate Health & Safety Strategy is under development. A fire & building safety working group has been established to respond to requirements of new building safety act – remains in early stages of the group forming.	Better awareness of health and safety requirements and arrangements.

| | | | | | Further work required:
• Continuing with the progress made on health and safety reporting and monitoring.
• Improving the consistency and quality of health & safety response across services.
• Creating a consistent and corporate approach to reviewing service-level risk assessments.
• Review fire evacuation policies for operational buildings.
• Improving the timeliness of responding to actions identified with health & safety audits | |
| 6 | **Improve arrangements for information management** | Provide assurance that the Council is operating in accordance with best practice and relevant legislation to include Publication Schemes, Open Data, Data Storage Security, Subject Access Request and Freedom of Information | Assistant Chief Executive | Paul Golland | **Publication Scheme and Open Data pages**
The Council has a publication scheme which is a guide to the kind of information the Council routinely makes available.
Croydon are compliant with the ICO's model publication scheme in that the basic requirements are being met.
Croydon's publication scheme contains information for the following:
• Who we are and what we do
• What our priorities are and how we are doing
• Lists and Registers
• What we spend and how we spend it (over £500)
• How we make decisions
• Our policies and procedures
• Services provided by the council
Croydon also have a disclosure log for all disclosable FOIs (Freedom of Information requests) The disclosure log is added to daily.

Subject Access requests/Freedom of Information requests
Significant improvements in our SAR (Subject Access Requests) performance have been made in the following areas:
• Resource – additional FTE and dedicated Data Protection Officer | There is still significant work required to improve on information management arrangement. Recent action plan is intended to deliver on this. |

					• Training for the Central Information Team • Governance – creation new Information Management Internal Control Board that meets monthly to review Council's information governance arrangements. • Process – new system in place since August 2022 for processing all SARs/FOIs. • Reporting – clear lines of reporting have been defined with regular updates to CMT and IM ICB. weekly reports delivered to the wider organisation. For more details please refer to the FOI/SAR improvement plan. The Freedom of Information policy is currently being drafted for agreement at the next ICB meeting. https://www.croydon.gov.uk/sites/default/files/2023-07/FOIA-Improvement-Action-Plan-Final.xlsx (Attached as Appendix 1A)	
7.	**Maintain and improve arrangements for member support and better member/ officers' relations**	Ensure that the Council maintains a culture that enables effective governance by periodically reviewing and monitoring how members and officers work with each other and considering where improvements might be made.		Stephen Lawrence-Orumwense	As part of their induction programme, Members received training on the Member Officer Relations protocol. The protocol outlines the roles and responsibilities, principles of how members and officers should work together, and expectations of both parties and escalation / complaints process where and if issues arise. However, a key recommendation from an Internal Audit review, completed Jan 2023, of the Member / Officer Relationship Protocol and wider member training programme, was that the Corporate Induction should better encompass training and communication on the Member / Officer Relationship Protocol to staff. This is being reflected in a review of the corporate induction programme. Worth noting, to help improve communication and information provision in general, a quarterly Democratic Services Member newsletter was introduced mid-2022, giving members reminders to	There is an effective arrangement/protocol in place for better officer member relations.

				review and disclose interests at meetings, review their registers of interest, access committee reports and up and coming training events organised by the Council or partner organisations, and giving useful information on other issues, like facilities, equipment and IT guidance.	
		Implementation of member induction programme and training, linked to scrutiny improvements, financial awareness, treasury management and budget scrutiny. Also, Officer e-learning module.	Corporate Director of Resources	Stephen Lawrence-Orumwense & Simon Trevaskis	The Member Induction and Training Programme for 2022/23 has successfully delivered training on 28 different topics. The design of the programme was based around the RIPIs, Scrutiny Improvement Review and good practice from other authorities. These sessions have included 'Introduction to Local Government Finance & Risk', 'Anti-Fraud & Whistleblowing' and 'Budget Scrutiny'. Sessions that were planned for 2022/23 that have not been held have been carried over into the Training Programme for 2023/24, with repeated sessions of the core and Committee specific training modules. Training has been delivered by a mix of LGA, CfPS, NHS and Croydon Council Colleagues. Councillors also have access to Croydon Learning where they are able to undertake e-learning modules in a number of topics such as Equality & Diversity and GDPR.

A Learning and Development Panel (compiling of Members and Officers) has met three times during 2022/23 to monitor the delivery of the programme and to suggest amendments. The Panel will meet again in April 2023 to finalise the Training Programme for 2023/24 and to suggest any additional sessions they would like to see repeated. | Better understanding of members of their roles and responsibilities.

Better understanding of how the Council works.

Better awareness of Members Code of Conduct.

Better understanding of their roles and responsibilities in respect of relevant committees appointed to.
Better understanding of the Council's financial position. |
| 8. | **Officer Induction Programme** | Establish and maintain an officer induction and performance management programme. | Assistant Chief Executive | Dean Shoesmith | The corporate induction programme is under review to incorporate the Mayor's vision and Plan. A presentation of the new induction programme with revised content has been provided to CMT

From 1 April 2023 a simplified appraisal process has been introduced to improved completion compliance and improve performance management. A survey of | |

the appraisal experience has been recently undertaken.

Further work is to be completed in the coming year to develop an in-person induction experience, led by senior managers, to ensure staff understand how the council operates, setting the right culture from the outset to ensure compliance, and building an open and trusting relationship.

The council has co-created and developed with the workforce, and other key partners (trade unions and staff networks), a comprehensive four-year People and Cultural Transformation strategy, consisting of seven strategic objectives (supporting pillars) covering leadership and management, workforce EDI, health and wellbeing, skills and performance, attraction and retention, pay and rewards, and employer brand.

The strategic objective pillars of leadership and management, as well as skills and performance are critical to ensure a well-led, well-skilled, workforce led in an open, honest and transparent way. The accompanying action plan sets out a clear four-year delivery plan to make significant leadership and workforce improvement, with development of skills in a systematic way, putting residents and customers at the heart of the council's work with emphasis on customer service skills. In terms of people management, ACAS has been commissioned to provide essential employment relations skills, seeking to improve competence and compliance. Simultaneously, the council has been reviewing and simplifying the HR policy framework to ensure better implementation, efficiency and workforce governance. An aspiring managers' programme is also in development to ensure all staff who wish to enter into management as provided with a thorough overview, including the council's governance framework, as well as a complementary new managers' induction programme.

9.	**Continue to embed good practice in procurement and contract management.**	Address areas for improvement in procurement and contracting identified by Internal Audit.	Corporate Director of Resources	Huw Rhys Lewis Director Commercial Investment and Capital	The Procurement Improvement Plan has identified priority areas for development, including Procurement to Pay (P2P) processes and system improvements, establishing a Contract Management Framework and enhancements to Procurement Governance. P2P improvements have been made, with a Requisitioner Network established in February 2023, the updating of the P2P handbook in March 2023 and an update of the P2P intranet pages. A ORACLE/ Procurement systems based improvement workshop was established in March 2023 with the intention of improving the connectivity between ORACLE and procurement systems and processes. A new Council Contract Management Framework was introduced at Cabinet in November 2022. This is being rolled out through a Contract Management Network, to be launched in April 2023, and overseen at a corporate level by a Contract Management Assurance Board also starting in April 2023. New Procurement governance processes were introduced which included an annual procurement plan. Further improvements are scheduled in 2023/ 2024	
10.	**Improve Scrutiny function.**	Adoption and implementation of scrutiny improvement programme, including budget scrutiny.	Corporate Director of Resources	Stephen Lawrence-Orumwense	Two training sessions were delivered to Members on Budget Scrutiny, and these were delivered by the Centre for Governance and Scrutiny. Scrutiny and Overview co-ordinated Budget Scrutiny across the Sub-Committees, with each looking at specific budget proposals within their remits, and three Scrutiny and Overview meetings focussing on specific elements of the budget. An improved and clarified process for recommendations to Cabinet has been implemented, with recommendations now split into individual appendices by associated report/item; this has led to	Better scrutiny function and arrangements. Improved knowledge on budget scrutiny and process. Enhanced profile of the scrutiny function. Greater accountability of the Executive through the improved Scrutiny.

					better accountability for providing responses by the relevant Directorates and Corporate Directors and public transparency. Upon establishment by Scrutiny & Overview Committee, scrutiny and service based officers have provided support and evidence/responses to additional requests from a Housing specific sub-committee, which is additional sub-committee set-up in 2022 and continuing in 23/24 municipal year. A Scrutiny Protocol is at final draft stage, which sets the foundations of the working relationship, expectations, processes and procures, between the Scrutiny Function and the Executive. It is envisaged after informal agreement by the Executive and Scrutiny Members, the document will go to Cabinet/Scrutiny Committee and onto Council. The Chair of Scrutiny Overview attends Cabinet regularly to report on the work of scrutiny and champion the scrutiny function. The Chair of Scrutiny also meets quarterly with the Executive Mayor to discuss the scrutiny work programme.	
		A more effective role for scrutiny in the pre-decision scrutiny process.	Corporate Director of Resources	Stephen Lawrence-Orumwense	It has been agreed that the Scrutiny Committee will take a more robust role in the pre-decision scrutiny process. In 22/23, there has been pre-decision scrutiny. For example, Responsive Repair Contracts, People & Cultural Transformation Strategy.	
11.	**Housing Improvement**	Establish, maintain, and implement a programme to deliver on improvement in the housing function and housing standards.	Corporate Director of Housing	Susmita Sen	Housing Transformation Programme approved by Cabinet (December 2022) and endorsed by Independent Housing Improvement Board (HIB). Programme being implemented and is monitored monthly by steering board with updates to HIB and Improvements & Assurance Panel and Cabinet on a regular basis. The Plan can be found here: https://sway.office.com/iqIy03GYO8ud7bso?ref=Link (Attached as Appendix 1B). The progress on the housing transformation plan is reported regularly to Cabinet.	Closer relationship with customer through insourcing of contact centre More effective contract management of repairs contracts through contract management hub

| | | | | | The improvement plan has delivered a number of key project deliverables as outlined in the Cabinet paper in July 2023 (insert link) and October 2023 (insert link). Significant achievements include:
•	Co-designed Resident Charter
•	New Housing Strategy (consultation complete)
•	New Homes survey
•	New Vision and Mission
•	HRA review and clawback
•	Estates cleaning standards – co-created utilising photobook
•	Estate walkabout programme
•	Customer data review to target visits with residents to gather missing data as part of 3 year programme
•	Customer Care training (end of tendering process)
•	Bespoke Damp and Mould training for staff across the directorate
•	ASB SLA with Community and Violence reduction unit
•	SLA with corporate fraud
•	Grounds maintenance SLA to be signed this month including utilising other providers
•	Stock Condition Survey – Savills 5% complete with further 30% due by end of 2023
•	Directorate senior leadership restructure
•	Housing Needs restructure
•	DPS for Temp Accom providers due to be procured
•	Voluntary Undertaking due for submission Sept 2023
•	Three new Repairs contractors mobilised
•	Contact Centre in-sourced
•	New Contract Management Hub
•	Regina Road successful ballot
•	NEC system phase 1 implementation completed
•	Rent Increase consultation rolling programme | More visible improvements to estates through estate walkabout programme

78% new tenancies satisfied with our services Impact of prevention model due to be assessed for Housing Needs – reduction anticipated in wait times for appointments.

Specific internal service level agreements detailing services provided against HRA recharging.

DPS will ensure compliance of temporary accommodation providers.

New homes to be provided on the Regina Road estate following successful ballot.

Improvements to Voids properties and new tenancies following establishment of lettable standards. |

				• Homelessness and Rough Sleeping strategy being devised for Mar 2024 • Establishment of Voids Lettable Standard, co-designed with residents, to ensure fit-for-purpose homes • Resident Engagement Strategy devised by TPAS and due to be presented to Cabinet in Dec 2023 • Recruitment of Customer Insight Manager to address approach to and backlog of complaints and utilizing information to impact service.	
12.	**Implement the recommendations arising from the Report in the Public Interest relating to the refurbishment of Fairfield Hall.**	To develop, maintain and implement an action plan in response to the recommendations. Also, to ensure, learning arising continues to be embedded across the organisation.	Corporate Director of Resources	Stephen Lawrence-Orumwense	See below the Action Plan in response to the External Auditors recommendations. There has been significant progress with implementing the recommendations.	Better officer reports and executive decision making.

ACTION PLAN IN RESPONSE TO THE SECOND REPORT IN THE PUBLIC INTEREST

1. The Council has fully accepted all recommendations made by the external auditor (R1-R12)
2. There are 7 statutory recommendations from the external auditor for the Council to urgently address:

R1 – Cabinet papers for major projects   R7 – Record keeping arrangements
R2 – Contract execution & storage   R9 – Roles and responsibilities
R3 – Updating legal advice   R11 – Financial reporting on significant capital

R4 – Payments to third parties

projects

R12 – Executive officers declaration of interest

Green – Completed

Amber – Progressing

Recommendation 1

The Chief Executive supported by the Monitoring Officer and the Section 151 Officer should ensure that Cabinet papers for major projects set out clearly:

R1.1 the legal powers to enter into a particular arrangement and attendant risk

R1.2 how the Council can protect its interests and secure economy, efficiency and effectiveness

Response / Improvement Work to Date

Generally, the Council has taken action to improve the processes surrounding the submission and contents of reports to Cabinet. There is improved forward planning. Authors of reports must ensure comments are received from statutory officers and legal powers and risks are sufficient addressed. There is early consideration of all cabinet papers at the Corporate Management Team (CMT) and Mayor Advisory Board (MAB). The Chief Executive, Section 151 and Monitoring Officer are in attendance and do ensure the issue raised in R1 are always addressed. The process allows for much earlier consideration of papers and more opportunity for assurance of, and challenge to, advice being presented to the Cabinet. The Monitoring Officer has in place final report clearance meetings before publication with Legal and Democratic Services Heads of Service to ensure that legal powers and risks are adequately covered in Cabinet reports.

Currently, as part of the budget monitoring process, the spend on Capital Projects are reported monthly and reviewed at Capital Board, CMT and then Cabinet.

For 2023/24, as part of the budget setting process, a new Capital Strategy was approved. This set out a capital programme much reduced in scale and cost compared to previous years. The focus of the Capital Strategy in the short and medium term is delivery of an effective Asset Management Plan and an ambitious Asset Disposal Strategy including reducing the number of buildings held by the Council.

Action Plan	Deadline	Accountability
1.1 A new report writers guide will be produced alongside a new report template for all Council reports to use regardless of which board or committee in will be presented in. This will explain the issues raised in the RIPI and why commentary is needed on the lawfulness of the council's arrangements *Comments* In October 22 a new officer report template and guidance that addresses the issue raised in R1 has been produced. Between October 22 and January 23, the Head of Democratic Services, Monitoring Officer and Deputy Monitoring Officer assisted by colleagues from Finance, Equalities and Procurement has provided training to Officer on the new template that includes guidance on risk and legal powers. A copy of the Presentation Slides is attached.	September 2022	Monitoring Officer
1.2 The template for reports will be amended to include a reference in the legal comments section to the need to ensure legal advice is recorded in the paper on the power to enter into a particular arrangement for a major project and the actions required to ensure it remains lawful *Comments* This is contained in the current and new report guidance. Also, reports are reviewed by the Monitoring Officers and his Deputies to ensure legal powers for and lawfulness of decisions.		Monitoring Officer
1.3 The Capital Board will be asked to produce guidance on what constitutes a major project, and this will be incorporated into the new report writers' guide. This section in the report will also draw out the need for officers and those delivering on the Council's behalf to ensure the council delivers value for money within all its major projects and secures economy, efficiency and effectiveness for the taxpayers and residents of Croydon in accordance with Section 3(1) of the Local Government Act 1999 and the duty of best value. The template will stress the importance of ensuring the report provides decision makers with full information and the requirement to update the decision-making body when this information changes. *Comments*	April 2024	Director of Commercial Investment & Capital

For 2023/24, as part of the budget setting process, a new best practice Capital Strategy Improvement Plan was prepared and approved by Full Council. This set out the overall capital strategy and capital programme plans. It also set out clearly the governance of the capital programme including, roles and responsibilities, funding and financing, decision making process, risk management and escalation approach, and management and monitoring processes. Link to Capital Strategy 2022-23 to 2026-27: Report and Appendices B to D - Capital …Capital Strategy 2023.24 and 26-27.pdf (croydon.gov.uk). Capital Board will look to further improve the governance of the capital programme during 2023-24 taking on board what best practice can be incorporated within the resource constraints given the Council's financial position. The new standard Committee Report template includes all the essential requirements including information that will assist Members to make an informed decision.

1.4 Progress reports on the delivery of major projects to Cabinet will also incorporate an assurance section that the requirements are to ensure the arrangements are lawful and have been met e.g. contracts signed, land correctly transferred etc prior to committing the Council contractually. These reports will also be available to the Scrutiny and Overview Committee in order to enable them to fully scrutinise the delivery of major projects based on the same full suite of information that is available to the Cabinet Members. These requirements will also be included in the new guide.	**April 2024**	**Monitoring Officer** **Director of Commercial Investment & Capital**

Comments

There are currently no Council major capital projects. However, these requirements will be adhered to. Also, at the monthly meetings of the Capital Internal Control Board, the financial performance of the capital programme is reviewed. The board reviews the progress made with delivery of capital projects including consideration of risks, financing and contracts completion and compliance issues**.**

The Council's Constitution contains the procurement safeguards referred to below including legality and executed contract before commencement of obligations.

Expenditure delivery on all capital projects is included in the monthly Financial Performance Report to Cabinet. In 2024/25, the monthly reports will include information on major project activity as well as financial spend. These reports will be available for Scrutiny and Overview Committee to review.

1.5 Once the new guide and the new report template has been produced, it will be brought to the Audit and Governance Committee for member consultation and agreement. Training will then be developed to ensure understanding of the new requirements by report writers.	**December 2022**	**Monitoring Officer**
Comments		
In September 2022, the new report template and guidance was taken to Audit and Governance Committee. As indicated above, officer training on the new template was provided in December 2022 and January 2023.		**Director of Commercial Investment**
1.6 The Council will make full use of its decision management software (Mod.Gov) to automate production of reports. This will have the benefit of allowing report authors to draw in expert advice earlier in the process and prevent reports from being changed after they have received legal and financial commentary. This has been amended to Share Point in Microsoft Teams.	**December 2023**	**Monitoring Officer**
Comments		
The plan now is to use Share Point in Microsoft Teams. This will be rolled out in December 2023 by the Head of Democratic Services and to include a protocol for usage to manage version control. Currently a test pilot.		

Recommendation 2

The Monitoring Officer should ensure that:

R2.1 contracts are properly executed before entering into arrangements with third parties

R2.2 the properly executed documents are stored robustly to allow future scrutiny

R2.3 key requirements underpinning the legal advice are in place before progressing with the arrangement

	Deadline	Accountability
Response		
Action Plan / Improvement Work to Date		
The Monitoring Officer through the review undertaken and referred to below is satisfied that the arrangement is in place to meet the requirements of this recommendation. The Monitoring Officer meets regularly with the Head of Service in Legal Services responsible for property, contracts, and planning matters to ensure that the key legal requirements and advice are adhered to and any issues of concern including risks are flagged and resolved.		
2.1 The Monitoring Officer will undertake a review of existing council processes for the signing of contracts, storage of signed contracts, and assurance on underpinning legal requirements prior to arrangements being entered into. The Council will also take further action to enhance and ensure compliance with these processes.	**July 2023**	**Monitoring Officer** **Director of Commercial Investment & Capital**

Comments

A review has been undertaken, the details of which are set out below. The proposals arising from the review is to be implemented by December 2023.

Current protections/ processes

Contracts falling within the Tenders and Contracts Regulations (TCRs)

There are currently protections with the TCRs for procured contracts as follows:

4. Officer Responsibilities

4.1 Officers involved in the commissioning and procurement process must comply with:

• These Regulations;

• All UK and European Union binding legal requirements;

4.2 Officers must:

a. Have proper regard for all necessary legal, financial and professional advice;

o. Enter all purchase order information onto the Council's financial system prior to any goods or services being provided. Raising purchase orders, and any permitted exceptions, must be conducted in accordance with the Council's P2P Guidance documentation;

q. The contract manager should ensure the safe keeping of contract documentation in line with Croydon's document retention policy and uploaded onto the Council's contract management system;

5. Director Responsibilities

5.1 Directors must:

a. Ensure that these Regulations are followed and enforced within their areas of responsibility;

b. Make the staff aware of the requirements of these regulations;

g. Monitor compliance and investigate any non-compliance with the regulations and report any findings to the Director of Commercial Investment as Chair of the Contracts and Commissioning Board;

j. Ensure their contract managers have kept contract documentation in line with Croydon's document retention policy and uploaded onto the Council's contract management system.

29. Contract Pre-conditions and Preliminaries

29.1 A Director must not authorise or permit a contractor to enter on any land or buildings belonging to the Council or to proceed with the Contract or start work on site until a written order to proceed with the Contract has been issued and the following actions are completed:

a. the contractor has provided proof of insurance;

b. the contractor has completed and returned to the Council the contract documents unless the Director can satisfy the Director of Legal Services and the Chair of CCB that the Council's position is otherwise adequately secured;

c. where appropriate the performance bond is duly completed;

d. all procedures have been completed to the satisfaction of the Director of Legal Services.

33. Contract Storage

33.1 The Director responsible for the service area must ensure that all signed/ sealed Contracts established in accordance with these Regulations are scanned and the scanned copy or a true electronic copy (with signature/ sealed pages scanned

accompanying it) is stored on the Council's Contract Management system and that the original copy of the contract has been received by the Deeds team in Croydon Legal Services.

Although these protections are in the constitution, there is the need to ensure they are complied with. In relation to any non-compliance, Contracts & Commissioning Board /Procurement Board are implementing a log which will be reviewed on a regular basis and escalated, where needed.

Other types of contracts/ agreements:

The provisions regarding other contracts/ agreements are covered to some extent in the Financial Regulations. The practice and advice from Legal Services to date is to follow the principle of the TCRs that, where a contract has a value of over £100k, it needs approval by Legal and needs to be signed by and authorised signatory in Legal.

There are likely many agreements entered into that do not come to Legal Services for consideration. There is no centralised data available to review the number of matters this might currently apply to.

Process for signing documents by Legal Services:

- Legal review undertaken
- Final agreement engrossed (not always internally)
- Authority provided
- Signing/sealing form completed, including relevant authority
- Record in the relevant register
- Signed contract scanned, sent to client officer and saved on Visual Files
- Where relevant, hard copy retained, and archive requested

There are currently four registers – Sealing register, Miscellaneous register, Electronic signing register and Browne Jacobson's POA register. The Electronic register and POA register were brought about due to the Pandemic.

Overall, the process works, however issues can arise at some stages for example, lack of appropriate authority to enter into the agreement.

Proposals

1. Training for staff to ensure they understand and follow processes e.g., under the TCRs.
2. To implement any relevant provisions into the Financial Regulations for 'other' agreements (e.g. for Capital Projects), similar to assurances in the TCRs. For example, agreements with a value of over 100k should be signed off by Legal.
3. To implement a 'non-compliance' reporting/ escalation system with appropriate oversight (already underway for procured contracts).

4. Clarify who are Authorised Signatories. Please note, the Intranet is confusing at present, as it refers to Authorised Signatories in the context of those authorised under the financial regulations to approve requisitions up to a certain value – please see here. This needs to be clarified (e.g. re-title to 'Authorised Approvers'?).
5. For procured contracts, Scott Funnell to provide a central email address for copies of signed contracts to be sent to in order to be centrally stored.
6. Use of electronic signing/sealing platform e.g. Docusign. This will automate the process, reduce delay, simplify the registering system and storage system. Business case needed regarding cost and confirmation whether the Council can seal deeds electronically (it'll only cost effective if this is possible).

The Monitoring Officer is working with the Director of Commercial Investment & Capital to take forward the above proposals. The process is in place for the signing of contracts in accordance with the Constitution Tenders and Contracts Regulations and which also accords with R2. Legal Services has in place a process for signing and storing contracts on matters they are dealing with. Electronic copies are stored on Legal Services System (Visual Files Records). Hard copies are stored in the Deeds Room. Strategic Procurement are looking at a central repository of all Council contracts. This forms part of the Strategic Procurement and Contract Plan.

2.2 The Capital Board will be given a formal role going forward in the assurance of the contracts having been signed, that they are stored, securely and all legal requirements have been met prior to approval to proceed with a major project.

Comments

It is recommended that the action plan be amended to read: -

'The Capital Board will be given a formal role going forward in monitoring that major projects contracts have been signed, that they are stored securely and that all legal requirements were met prior to the project proceeding.'

The terms of reference of the Capital Board have been updated to reflect this. This is now part of Capital Board and Procurement Board standard agenda items for monitoring purposes.

2.3 This review will be reported to the Statutory Officers' Board in the first instance and will include any recommendations on required changes to processes, thresholds and delegations. This review will then be brought to the Audit and Governance Committee for Member oversight and comment.

Comments

The review arising from this recommendation is yet to be reported to the Statutory Officers' Board.
This is now planned for the November/December 2023 meeting.

Recommendation 3

The Monitoring Officer should ensure that where legal advice changes after a Cabinet decision that the consideration of the implications of the changes is documented and where the Monitoring Officer considers additional legal risks are identified that the Cabinet is updated on the impact on the original decision made.

Response

Through the CMT and MAB processes, senior officers, the Mayor and Cabinet are kept informed of any legal risk arising from decisions under considerations. This is a business-as-usual requirement and embedded in day to day considerations of key decisions for Cabinet.

Action Plan	Deadline **May 2022**	Accountability **Monitoring Officer**
3.1 The Monitoring Officer will review the Council's Constitution, particularly Part 5A, the Protocol on Decision Making. This review will have particular regard to setting out proportionate thresholds for decisions to be reported back to the relevant decision-making body when advice (legal or otherwise) upon which the decision was based significantly changes. The review will also consider introducing a time limitation on the delegated decisions that are made by Cabinet in order to ensure they remain relevant and are used appropriately. This will also be included in the new Report Writers Guide.		

Comments

Completed – a revised Part 5A was approved by Council in March 2022. This included addition of text to require Corporate Directors to keep the implementation of decisions under review and ensure that circumstances relevant to the decision continue to apply. Where there has been a material change of circumstances, a further report must be made to the decision-making body prior to implementation.

	Immediate	Chief Executive
3.2 A standing item will be included on the Statutory Officers' meeting to identify if there have been any significant changes to advice underpinning Cabinet decisions.		

Comments

This will usually be discussed at Corporate Management Team which includes the Head of Paid Service, Chief Finance Officer, and Monitoring Officer. Cabinet will be updated on material changes in the circumstances given rise to decisions made and such that will require a review of the decision.

Recommendation 4

The Section 151 Officer should ensure that prior to making payments to third parties that appropriate legal documentation is in place such as a properly executed contract or a properly executed loan agreement

Response

Action	Deadline	Accountability
4.1 The Section 151 officer will undertake a review of the Council's existing processes for ensuring payments to third parties meet the required governance controls such as a signed and dated loan agreement or contract. This review will make any recommendations that are necessary to ensure that there are proportionate thresholds, checks and balances on payments to third parties. The Council will also take further action to enhance and ensure compliance with these processes.	**July 2022**	**Corporate Director of Resources**

Comments

The Section 151 officer confirmed that this task has been completed. A further assurance will be sought by commissioning an internal audit of these processes.

In relation to procured contracts, the requirements of the Tenders and Contracts Regulations (Regulation 29)[1] in the Constitution covers the process for assurances prior to proceeding with arrangements with contractors. A reminder note will be sent to staff.

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[1] **29. Contract Pre-conditions and Preliminaries**

4.2 The Capital Board will incorporate this assurance check as part of their formal programme board oversight on the progress of major projects and will amend their terms of reference to reflect this additional role.

Comments

As mentioned above, this will form part of Capital Board and Procurement Board standard agenda item. The Capital Board Terms of Reference were updated in September 2022 to incorporate these requirements.

4.3 The findings of this review will be reported to the Statutory Officers' meeting in the first instance, with any changes that are required to the Council's Constitution being reported to the Council via the Audit and Governance Committee or Ethics Committee.

Comments

An update report will be provided to the Statutory Officers' next meeting in November/December 2023.

29.1 A Director must not authorise or permit a contractor to enter on any land or buildings belonging to the Council or to proceed with the Contract or start work on site until a written order to proceed with the Contract has been issued and the following actions are completed:
a. the contractor has provided proof of insurance;
b. the contractor has completed and returned to the Council the contract documents unless the Director can satisfy the Director of Legal Services and the Chair of CCB that the Council's position is otherwise adequately secured;
c. where appropriate the performance bond is duly completed;
d. all procedures have been completed to the satisfaction of the Director of Legal Services.
29.2 Once the actions in Regulation 29.1 are completed then a purchase order must be raised on the Council's financial system, prior to any goods or services being provided. Raising purchase orders, and any permitted exceptions, must be conducted in accordance with the Council's P2P Guidance documentation.

Recommendation 5

The Monitoring Officer and Section 151 Officer should ensure that arrangements are in place to properly consider public procurement rules and UK obligations on subsidy control rules before entering into arrangements.

Response

The Council's Constitution, in particular, the Contract & Tender Regulations clearly sets out the required process and arrangements for entering contracts with third parties. This requires considering and applying the procurement and subsidy control rules. The Council usually engages inhouse or external legal advisers who would advise on any procurement and subsidy control issues arising from the proposed contract and whether lawful to proceed. As indicated above, these issues including any apparent risk are flagged up in the decision-making reports. There are gaps in the Council's Constitution relating to grants, but this will be picked in the incoming review of the Contracts & Tender Regulations and the Financial Regulations.

The Procurement Team maintains a log of expired contracts that are not compliant with Contract & Tender Regulations and with a view to taking the necessary action to manage any risk and secure compliance (through variation and extensions).

Action	Deadline	Accountability
5.1 The Council's Director of Commercial Investment will review the Council's existing arrangements for ensuring compliance with subsidy control legislation. This review will be reported to the Section 151 Officer and Monitoring Officer and will highlight any risks in the Council's current arrangements. The review will also make recommendations and set out an action plan to mitigate and address any risks that are identified. The Capital Board may play a part in the assurance mechanism before entering into arrangements. If so, its terms of reference will be amended. This review is now linked to wider ORACLE/ Procurement improvement plan which is on-going.	**April 2024**	**Director of Commercial Investment & Capital**

Comments

There are representatives from Finance, Legal and Procurement at Procurement Board and Capital Board who ensure that there is compliance with statutory provisions and the Constitution's Tender and Contract Regulations. There is regular and ongoing review of arrangements for both Procurement Board and Capital Board to ensure compliance with statutory and constitutional provisions. For Procurement Board, there is a log kept of any non-compliances with a view to escalation to CMT and to ensure any systemic failings are rectified. The same should be replicated for Capital Board.

For all contract, procurement, and subsidy related matters requiring Cabinet decision, legal advice/comments are sought to ensure compliance with procurement and subsidy control rules. Also, for compliance with the Council's Tender and Contracts Regulations where relevant. These reference the need to check for public subsidy issues. Risks of public subsidy will vary from project to project and each project will have to be reviewed on its own merits.

Recommendation 6

The Chief Executive, Monitoring Officer and Section 151 Officer need to consider how to respond appropriately to challenge on decisions and be prepared to take corrective action where necessary.

Response

Improvement Work to Date

As part of the Croydon Renewal and Improvement Plan, a range of actions have been undertaken to improve the culture of the organisation in relation to openness, transparency, accountability and challenge. The various actions are all designed to facilitate constructive challenge and open dialogue from Members, residents, officers and each other. To date, this work has included:
- Introducing a 'guardians' programme for staff, providing a safe space for staff across the organisation to raise concerns
- New customer complaints handling process
- Developing a new access to information protocol for Councillors
- Introducing new codes of conduct for Members, Co-opted Members and Officers

There is regular dialogue between the Chief Executive, Section 151 Officer and Monitoring Officer to consider various challenging governance issues and decide on the appropriate response and if required, an action plan.

Action	Deadline	Accountability
6.1 A new member enquiry / casework process and supporting software will be rolled out to allow more pro-active tracking, management and responses to member casework enquiries and also allow learning from the casework to be captured more effectively to improve services. This may result in policy decisions needing to be revisited.	**July 2022**	**Assistant Chief Executive**

Comments

This has been completed.

| **6.2 A new system of internal control officer boards have been implemented following a review of core business meetings and forums (Capital, Health & Safety, Equality Diversity & Inclusion, Finance & Assurance, Performance, Digital, Resident Voice and Corporate Resilience). To be implemented are boards on Information Management and Workforce).** | **July 2022** | **Director of Policy, Programmes & Performance** |

Comments

This has been completed. A new Information Management Internal Control Board has been formed chaired by the Monitoring Officer to ensure a critical friend challenge and progress with the Council information management agenda.

| **6.3 A new Member / Officer working protocol will be developed and submitted to Council for adoption into the Council's Constitution.** ***Please note that this action will also support 9.2*** | **March 2022** | **Monitoring Officer** |

Comments

This has been completed and was approved by Full Council in March 2022.

6.4 A new assurance framework will be developed and reported on annually to the Audit and Governance Committee

Comments

The Council's governance framework has been reviewed and informed by the NAO's Three Lines of Defence model.

Overall Assessment of Impact/Outcomes Achieved

| | July 2022 | Corporate Director of Resources |

Recommendation 7

The Chief Executive should improve record keeping arrangements so that:

R7.1 the records supporting key decisions including financial analysis are maintained

R7.2 a standard approach to record keeping with monitoring of which decisions have been implemented

R7.2 tolerances are established for reporting back changes to Cabinet

Response

Through the Mod.Gov Committee Management Software, the Council's Democratic Services keeps and maintains all records of key decisions taken by the Executive and Officers under Delegated Authority. This includes reports by officers, decision notices and minutes of meetings. Through this software historical records of committee meetings can access. There is an established method for record keeping of these decisions in Mod.Gov. The relevant Corporate Director and/or Director is responsible for monitoring and implementing the decision taken by the Executive. This includes reporting back to the Executive if circumstances have changed that necessitates re-consideration of the decision made. The Head of Democratic Services to prepare a guidance note on the arrangement for providing and maintaining record of officer delegated decisions.

Action	Deadline December 2023	Accountability Monitoring Officer
7.1 A review will be undertaken by the Council's Information Management Team of record keeping across the Council for key decisions, delegated decisions and Cabinet decisions in general and record keeping of formal internal control boards. The review will make any necessary recommendations regarding proposed future systems of control, in particular to ensure required or agreed future reporting requirements are adhered to through the forward plan and these will be reported to the Audit and Governance Committee and Cabinet.		
7.2 This review to provide assurance that the Council is operating in accordance with the relevant legislation including the good practice recommendations in the Information Commissioner's Office "S46 Code of Practice – Records Management" issued under section 46 of the Freedom of Information Act 2000. _Comments_ This task has been allocated to the Monitoring Officer who is responsible for Democratic Services and which in turn is responsible for record keeping of Executive decisions. Guidance has been initially reviewed by the Head of Democratic Services available on the intranet, and between Oct and Nov 2023 is holding meetings with Head of Services throughout the Council to identify current arrangements and any training needs / gaps.	December 2023	Monitoring Officer

<u>**Recommendation 8**</u>

The Chief Executive, as Head of Paid Service, should ensure appropriate governance arrangements are implemented in a timely manner particularly for strategic developments such as Brick by Brick including where appropriate that there is clear guidance for nominated representatives on the expectations of the role including reporting back to the Council.

Response

Improvement Work to Date

Actions already taken by the Council to strengthen the governance arrangements for strategic and major projects and programmes include:
- Appointment of a new Commercial Investment Director;
- Establishment of a Croydon Companies Supervision and Monitoring Panel (officer only) to have oversight of all Council owned companies
- Establishment of a Brick by Brick Shareholder Cabinet Advisory Board (Member only);
- Established a new programme office that includes a remit to work on the capital programme
- Agreement of new terms of reference for the Capital Board with a focus on good planning, governance and delivery
- Where warranted, non-executive and / or independent chairing and leadership has been sought, including independent chairs for the Council's General Purposes and Audit Committee, Housing Improvement Board, Children's Improvement Board and the Croydon Adult Safeguarding Board.
- External training on statutory officers responsibilities has been completed separately for members and officers with additional training for non-statutory officers on company law and shareholder function.

Action Plan

	Deadline	Accountability
8.1 The Croydon Companies Supervision and Monitoring Panel (CCSMP) be tasked with considering what additional measures, if necessary, need to be introduced to support and clarify the roles and responsibilities of any person appointed by the Council to be a director of a Council owned company. This review to incorporate an undertaking to abide by the code of conduct and standards of public life (commonly known as the Nolan principles). *Please note that this action will also support 9.4*	**May 2022**	**Director of Commercial Investment and Capital**
8.2 The Council has had guidance notes agreed on the role of a non-executive appointee on behalf of the Council but these will now be reviewed and brought back to Ethics Committee for approval.	**Feb 2023**	**Monitoring Officer**

Comments

The Council, in line with other local authorities, developed an Outside Bodies Protocol for Officers and Members representing the Council in companies, charities and other organisations external to the Council. The guidance has been reviewed and commented on by the CCSMP and is now due to taken to Ethics Committee in February 23 for further consideration. Once approved, the Guidance

will be circulated to all officers and members representing the Council in outside bodies. Update. This has now been approved by the Ethics Committee.

8.3 Mandatory training will be provided on a regular and timely basis to all Council owned company directors. Attendance at this training is part of the requirements to remain a Council appointed Director.	**May 2023**	**Monitoring Officer**

Comments

Initial training has taken place but there is further training planned and to be commissioned by the Monitoring Officer by December 2023.

8.4 The terms of reference for the Council's new internal control boards will be reviewed to ensure that there is clarity on how the work undertaken by these boards flows into member meetings and formal member briefings as appropriate.	**September 2023**	**Director of Policy, Programmes & Performance**

Comments

The Internal Control Boards have recently been established and a review of their effectiveness is planned by September 23

<u>Recommendation 9</u>

1. **The Chief Executive should work with the Executive Mayor to continue to embed**

2. **R9.1 a clearly understood distinction between the different roles and responsibilities of Members, officers and representatives akin to Brick by Brick**

3. **R9.2 clear responsibilities for officers and Portfolio Holders in challenging reports presented to Cabinet and other committees for balance, accuracy and consistency with their knowledge**

Improvement Work to Date

The Council has agreed a new code of conduct and guidance for Members and a new code of conduct for officers. This is being supplemented by tailored learning and development activity as part of the May 2022 Member Induction Programme, in new officer induction programmes and the corporate culture change programme.

Action	Deadline	Accountability
9.1 Review role descriptions for members and a revised member handbook is being developed. This work will be brought to the Ethics Committee for approval.	**May 2022**	**Monitoring Officer**
Comments This task is completed. A revised member handbook developed including role descriptions. All members were given access to the handbook following the elections.		
9.2 A new Member / Officer working protocol will be developed and submitted to Council for adoption into the Council's Constitution. This protocol will clarify responsibility for providing effective advice and challenge. _**Please note that this action will also support 6.3**_	**May 2002**	**Monitoring Officer**
Comments This task is completed. Member/Officer protocol approved by Full Council in March 2022.		
9.3 The Croydon Companies Supervision and Monitoring Panel be tasked with considering what additional measures, if necessary, need to be introduced to support and clarify the roles and responsibilities of any person appointed by the Council to be a director of a Council owned company.	**May 2022**	**Director of Commercial Investment and Capital**
9.4 The Croydon Companies Supervision and Monitoring Panel be tasked with considering what additional measures, if necessary, need to be introduced to support and clarify the roles and responsibilities of any person appointed by the Council to be a director of a Council owned company. This review to incorporate an undertaking to abide by the code of conduct and standards of public life (commonly known as the Nolan principles). _**Please note that this action will also support 8.1**_	**May 2022**	**Director of Commercial Investment and Capital**

Comments

Completed

Recommendation 10

The Chief Executive should review the terms of refence for officer and member/officer boards that oversee significant projects and capital/revenue expenditure and clarify the escalation routes for significant additional expenditure in excess of the budget

Response

Improvement Work to Date

The Council has introduced new system of internal control officer boards following a review of core business meetings and forums. The Boards are Capital, Health & Safety, Equality Diversity & Inclusion, Finance & Assurance, Performance, Digital, Resident Voice and Corporate Resilience. To be implemented are Boards on Information Management and Workforce. The Capital Board and Finance and Assurance Board oversees significant projects and capital/revenue expenditure and has in place escalation and reporting route to Corporate Management Team (CMT).

Since June 2021 the Cabinet has been receiving a monthly update on the council's general fund, housing revenue account and capital expenditure. Currently, as part of the budget monitoring process, the spend on Capital Projects are reported monthly and reviewed at Capital Board, CMT and then Cabinet.

Action	Deadline	Accountability
	May 2022	**Director of**
10.1 The Capital Board will review its terms of reference to develop an effective role in regard to its oversight of the delivery of major projects and clarify the escalation routes for significant overspends. Future project governance should be reflective of the scale of each project, with an appropriate level of monitoring, reporting and resource allocated.		**Commercial Investment & capital**

Comments

Capital Board reviewed its terms of reference in September 2022 to incorporate all the RIPI2 requirements and will continue to regularly review and update its terms of reference and approach to ensuring the delivery of robust capital governance. **This is completed.**

10.2 The format of the monthly cabinet update on general fund, HRA and capital expenditure will be reviewed in general to ensure it is incorporating the best practice of high performing councils in budget reporting to members. This review will also pay specific regard to the reporting on risks and opportunities, over and underspends on the delivery of significant projects either revenue or capital expenditure and either general fund, parking places reserve account or housing revenue account related.	**May 2022 P1 Report**	**Corporate Director of Resources**

Comments

The S.151 officer confirms that this task is completed. There is regular budget monitoring report to Cabinet that deals with 10.2 above.

10.3 The Internal Control Board terms of reference template will be reviewed for all boards to ensure clarity on responsibilities for risks in regard to its responsibilities, workload and escalation routes.	**July 2022**	**Director of Policy, Programmes & Performance**

Comments

An initial Terms of Reference template has been used to establish the new Internal Control Boards. Once the boards have been in operation for a few months, a review will be undertaken of their effectiveness and a final Terms of Reference template will be agreed.

10.4 The current monthly budget assurance meetings chaired by the Chief Executive and Corporate Director of Resources will be reviewed to assess effectiveness after its first year of operation.	**Feb 2023**	**Director of Policy, Programmes & Performance**

Comments

The monthly budget assurance meetings are continuing and their effectiveness continues to grow. As the monthly financial performance report has set out during 2022-23 these assurance meetings have been reviewed and strengthened. They will be kept under constant review to ensure they operated optimally.

Recommendation 11

The Section 151 Officer should ensure financial reporting on significant capital projects is enhanced so that

R11.1 a clear agreed budget for the project is identified and the underlying financial analysis is maintained

R11.2 a clear agreed project expenditure amount can be reported through appropriate governance processes

R11.3 where there are changes in the original financial assumptions that there is an assessment on the project's financial viability with appropriate reporting

R11.4 the revenue impact of any changes in the capital project are addressed in future budget setting

Response

Action Plan	Deadline	Accountability
11.1 The Corporate Director of Resources will oversee the review work to be undertaken by the Director of Commercial Investment in regard to improving the role of the Capital Board in meeting a number of these recommendations. That review will incorporate the recommendations above.	**May / June 2022**	**Corporate Director of Resources**

Comments

The Section 151 Officer attends Capital Board meetings at which these issues are addressed.

At the monthly meetings of the Capital Board, the financial performance of the capital programme is reviewed. The Board reviews the progress made with delivery of capital projects including consideration of risks, financing and contracts completion and compliance issues.

The Council tax Setting process for 2023/24 included a new Capital Strategy document which joined together the capital programme, asset management plan and treasury management

strategy. This alongside the main budget report emphasised the importance of reducing debt through asset disposals, a significantly paired back capital programme and the consequent impact through the treasury management strategy on borrowing costs on the budget and Medium Term Financial Plan.

11.2 The review of the monthly budget report format will also take into account these recommendations and report to the Audit and Governance Committee, the Scrutiny and Overview Committee and finally Cabinet taking into account members' views.	**December 2022**	**Corporate Director of Resources**

Capital projects will continue to be monitored through the monthly Financial Performance Report. The focus in the autumn of 2022 shifted to paring back the capital programme and producing an asset management plan and disposals programme. Enhancements to capital monitoring and reporting have been made in 2023-24 through the introduction of the Verto software system to monitor project delivery and risks, building upon the work undertaken to develop the capital strategy. This addresses the issues raised by R11.1 and R11.2.

Recommendation 12

The Chief Executive should put in place arrangements to consider inherent conflicts of interest for executive officers

Response

Action	Deadline	Accountability
12.1 A new code of conduct for all officers is currently in development which will incorporate best practice in regard to the declaration of interests and arrangements for managing any conflicts. *Comments* This task has been completed and approved by Full Council in March 2022	**May 2022**	**Monitoring Officer**

12.2 An annual review of declarations for all officers will be undertaken each May. This will update a formal register of all declarations to be published on the council website. _Comments_ This is planned for the end of the financial year.	**May annually**	**Head of Internal Audit**
12.3 CMT, DMTs and all internal governance boards will have declarations of interest added as a standing item to their agendas. _Comments_ This has been actioned and completed	**May 2022**	**Director of Policy, Programmes & Performance**
12.4 The Statutory Officers' Board will amend its terms of reference to include the formal review of any officer conflicts of interest and the agreement of arrangements for managing them. _Comments_ There is a standard agenda item for declaration of interest at the Statutory Officer's Board meeting. Officers are aware of the need to withdraw from parts of the meeting where there is likely to be a conflict of interest.	**May 2022**	**Chief Executive**

END

Appendix 2 Annual Governance Statement 2022/23 Action Plan

No.	Governance Issue	Action	Accountable	Responsible	
1	**Financial management**	Implement the External Auditors Section 24 statutory recommendations that are still outstanding. Implement the External Auditors Interim Report for the financial year 2019/20, 2020/21 and 2021/22 recommendations.	Corporate Director of Resources	Allister Bannin, Director of Finance (Deputy S151 Officer)	
2	**Capital Projects and Programmes**	To continue to improve on arrangements for the management of major capital projects and programmes.	Corporate Directors	Allister Bannin, Director of Finance (Deputy S151 Officer)	
3	**Ongoing Improvement in awareness and practice in finance management**	Implement CIPFA maturity model. Finance training for non-finance managers.	Corporate Director of Resources	Allister Bannin, Director of Finance (Deputy S151 Officer)	
4	**Housing Improvement**	To continue to improve the housing function and housing standards for residents through the Housing Transformation Programme	Corporate Director of Housing	Susmita Sen	
5	**Review and improve arrangements for health and safety**	Review of effectiveness of health and safety arrangements	Corporate Director of SCRER	Nick Hibberd	
6	**Strengthen governance framework**	Ensure directorate schemes of management (i.e., delegation) are reviewed and updated. Ongoing review and updates to the Constitution	Corporate Directors & Monitoring Officer	Corporate Directors & Stephen Lawrence-Orumwense	
7	**Information management**	Provide assurance that the Council is operating in accordance with best practice and relevant legislation to include Publication Schemes, Open Data, Data Storage Security, Subject Access Request and Freedom of Information.	Assistant Chief Executive	Paul Golland	

		Fully implement the Action Plan arising from the June 2023 Enforcement Notice by the Information Commissioners Office.			
8	**Officer Induction Programme**	Establish and maintain an officer induction and performance management programme.	Assistant Chief Executive	Dean Shoesmith	
9	**Procurement and contract management.**	Address areas for improvement in procurement and contracting identified by Internal Audit.	Corporate Director of Resources	Huw Rhys-Lewis	
10	**Recommendations arising from the Report in the Public Interest relating to the refurbishment of Fairfield Hall.**	To continue to implement the action plan in response to the recommendations. Also, to ensure, learning arising continues to be embedded across the organisation.	Corporate Director of Resources	Stephen Lawrence-Orumwense	
11	**Secretary of State Directions to comply with Best Value Duty**	To implement the Action Plan (i.e., Exit Strategy) to secure compliance with the Secretary of State Directions	Chief Executive and Corporate Directors	Katherine Kerswell	

End

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Local Code of Corporate Governance

Reviewed in August 2023

Introduction

1. The Council is committed to upholding the highest possible standards of good governance. The Council's Code of Corporate Governance is based on the CIPFA Delivering Good Governance in Local Government Framework 2016. The Framework sets out the core principles and sub-principles of good governance that should underpin local authorities' governance arrangements. The Council has developed and maintained this Code of Corporate Governance which demonstrates how the Council's governance arrangements work towards meeting the Good Governance Framework principles of good governance. These standards are designed to ensure that we conduct our business in accordance with the law and that public money is properly accounted for, as we work to achieve the best outcomes for our residents.

What do we mean by Governance?

2.   Governance refers to the ways in which an organisation is governed and to what purpose. It encapsulates policies, procedures, the way in which decisions are made and how decision-makers are held to account[1].

3.   "Governance is about how organisations ensure that they are doing the right things, in the right way, for the right people in a timely inclusive, open, honest, and accountable manner. In the case of local authorities, it comprises of the systems and processes for the direction and control through which they account to, encourage with and lead their communities."[2] Croydon Council has chosen to define Governance as "Doing the Right Thing".

4.   'The International Framework: Good Governance in the Public Sector' defines 'governance' as comprising the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

5.   Effective governance in the public sector encourages improved decision making and efficient use of resources. Effective governance is characterised by robust scrutiny, which provides important pressures for improving public sector performance and tackling corruption. Effective governance can improve management which leads to better service delivery and ultimately, better outcomes.

Principles of Good Governance

6.   There are seven principles of good governance as set out in the Framework which are:-

      A)   Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law;
      B)   Ensuring openness and comprehensive stakeholder engagement;
      C)   Defining outcomes in terms of sustainable economic, social, and environmental benefits;
      D)   Determining the interventions necessary to optimise the achievement of the intended outcomes;
      E)   Developing the capacity of the entity, including the capability of its leadership and the individuals within it;
      F)   Managing risks and performance through robust internal control and strong public financial management; and
      G)   Implementing good practices in transparency, reporting and audit to deliver effective accountability.

7.   The diagram below, taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the 'International Framework'), illustrates these principles of good governance in the public sector and how they relate to each other. The

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[1] Addressing cultural and governance failings in local authorities: lessons from recent interventions - GOV.UK (www.gov.uk)

[2] 'CIPFA/SOLACE, Delivering Good Governance in Local Government – 2007'

International Framework notes that: *"Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review."*

Achieving the Intended Outcomes While Acting in the Public Interest at all Times
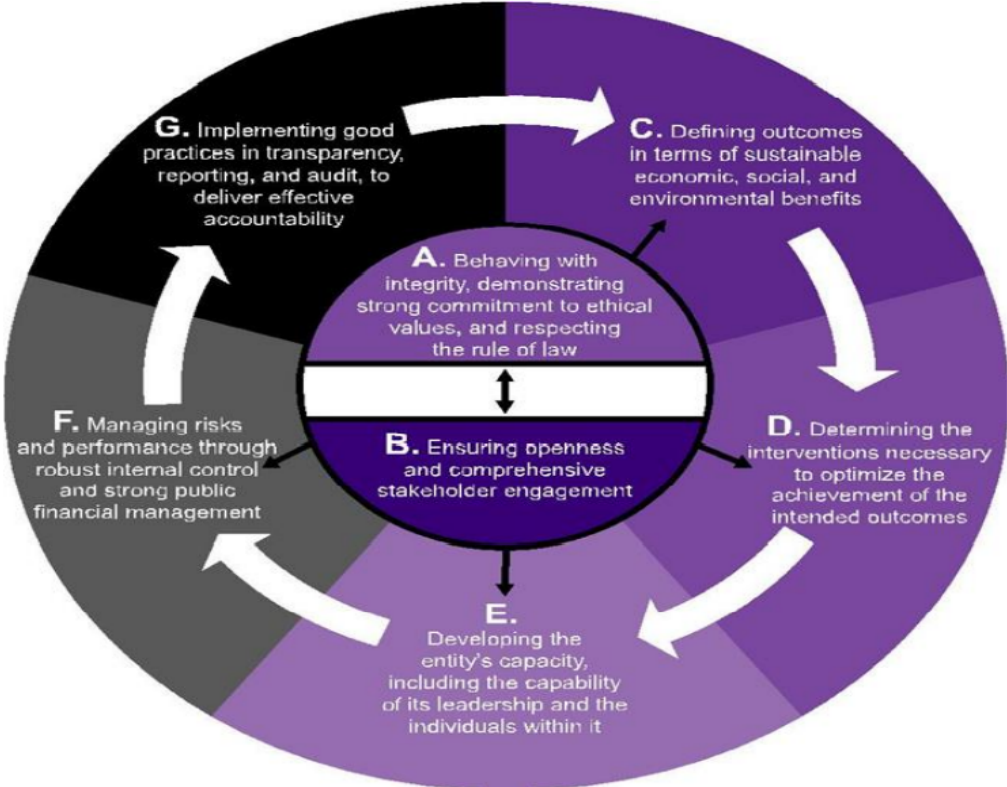
8.   The table below identifies the Council's governance arrangements that includes rules, policies, procedures, protocols, practices, and values and how they align with and meet the seven principles of good governance.

LOCAL CODE OF CORPORATE GOVERNANCE	
THE COUNCIL'S GOVERNANCE ARRNGEMENTS THAT DEMONSTRATES GOOD GOVERNANCE	
Principle & sub-principle	**Council's governance arrangements that include rules, policies, procedures, protocols, practices and values**
A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.	
Behaving with integrity	• The **Constitution** sets out a clear statement of the respective roles and responsibilities of members and key officers individually and collectively whilst defining the organisation's approach putting this into practice. This includes the roles of the **Ethics Committee and the Monitoring Officer**, who are responsible for promoting and developing high standards of conduct Council wide.
	• The **Whistle-blowing Policy** and associated training supports all members and officers (including temporary staff and contractors) to report concerns about malpractice on a confidential basis to the Council.
	• Members are required to register interests and gifts/ hospitality: the **register of members' interests and gifts/ hospitality** is published on the council's website and members are required to declare their interests at meetings. Officers are required to submit declarations of interests and a register is published on the council's website on a quarterly basis of gifts and hospitality offered to officers.
	• The **Members Code of Conduct** and **Officer Code of Conduct and Protocol on Staff-Member Relations** detail required standards of behaviour that all members and officers are required to comply with and how they are expected to work together.
	• The Council has a zero tolerance policy towards bribery and has introduced an **Anti-Bribery Policy** to ensure compliance with the Bribery Act.
	• The Council has adopted an **Anti-Fraud and Corruption Policy** to help ensure a robust approach to investigating and combating fraud and corruption.
	• The **Member Development Programme** includes training for Members on their roles and responsibilities in relation to integrity and conduct.
Demonstrating strong commitment to ethical values	• Croydon Council has an agreed set of **5 Corporate Values** which all officers and members are expected to adhere to. Croydon has also adopted the Seven Principles of Public Life (**the Nolan Principles**).
	• Croydon Council has an **Equality Policy Statement** detailing our commitment to equality and our expectations of all colleagues, members and relevant 3rd parties. The **Equality Strategy 2020 to 2024** sets out the actions the Council will take to tackle and address inequality. The **Equality and**

		Inclusion Programme Manager provides expert advice and guidance in relation to the Council's Public Sector Equality Duty and other requirements of equalities legislation
Respecting the Rule of Law	•	The Council's **Monitoring Officer** is responsible for advising on the correctness and propriety of the Council's decisions and the Director of Legal Services provides advice to ensure that council decision-making follows relevant regulations and legal processes.
	•	Croydon Council's **Scheme of Financial Delegation** lays out the responsibility and accountability of officers for financial matters. The Council also delegates non-financial decisions through a series of schemes of delegation and management.
	•	The Council's Constitution includes a set of **Financial Regulations** and **Tenders and Contracts Regulations** to help ensure that the authority operates within a prudential financial framework. Underlying financial procedures are set out in the **Financial Procedures**.
	•	The statutory roles of the Head of Paid Services, Section 151 Officer and Monitoring Officer are clearly defined within the Constitution.
	•	Croydon has a professionally qualified **Chief Financial and Section 151 Officer (CFO),** whose core responsibilities include those set out in the CIPFA's Statement on the Role of the CFO in Local Government. The CFO reports directly to the Chief Executive and is a member of the Corporate Management Team (CMT).
	•	The CFO is responsible for ensuring that budget calculations are robust, reserves adequate and in accordance with CIPFA guidance. The CFO also has a line of professional accountability for finance officers within the Council and is responsible for ensuring that appropriate management accounting systems, functions and controls are in place and kept under regular review
	•	The **Council's Health and Safety Policy** sets out aims, roles and responsibilities and performance standards. Each department details individual responsibilities and arrangements for implementing the policy.
B. Ensuring openness and comprehensive stakeholder engagement.		
	•	Reports and decisions of the Cabinet, Council and its committees are **published online**. Executive decisions are subject to the call-in process by backbench councillors to enable them to raise any concerns they may have. Council, Cabinet and Committee meetings are webcast and an archive of meetings is available for reference.
	•	**Freedom of Information and Environmental Information Regulations** processes allow the submission of Freedom of Information requests.

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Openness	• The Council publishes a **Forward Plan** of key decisions which are due to be made in the month ahead.
	• The **Constitution** sets out the Council's governance and decision-making arrangements and is published online.
	• Croydon Council actively publicises its purpose, vision, objectives and intended outcomes in the **Mayor's Business Plan** 2022-26
	• The **Annual Accounts Report** provides the financial backdrop to the past achievements of the Council, future plans and forward strategy. As part of this document, the Council publishes its accounts to communicate the authority's activities, achievements, its financial position and performance
	• The **Medium Term Financial Strategy (MTFS)** sets out the Council's financial objectives, assumptions and plans over the medium term.
	• The Council's **Scrutiny and Overview Committee** produces an annual report on its work.
	• The Scrutiny and Overview Committee and its sub-committees. The Audit and Governance Committee with an independent Chair and focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
	• The **Croydon Observatory** provides access to data and information about Croydon. It is an information sharing, mapping and reporting website . Information and data on this website can be used by local government, community and voluntary sector organisations, partnership members, businesses, students and the public.
	• Croydon Council's **Equalities Strategy 2020 – 2024** and **Equalities Policy Statement** sets out the Council's commitment to equality and its aims and objectives. An **Equalities Impact Analysis** is also completed to inform service design and decision-making whenever a new policy, procedure, project, strategy, function or savings proposal is considered or a change is proposed, which will impact on people with one or more characteristics as defined by the Equality Act 2010
Engaging comprehensively with institutional stakeholders	• Croydon's **Local Strategic Partnership** supports partners to coordinate priorities and actions across the borough.
	• The **Health and Wellbeing Board**, **One Croydon Partnership** and **Safer Croydon Partnership** support strategic partnership working in health/ wellbeing and community safety services.
	• Croydon Council undertakes a **Budget Consultation** exercise each year which gives residents and businesses the opportunity to shape the annual budget.

Engaging with individual citizens and service users effectively.	• The Council works to ensure all corporate communications are readily available to those that require them. The Council's website is designed and written to exceed legal accessibility standards and to facilitate assistive technologies and tools in order to provide information in ways to suit our diverse customer base.
	• The Council's '**Get involved**' platform hosts all of the Council's consultation and engagement activities and prompts services to ensure that consultees are informed about the outcomes of consultation exercises. The Communications and Engagement team ensure that consultations posted on the platform are appropriately designed and publicised
	• Croydon provides an interpreting and translation service when required.
	• The Council has a **Corporate Complaints Procedure** and annual reports to Scrutiny demonstrate improvements made in response to complaints received. The Council also learns from feedback from the Local Government Ombudsman
C. Defining outcomes in terms of sustainable economic, social and environmental benefits.	
	• The Mayor's Business Plan 2022 – 2026 sets out the strategic direction, outcomes and supporting priorities aimed at delivering a sound and sustainable local government services.
Defining Outcomes.	• The Council undertakes annual budget challenge sessions as part of the budget setting process. This is linked to departmental objectives and service planning.
	• The Council has an **Equalities Strategy** and Equality Policy Statement which sets out the Council's commitment to equality, its aims and objectives. An **Equalities Impact Analysis** is also completed to inform service design and decision-making whenever a new policy, procedure, project, strategy, function or savings proposal is considered or a change is proposed, which will impact on people with one or more characteristics as defined by the Equality Act 2010
Sustainable economic, social and environmental benefit	• Reports brought to Cabinet, Council and its committees for decision are required to identify any **environmental implications** arising from the proposal.
	• The **Social Value Policy 2019-23** sets out how social value is embedded in the commissioning process and includes measures to be used in contract specifications. The **Contract and Tender Regulations** include a requirement that a minimum of 10% of quality evaluation criteria assessments must be allocated for social value.
	• The Council's **Local Plan** sets out the spatial vision for the borough and, supplemented by planning policies, gives the framework for the Council's work with stakeholders to shape the built environment to deliver economic, social and environmental outcomes identified within the Council's plans.

	• The Council has a **Performance Management System** which sets key targets and produces performance monitoring reports for Cabinet and Scrutiny. This is published online and includes performance quality measures, use of resources and value for money.
D. Determining the interventions necessary to optimise the achievements of the intended outcomes.	
Determining interventions	• All reports brought to Cabinet, Council and its committees include consideration of options, risk, legal, financial, equality and other implications , and all require legal and finance clearance before publication.
	• The Mayor's Business Plan outlines our priorities and high level objectives over a four year period. •
	• Through the **Council's Constitution** we have set out a clear statement of the respective roles and responsibilities of the Council's Cabinet, the members individually and of the other committees of the Council.
	• The Council recognises Unison, GMB and Unite for the purposes of representing the workforce. The Council's formal consultation arrangements are set out in the **Staff Consultation and Trade Union facility arrangements**
Planning interventions	• The Council's **performance management framework** sets key targets to evidence delivery of the Mayors Business Plan. Performance reports are supplied to DMT's, CMT and Cabinet. It sets standards for performance management within directorates and teams. Under performance is reviewed at the Performance ICB.
	• The **Programme Management Office** monitors delivery of key transformation programmes and projects, including savings targets within the approved budget and MTFS to enable action to be taken against non-delivery where required.
	• Croydon has prepared contingency arrangements including a disaster recovery plan, business continuity plan and arrangements for delivering services during emergency situations such as adverse weather conditions.
Optimising achievement of intended outcomes	• Council, Cabinet and committees receive regular reports on **performance monitoring** to demonstrate the level to which intended outcomes are being achieved and any interventions planned to address non-performance
	• The Council's **risk management processes and procedures** are designed to help ensure that risks to delivery of intended outcomes are appropriately mitigated
	• **Internal audit** monitors and reports on the quality and effectiveness of the Council's governance, risk management and controls and Audit and Governance Committee provides independent assurance

	of the risk management framework and associated controls, informed by the reports of external audit.
E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.	
Developing the entity's capacity	• The **Workforce Strategy** sets out the Council's actions to attract, recruit and retain talent, improving equality, diversity and inclusion and developing leaders and managers.
	• The Workforce Strategy also includes arrangements to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council. Approximately 45% of full-time members of the workforce are from the local community
	• The Council's **Appraisal scheme** is used to set stretching objectives for officers that are linked to team, departmental and Corporate objectives. The Appraisal process is also used to assess the skills and competencies needed by officers to enable them to fulfil their roles fully
	• It is mandatory for all new starters to complete the **Council Induction Programme** (Inspire) which has been tailored to meet individual needs: this is supported by a manager's dashboard and checklist to ensure all required induction elements are addressed
	• Croydon Council has a **Member Development Programme** which includes arrangements for member induction and supports members to take control of their own learning and development. Mandatory training is provided for members of regulatory committees.
	• Both Members and officers can access the **Croydon Learning Pool** which provides access to e-learning and other development resources
Developing the capability of the Council's leadership and other individuals	• Croydon Council has a **Member Development Programme** which includes arrangements for Member induction and supports Members to take control of their own learning and development. •
	• A Learning and Development Board supervises the expenditure of centralised training budgets to ensure that resources are targeted towards statutory responsibilities and delivery of the Croydon Renewal Plan.
	• Staff networks for Racial Equality, Disability, LGBT+ allies, Mental health and wellbeing, Women and Working carers are sponsored by members of the leadership team and others, providing network members with personal and career support.
F. Managing risks and performance through robust internal control and strong public financial management.	

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Managing risk	• The **Audit and Governance Committee** scrutinises arrangements for the internal control and risk management environment within the organisation. It receives reports relating to whistleblowing, anti-fraud and corruption and oversees the work of internal and external audit.
	• The Council's **Risk Management process** is designed to identify, assess and manage significant risks to the Council's objectives. The process includes corporate, departmental and project risk registers and appropriate training delivered to risk owners.
	• The Corporate Management Team reviews the corporate risk register on a monthly basis and Audit and Governance Committee reviews the 'red' risks on the corporate register every second meeting.
	• The Council's **Resilience Team** and **Corporate Resilience Board** are focused on emergency planning, business continuity preparedness and response capability in line with the Civil Contingencies Act and associated guidance. The Council also chairs the statutory multi-agency **Borough Resilience Forum**.
Managing performance	• The Council's **performance management system** sets key targets and reports on performance monitoring to Cabinet. It sets standards for performance management within directorates and teams.
	• Compliance with the **Members Code of Conduct** is monitored under the direction of the Council's Ethics Committee.
	• The Council's **Appraisal** system enables the consistent setting and monitoring of performance against individual targets.
Robust internal control	• The Statutory Officer Group provides a forum for the Council's statutory officers to share concerns and risks related to potential serious issues affecting the Council's governance or financial performance and their statutory roles
	• Audit and Governance Committee is responsible for providing independent assurance of the Council's control environment.
	• The Scrutiny and Overview Committee is responsible for holding the Executive to account.
	• **Internal Audit** routinely assesses the adequacy of the Council's governance, risk management and controls. This assessment is fed back to Services and Divisions and responded to as required.
	• The Council's **Whistle-blowing Procedure** allows officers to anonymously raise concerns about malpractice
	• The Council's Governance arrangements give the Chief Financial Officer and the Head of Internal Audit direct access to the General Purposes and Audit Committee and External Audit

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Managing data	• Croydon's Council has an internal **Information Management Team** (IMT) whose practices are overseen by Croydon's Chief Information Officer and Senior Information Risk Owner (SIRO). This team manages and maintains appropriate Policies, Guidance, security measures etc.
	• An **Information Management Internal Control Board (IMICB)**, chaired by the Monitoring Officer and includes the Chief Information Officer and SIRO, oversees the management of risks associated with information and data management and delivery of plans for training and improvement. The Board also oversees the development of information security and information management policies, reporting to the Corporate Management Team.
	• As part of Croydon's new starter induction there is a mandatory Information Management training course and officers are required to complete a refresher on an annual basis.
	• When introducing new processes or amending a current procedure a **Privacy Impact Assessment** must be completed, which has IMT's oversight. Reports to Cabinet, Council and its committees are required to identify whether the proposal has any implications for processing personal data and/or any data protection implications.
	• Croydon's Information Management ICB meets Bi-Monthly to review and discuss any appropriate concerns
	• The Council uses industry leading technologies to protect its data, with security solutions modelled on ISO/IEC27001, the international standard for information security management.
	• The Officer Code of Conduct states that failing to observe data protection requirements may amount to a disciplinary offence, which will be dealt with under the Council's disciplinary procedure
Strong public financial management	• Croydon has a professionally qualified **Chief Financial and Section 151 Officer (CFO),** whose core responsibilities include those set out in the CIPFA's Statement on the Role of the CFO in Local Government.
	• The **Spend Control Panel** oversees all expenditure decisions.
	• The **Strategic Contracts and Commissioning Board** provides strategic direction for all procurement and commissioning activities across the Council and the **Procurement Board** oversees daily activity.
	• The **Financial Regulations and Financial Procedures** give a clear transparent framework for managing the Council's financial affairs, and **Contract and Tender Rules** ensure compliance with procurement legislation
	• The Cabinet receives monthly **budget monitoring reports**.

	• **Scrutiny and Overview Committee** scrutinises budget proposals in terms of their deliverability and impact on the Council's objectives. The Committee also routinely receives budget monitoring reports.
	• All proposals considered by Cabinet, the Council and its committees include a statement of financial implications, cleared by the Chief Finance Officer.
	• **Audit and Governance Committee** is responsible for considering the Council's arrangements for financial management and to recommend any actions accordingly. It receives regular reports such as internal audit plans and risk management arrangements and it approves the Council's Statement of Accounts and Treasury Policy.
G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.	
Implementing good practice in transparency	• The Council's **Constitution** publishes how its affairs will be conducted and how residents can get involved. It includes rules on access to information. •
	• The Council webcasts its public meetings
	• The Members' and Officers' **Codes of Conduct**, supported by **Declaration of Interest Guidance** provide arrangements for members and officers to declare any potential or actual conflicts of interests. •
	• The **Annual Governance Statement** provides an annual report on the Council's arrangements for financial and internal control as well as managing risk and identifies areas for improvement and associated actions. This is published on the Council's website. •
	• The Council publishes **all payments over £500 and procurement card transactions monthly**, and the remuneration details of the Corporate Management Team and directors in the annual Statement of Accounts and on its website. •
	• The Council publishes a **Forward Plan** of key decisions which are due to be made in the month ahead and its scrutiny workplan. •
	• The Council's **Pay Policy** and **gender pay gap** are published on its website
	• Cabinet and Scrutiny and Overview Committee receive regular reports on budget, performance and risk.

Implement good practices in reporting	•
	• Annual reports from the independent chairs of adults and children's safeguarding boards are considered by Cabinet.
Assurances and effective accountability	• The **Officer Code of Conduct** and the **Members Code of Conduct** define the standards of conduct and personal behaviour expected of members and officers.
	• The **HR Handbook** includes all HR-related policies and procedures, including appraisal, probation, discipline, capability and absence management
	• The organisation can be seen to be encouraging openness and honesty within the **Whistle-blowing Procedure,** this allows officers to anonymously raise concerns about malpractice. This is supported by a programme of **Guardians** who provide staff with a safe space to share concerns about behaviour or culture at the Council.
	• **Internal Audit** provides independent assurances to management on the effectiveness of the Council's internal control, governance and risk arrangements. The Head of Internal Audit attends departmental leadership team meetings regularly to report on the latest internal audit reports and any outstanding actions from previous audits

9. The Council will annually review its Code of Corporate Governance to help ensure that it matches our evolving corporate strategies, policies and procedures. Where practice is found to have fallen short, our Annual Governance Statement will identify this, and the action being taken to put it right. The Audit and Governance Committee is responsible for overseeing compliance with the standards and policies set out in this Code and the implementation of improvement plans related to good governance.

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Governance Framework

Reviewed August 2023

CROYDON
www.croydon.gov.uk

1. Introduction

'Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.'

'It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.'

'Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk. All authorities should aim to meet the standards of the best and governance arrangements should not only be sound but also be seen to be sound.'

(CIPFA / Solace 'Delivering Good Governance in Local Government Framework' 2007)

1.1 Croydon Council has chosen to define Governance as "Doing the Right Thing".

1.2 The Council's Governance Framework is the set of systems, rules, processes, procedures, and values by which the Council is directed and controlled and through which it is accountable to, engages with and, where appropriate, leads the community. The Governance Framework enables the Council to monitor the delivery of its objectives and consider whether those objectives have delivered efficient and cost-effective services.

1.3 This document describes the Governance Framework for the London Borough of Croydon, detailing the three lines of defence model adopted by the Council, the governance structures in place and the documents that provide the rules and processes. This Framework provides an overview so that we can do the right thing in discharging our accountability for the proper conduct of public business.

1.4 Annually the Council considers the effectiveness of its governance arrangements in its 'Annual Governance Statement' and action plan, informed by directors' statements of assurance, which is considered by the Audit and Governance Committee and signed by both the Executive Mayor and the Chief Executive Officer.

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2.   Three Lines of Defence

2.1   The Council has based its internal control systems on the three lines of defence model. This model, endorsed by the Institute of Directors and the Institute of Internal Auditors[1], provides a comprehensive framework for considering the overall arrangements for managing risk and exercising control within an organisation.

2.2   Different parts and levels of the Council play different roles and the interplay between these determines how effective the Council as a whole is in dealing with risk and exercising control. Under this model each officer has a responsibility to '**do the right thing**', which cumulatively, with the actions of other officers, provides a strong governance framework.
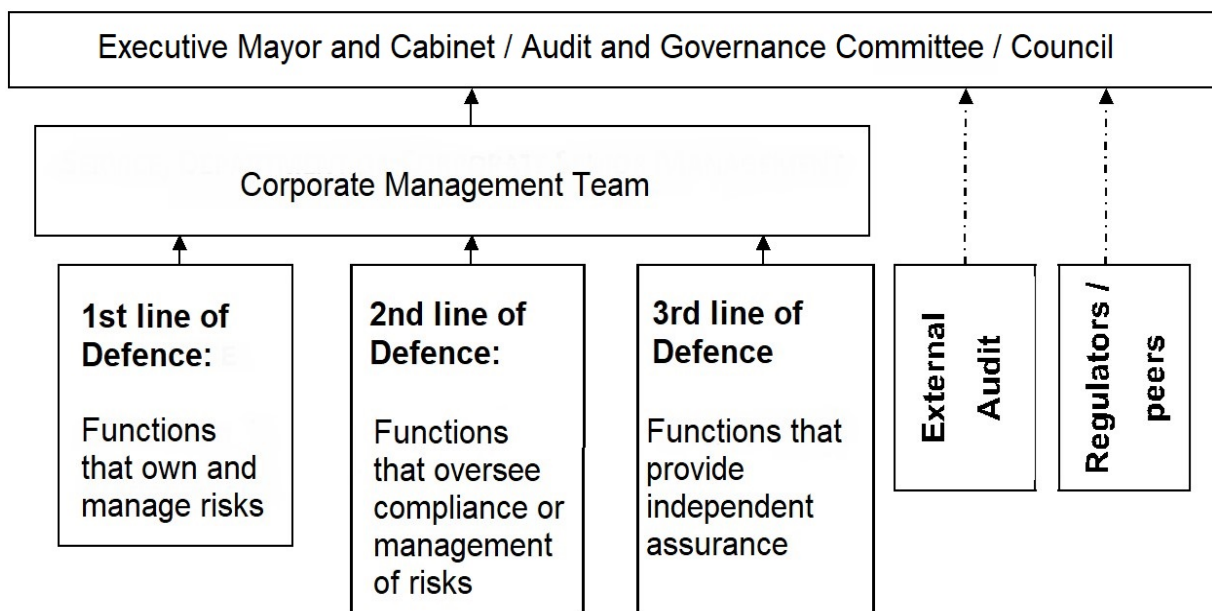
2.3   The **first line of defence** consists of all operational managers (and their staff). The Officer Code of Conduct explains that, '*Everyone who works at Croydon Council has a responsibility to our residents and those who use our services. That is why it is so important we ensure that we are "doing the right thing" and adhering to the high standards of governance at the Council. We are accountable to the people who use our services and live within the borough, and so it is vital that we conduct our business with honesty, transparency and accountability.*'

2.4   '**Doing the right thing**' means that officers have a responsibility to:

Know and understand the rules

Officers should be familiar with the relevant Council policies and procedures (which are summarised in section 3 of this document) so that they can follow these **as well as** understanding the Council's structure / hierarchy (summarised in section 2) so that they can

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[1] INSERT NAME OF CORE DOC RELIED UPON

understand how functions and powers have been delegated and how concerns and issues should be escalated. This is especially important as we have moved to a different governance model with an Executive Mayor and things that officers were familiar with in the past may now have changed.

Comply with the rules

Officers need to comply with the Council's policies and procedures at all times. This means taking time to implement the required procedures and to properly scrutinise documents rather than taking short cuts or making assumptions about what to do.

Escalate any wrongdoing

Officers have a duty to escalate if they become aware of any wrongdoing or poor practice/s. This may simply be to their line management, or to the Head of Internal Audit, the Head of Insurance, Risk and Anti-Fraud, or a Guardian or by using the whistle-blowing route. Please note there is a duty on all of us to act.

2.5   The **second line of defence**. Reporting to senior management, the second line of defence comprises risk management and other compliance and internal control functions to help build and/or oversee/monitor the first line of defence controls. These help set direction, define policy and procedures and provide corporate assurance and include: Finance, Performance Management, Statutory Compliance e.g. equalities, Information and Cyber Security, Information Management, Quality Assurance, Safeguarding Assurance, Health & Safety, Corporate Resilience, Risk Management etc. Each function will also have its own oversight and reporting.

2.6   The **third line of defence** is to provide independent assurance over risks. This consists internally of Internal Audit and externally of bodies such as External Audit, Ofsted, HMRC, CQC, etc.

Internal Audit provides assurance on the effectiveness of governance, risk management and internal controls, including the first- and second-line controls. Internal Audit is independent of management with direct reporting lines to the Corporate Director of Resources (S151 Officer), the Chief Executive, the Corporate Management Team and the Audit and Governance Committee. It will regularly report to Audit and Governance Committee on the extent to which officers are implementing agreed actions arising from its work.

3. Governance Structure

3.1 While this document is mainly aimed at officers, there is also a need for officers to understand the member level structure (and vice versa) and for officers to ensure that decisions are made appropriately in both officer and member spheres. Therefore both (a) member and (b) officer-level structures are detailed. (Please also refer to Appendix 1, which is a high-level diagram of the Council.)

3.2 It is also important to understand the distinction between '**executive decisions**' and '**non-executive decisions'**. In addition to asking 'is this a member decision or an officer decision?' the question that also needs to be asked is whether 'it is an executive or non-executive decision?'.

3.3 Generally speaking, the law says that if a matter is a function of the executive, then only the Executive Mayor can take the decision, unless the Executive Mayor has delegated the decision to cabinet acting collectively, an individual cabinet member or an officer or another executive body such as a joint committee. If, however it is not a function of the executive then, only the Full Council can either decide it itself, or delegate it to Council non-executive committees, or an officer to make those decisions.

3.4 Officers will therefore be able to exercise non-executive powers delegated by Full Council (or by council committee) or executive powers delegated by the Executive Mayor, where set out in the Constitution or a scheme of delegation.

3.5 It should also be stressed that, while officers may consult with members through day-to-day briefings or meetings, elected members cannot make formal decisions outside of the formal Council/Cabinet/Committee meetings or published Mayoral/Cabinet Member Decisions. Furthermore, where a decision is considered to be a 'key decision', this must be published 28 days in advance of the decision being made.

3.6 A 'key decision' is defined by the Council's Constitution is one that is likely to:

(i) '*result in the Council incurring expenditure, or making savings, of more than £1,000,000 or such smaller sum which the decision-taker considers is significant having regard to the Council's budget for the service or function to which the decision relates; or*

(ii) *significant in terms of its effects on communities living or working in an area comprising two or more Wards in the Borough*.'

This is very important to understand and remember.

<u>Elected Members</u>

3.7 From 9 May 2022 the Council has operated the 'Elected Mayor' model. Under this model the directly elected mayor provides political direction and leadership to the Council. The elected mayor has responsibility for all executive functions of the Council. This; however, excludes the policies contained within the Budget and Policy Framework, (which are proposed by the Mayor but must still be approved by full Council) and non-executive and regulatory functions such as development management, audit and licensing. The elected mayor is required to appoint a Cabinet: the extent to which functions and decision-making is delegated to them or elsewhere is detailed as agreed by the Mayor in the Mayor's Scheme of Delegation.

3.8 A Statutory Scrutiny and Overview committee and an Ethics committee must also be in place.

3.9 Each of the above are described in more detail below:

- **Full Council**: All 70 Councillors plus the Executive Mayor are entitled to attend and take part in meetings of the full Council. The Council year begins in May and an Annual Meeting makes appointments to Committees, Sub-Committees, Working Parties and

Outside Bodies for that Municipal Year (Note: Executive appointments are made by the Mayor).

Ordinary full Council meetings are held on six other occasions during the Council year. One of the Ordinary Meetings is to set the Council Tax. Extraordinary and Special Meetings of the full Council may also be convened.

Only the full Council meeting may set the Budget for the Authority or approve the policies, plans and strategies that are specified in the Council's Budget and Policy Framework detailed in article 4 of the Constitution.

Further meetings of full Council may be held if necessary.

- **Elected Mayor**: The political leader of the Council, who has overall responsibility for Council policy and the delivery of services.

- **Cabinet:** The Cabinet is appointed by the Elected Mayor and will consist of at least 2, but no more than 9 councillors (including the statutory Deputy Mayor) plus the Mayor. The Cabinet can be made up of different political parties. The portfolio of each Cabinet member will be set by the Elected Mayor.

- **Scrutiny and Overview Commitee:** The Scrutiny and Overview function is part of the Council's governance as required by the law for an executive model. The Council has one overarching Scrutiny and Overview Committee encompassing all scrutiny functions required by statute. Seats are allocated according to the rules of proportionality, which provide for the allocation of seats on committees so that they reflect the overall political composition of the Council.

  The Scrutiny and Overview Committee ensures the efficient and effective conduct of its responsibilities through the work of a number of Sub-Committees, and 'task and finish' groups.

  The Scrutiny and Overview Committee and its Sub-Committees hold the executive to account, monitor the performance of Council services and investigate matters affecting the wellbeing of the borough. In addition, the Scrutiny and Overview function has a statutory duty to scrutinise health services, community safety issues and education matters.

  Any Councillor, except a Cabinet Member, is eligible to be appointed to the Scrutiny and Overview Committee or any of its Sub-Committees. The Scrutiny and Overview Committee reports at least annually to the Council. During the year the Committee and its Sub-Committees may make recommendations to the Elected Mayor and Cabinet and direct to the Council.

- **Ethics Committee:** All members on becoming a member are required to follow the Members' Code of Conduct to ensure high standards in the way they undertake their duties. The promotion of high standards of Member conduct is the responsibility of the Ethics Committee.

- **Health and Wellbeing Board:** This is a formal committee of the Council charged with promoting greater integration and partnership between bodies from the NHS, public health and local government. It has a statutory duty, with Integrated Care System (ICS) to produce a joint strategic needs assessment and a joint health and wellbeing strategy for the local population.

The Board has very limited formal powers and is constituted as a partnership forum rather than an executive decision-making body. It includes representatives of the ICS and local Healthwatch.

- **Other Committees:** The full Council has made arrangements to delegate various powers and duties that are not executive functions to a number of Committees, Sub-Committees and the Chief Executive for the efficient conduct of business. These Delegations are set out in 'Responsibility for Functions' contained in Part 3 of the Constitution. As with the Scrutiny and Overview Committee, seats on the non-executive committees are allocated between the political groups in proportion to their respective numbers of Members.

- **Independent members:** Non-elected individuals (i.e. not Councillors) may be appointed to a Council Committee or Panel. These appointments are mainly to help ensure greater independence, but also may bring specific expertise. These members; however, may not have an executive role.

<u>Officers</u>

3.10   The Chief Executive is the most senior officer in the Council and has delegated to them all the powers of the Council other than those reserved to the Council or to a Non-Executive Committee or Sub-Committee or allocated to the Mayor by statute or by the Constitution.

3.11   The Chief Executive and the Corporate Directors may exercise any functions of the Council or the Executive which have been delegated to any other officer and may delegate decisions or functions to one or more officers in any of the Council's directorates, except when prohibited to do so by the Constitution or law.

3.12   The current Council structure, approved by full Council on 5 July 2021, provides for a corporate management team, with 7 members as its core membership, and 6 directorates.

3.13   The law also requires the Council to appoint certain statutory chief officers that are responsible for the governance of the Council and have specific statutory powers. Similarly, the Council must name the 'proper officers' to undertake specific statutory functions.

3.14   Each of the above are described in more detail below:

- **Chief Executive:** The most senior officer in the Council is the Chief Executive Officer (or Head of Paid Service). Certain matters not reserved to the Council, Elected Mayor, Cabinet or a Cabinet Committee (acting either individually or collectively) are decided by the Chief Executive acting under delegated powers, and the Chief Executive is responsible for deciding how executive decisions are implemented.

- **Corporate Management Team (CMT):** This is the Council's senior management team, consisting of the Chief Executive, the Assistant Chief Executive and the five Corporate Directors. All the papers of CMT are circulated to all directors and corporate directors, Assistant Chief Executive and the Chief Executive. Reporting into CMT are the respective Directorate Management Teams, Improvement Boards, Programme Delivery Boards and the Internal Control Boards.

- **Directorate Management Teams (DMTs):** These are the management teams within each of the Council's 6 directorates, each headed up by either a Corporate Director or the Assistant Chief Executive and consisting of Directors and, where they report directly to the Corporate Director or the Assistant Chief Executive, Heads of Service. These directorates are the:
  - Adult Social Care and Health Directorate

- Assistant Chief Executive's Directorate
- Children, Young People and Education Directorate
- Housing Directorate
- Resources Directorate
- Sustainable Communities, Regeneration & Economic Recovery Directorate

Each directorate has its own underlying departmental management structure reporting to the DMT. The DMT's can act as project and programme boards for certain directorate programmes. The DMT's must also consider on a regular basis; health and safety, risk management, finance (operating and capital expenditure), performance management of services and diversity and equalities either in the DMT meetings themselves or as directorate sub groups of the DMT.

- **Internal Control Boards (ICB) –** The ICBs operate alongside the respective departmental structures providing governance over cross departmental matters. The minutes all go to CMT. They include the:
  - Capital Board
  - Equality, Diversity & Inclusion Board
  - Health & Safety Board
  - Finance, Risk & Assurance
  - Performance
  - Information Management & Transparency
  - Digital
  - Corporate Resilience
  - Workforce Board

Each ICB has terms of reference and includes membership from each directorate management team and other officers and is allocated corporate strategies to own on behalf of the Council. ICB's need to be mindful of the relevant work occurring in directorates and not duplicate.

The ICBs can also act where appropriate as a 'Programme Board' in the overall Project & Programme Management Framework for cross-departmental pieces of work, with highlight reports, exception reports, plans and logs being reported to these meetings. Where projects or programmes are specific only to a directorate, the Directorate DMT may act as Programme Board.

- **Improvement Boards:** Improvement Boards are chaired by individuals external to the Council and provide challenge and oversight on improvement work. The following Improvement Boards are either in place or are planned to be in place:
  - Children's, Young People and Education Improvement Board
  - Housing Improvement Board
  - Adult Social Care and Health Improvement Board
  - Sustainable Communities, Regeneration and Economic Recovery Improvement Board
  - Resources and Assistance Chief Executive's Improvement Board

The minutes of all these Improvement Boards are sent to the next CMT.

- **Programme Deliver Boards:** Programmes of major projects which affect more than one directorate may be delivered via the relevant Internal Control Board or these may be set up in their own right and staffed with officers from across the Council. The minutes of the Boards are sent to CMT.

- **Transformation Board – This is a newly created Board to support the delivery of the Council's flagship service transformation plans. The Board is equivalent to an ICB and reports to CMT**

The Boards referred to above are the subject of review in 2023/24

- **Statutory Chief Officers:** The statutory chief officers are the:
  - Head of Paid Service (Local Government and Housing Act 1989, s 4)
  - Monitoring Officer (Local Government and Housing Act 1989, s 5)
  - S151 (or Chief Finance) Officer (Local Government Act 1972, s 151)
  - Director of Children's Services (Children Act 2004, s 18)
  - Director of Public Health (National Health Service Act 2006, s 73A(1)); and
  - Director of Adult Social Services (Local Authority Social Services Act 1970, s 6(A1))

  These are officers that the Council must have in place, some of which may be combined and some of which cannot, but they all have additional personal responsibilities.

  In particular, the Head of Paid Service, S151 officer and the Monitoring Officer have statutory mechanisms for bringing concerns to the attention of the Council, and for requiring the Council to consider their decisions and actions publicly. Each of these officers has special employment protection to enable them to highlight their concerns.

  There are a number of other statutory officer roles that a local authority must have in place, (such as, but not limited to, a Scrutiny Officer, a Caldicott Guardian, a Head of Internal Audit and a Chief Information Officer) but these are not chief officer posts in their own right.

  The three chief officer roles with leading responsibilities relating to governance are the:

  - **Head of Paid Service (Chief Executive)** – who is responsible for the overall resources and functioning of the Council.
  - **Monitoring Officer** – who is responsible for lawful behaviour
  - **S151 Officer (Chief Finance Officer)** – who is responsible for finance and spending

  The Statutory Officers' Board is a regular (quarterly) forum by which the above three statutory officers, with other statutory officers in attendance, share concerns and risks related to potential serious issues affecting the Council's governance or financial performance and the statutory roles they hold. This is to help ensure that the maintenance and improvement of governance is a live discussion within the Council at all times and that it is prepared when the Council is faced with new challenges,

priorities and workstreams. Matters arising from these meetings feed into the , Finance, Risk and Assurance Internal Control Board or others where relevant. The minutes go to CMT.

- **Proper Officer:** There are certain functions prescribed by statute, where the Council must name the 'proper officer' assigned to undertake each of these functions individually. These functions can only be discharged by that Officer and in the way prescribed by the statutory provision concerned. In practice the 'proper officer' for a number of these functions is either the Chief Executive, the Corporate Director of Resources or the Director of Finance, although other officers are also named as 'proper officers'.

<u>Outside bodies</u>

3.15 There are a number of organisations which are independent from the Council but have an impact on its service areas. In order that the Council can maintain effective partnerships with a number of these organisations, representatives of the Council, usually elected councillors, sit on the various committees and forums that are responsible for these.

Governance Documents

3.16   The Council's main systems, rules, processes and procedures for officers are set out in several documents, which are described in the subsequent paragraphs. It is the responsibility of each Officer to **read, understand and comply** with the processes and requirements detailed in these documents and maintain their knowledge through completing the mandatory and refresh training as required.:

- **The Officer Code of Conduct:** All staff, through their contracts of employment, are bound to the Council's Officer Code of Conduct. The Code details what the Council expects from each member of staff in terms of how they carry out their work, behave, respect and treat their colleagues and members of the public. The Code also binds staff to the Council's Financial Regulations and Procedures, the Tenders and Contracts Regulations and other documents in the HR Handbook.

- **The HR Handbook** – This is all of the Council's HR policies and procedures, including the Officer Code of Conduct.

- **The Council Constitution:** The constitution is a written legal document that guides the Council on its decision-making processes. The framework is set by legislation. It contains important information on procedures and processes from dealing with petitions to rules of conduct for officers and members.

  The constitution is split into chapters, with the introduction setting out how the Council operates, how decisions are made, and the procedures followed to ensure these are efficient, open and accountable to local people. Some of these procedures are required by law while others are a matter for the Council to choose.

  Included within the Constitution are the:

  - Responsibility for Functions – this is the delegation of responsibilities and functions to the Committees and Sub Committees.

  - Financial Regulations - These regulations provide the framework for managing the Council's financial affairs and apply to all members and officers, including interims and consultants. The regulations are supported by a set of mandatory Financial Policies and Procedures which provide more detailed direction on the arrangements to be complied with.

  - The Tender and Contract Regulations – These regulations provide the framework for procuring and managing contracts so that these contracts are cost effective and meet the priorities of the Council's Corporate Plan.

  - Protocol on staff-councillor relations – this sets out the respective roles of officers and councillors.

- **Mayor's Scheme of Delegation** – Sets out the details of the responsibilities and functions allocated by the Mayor to the Cabinet as a whole or to individual Cabinet Members.

- **Schemes of Management** - In accordance with the Council's Constitution (Section 3 - Responsibility for Functions Part 3 – Scheme of Delegations of Authority to Officers) all matters which have not been reserved to Council or a Committee are delegated to Officers. Each Corporate Director must develop and maintain their own internal scheme of management.

- **Scheme of Financial Delegation** – The Council's Financial Regulations require that the Chief Financial Officer must approve the Council's Scheme of Financial Delegation which sets out the financial authorisation limits for Officers.

- **Whistle-Blowing Policy** - This policy and procedure is intended to ensure that a suspicion of wrongdoing can be raised without fear of reprisals and provide information about how the Council will respond. These concerns may be raised by a Council member of staff, agency staff and self-employed staff carrying out Council work, and the staff of Council contractors carrying out Council work.

3.17   There are a number of other policies and procedures in place within the Council, including some that are directorate based and/or service specific. These include the following, which are key to the governance framework:

- **Audit Charter** – This 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. This document provides that 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.

- **Risk Management Strategy –** This outlines the Council's strategy to identify corporate and operational risks, assess these risks for likelihood and impact, identify mitigating controls and allocate responsibility for the mitigating controls. This should be read with the Council's 'Practical Guide to Risk Management.'

- **Project and Programme Management Framework -** This document sets out the framework within which all Croydon Council projects are laid out in a business case, appraised, funded and managed. In order to ensure effective oversight and management of projects and programmes across the Council, compliance with this framework is mandatory.

3.18   The 'Governance - the Right Thing' section of the intranet contains a number of the key and other guidance documents. It is important that you look at these and familiarise yourself with each.
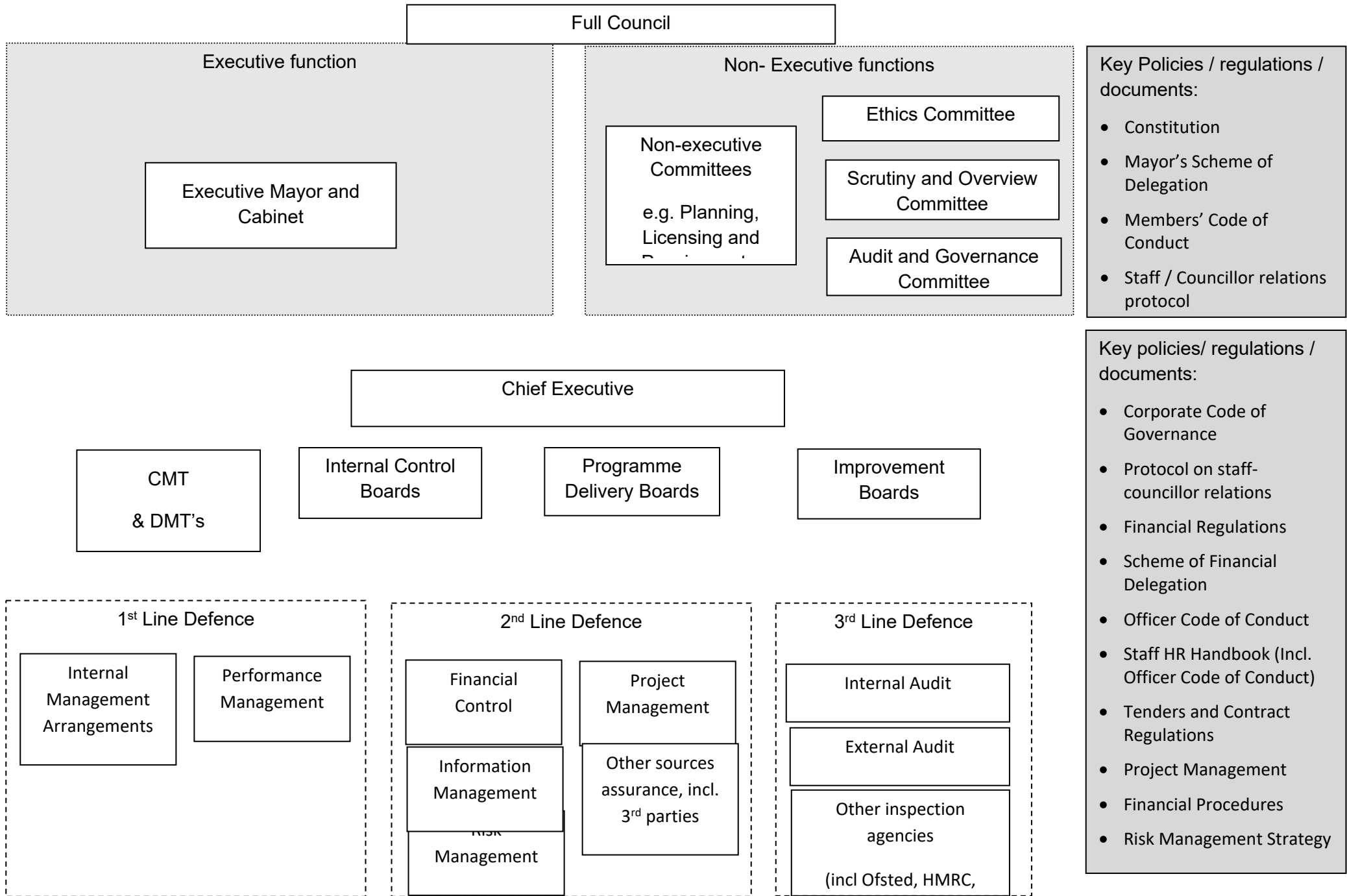
4.   Mandatory Training

4.1   The Council identifies **mandatory training** which is determined as essential for the safe and efficient delivery of services. This type of training is designed to reduce organisational, financial, reputational or health and safety risks. This training may be required by law or where a statutory body has instructed the council to provide training on the basis of specific legislation. Additionally, this training will comply with local or national policies, government guidelines or as directed by the Corporate Management Team.

<u>Induction Training</u>

4.2   Effective induction is crucial to a new employee's successful assimilation into their role, the organisation and probationary assessment. All new employees to the Council are required to complete an induction process beginning on the first day of the employment which will include completion of mandatory training accessed via the Council's learning management system Croydon Learning.

4.3   It is the responsibility of line managers to ensure that all new employees fully complete the induction process during the probationary period including all mandatory training.

4.4   It is the responsibility of managers to ensure that temporary workers complete a temporary workers induction and local induction within the first five days of their engagement, including all mandatory training.

<u>On-going Training</u>

4.5   All staff including temporary and agency workers are responsible for ensuring they are competent for their role and have a full understanding of the regulations and requirements related to their duties and responsibilities to enable them to carry out their role.

4.6   It is a priority that all employees ensure that training in the mandatory programme and role-specific mandatory training is completed within the expected timescales regardless of an individual's role and should be treated as a high priority in the annual appraisal and development planning cycle.

4.7   Managers should ensure that all staff within their services complete mandatory training, as well as ensuring that they have all appropriate training and support to understand and complete their roles.

Full Council

Executive function

Executive Mayor and Cabinet

Non- Executive functions

Non-executive Committees

e.g. Planning, Licensing and ~~Recruitment~~

Ethics Committee

Scrutiny and Overview Committee

Audit and Governance Committee

Key Policies / regulations / documents:

- Constitution
- Mayor's Scheme of Delegation
- Members' Code of Conduct
- Staff / Councillor relations protocol

Chief Executive

CMT & DMT's

Internal Control Boards

Programme Delivery Boards

Improvement Boards

Key policies/ regulations / documents:

- Corporate Code of Governance
- Protocol on staff-councillor relations
- Financial Regulations
- Scheme of Financial Delegation
- Officer Code of Conduct
- Staff HR Handbook (Incl. Officer Code of Conduct)
- Tenders and Contract Regulations
- Project Management
- Financial Procedures
- Risk Management Strategy

1st Line Defence

Internal Management Arrangements

Performance Management

2nd Line Defence

Financial Control

Information Management

~~Risk~~ Management

Project Management

Other sources assurance, incl. 3rd parties

3rd Line Defence

Internal Audit

External Audit

Other inspection agencies

(incl Ofsted, HMRC,

Corporate Director's Assurance Statement 2022/23

The Accounts and Audit Regulations require the Council to publish an Annual Governance Statement (AGS). The AGS is prepared annually, signed by the Leader and the Chief Executive and approved on behalf of Full Council by the Audit and Governance Committee

In summary the AGS is a statement of assurance to the effect that:
- The Council has followed the principles of Corporate Governance, outlined in the CIPFA / SOLACE publication "Delivering Good Governance in Local Government" and confirmed in the Council's own Local Code of Corporate Governance
- the Council has an effective Internal Control Framework (ICF) in place
- the ICF has been reviewed in the preceding year. (It must be reviewed annually)
- that any weaknesses that have been identified in the ICF are being dealt with through an appropriate action plan.

Each Corporate Director is responsible for delivering the relevant objectives set out in the corporate plan. Corporate Directors, with their Directors and Heads of Service are responsible for identifying and managing the risks that may affect delivery of corporate and service objectives they are responsible for. This work includes monitoring the effectiveness of controls put in place to mitigate the risks and carrying out remedial action where controls are weak or not in place.

Each Director is required to assist the preparation of the AGS for the Council by providing an assurance statement for the internal control framework within their division, to inform a collated Corporate Director's statement for the directorate in the form below. Taken together the assurance statements from the Corporate Directors will form a key part of the evidence that supports the signing of the AGS by the Leader and Chief Executive.

The required format for the Statement of Assurance is attached.

Directors/ Corporate Directors should read and **annotate** the Statements before signing the document. Please indicate in the blank column on the right of the table below brief information on any areas where the answer is 'No'.

The signed document should then be e-mailed to MonitoringOfficer@croydon.gov.uk **along with an action plan with timescales to address any identified weakness.**

	Statement	Yes/ No	If No, detail area of weakness identified
1	**Local Code of Corporate Governance** • The principles of Corporate Governance outlined in the Council's Corporate Code of Governance have been consistently applied in the delivery of services by this division/ directorate. • <u>I ensure that my division/ directorate scheme of delegation is kept up to date and published/ disseminated as appropriate.</u>		
2	**Risk Management** • I have identified all key risks that may affect the delivery of the division/ directorate's services. • My Division/ Directorate Management Team has reviewed the risk register each quarter. • I have also identified risks that are considered to be significant (Red) or categorised as 'extreme' (Impact Classification) and that do not at present have effective controls to mitigate the level of risk. • I have put in place action plans to provide effective controls going forward where resources allow. • I have through 121s and my Division/ Directorate Management Team, ensured continuous review of the progress of risk action plans and implemented contingency arrangements where necessary.		
3	**Budget management** • The division/ directorate receives regular reports on the status of key financial indicators against planned outcomes. • The division/ directorate's budget is reviewed on at least a quarterly basis at Division/ Directorate Management Team level including action plans to mitigate overspends.		
4	**Financial Control** • I confirm that all my budget holders are aware of, have read and complied with the Council's Financial Regulations and the Tenders and Contracts Regulations that are available as part of the Council's Constitution on the Intranet.		

	Statement	Yes/ No	If No, detail area of weakness identified
5	**Internal Controls** • The Division/ Directorate actively ensures that operational staff are diligent, taking responsibility for their actions and line management scrutinises, challenges and holds staff to account. • I have identified controls that are designed to mitigate the key risks identified in 2 above. I have assigned responsibility for the effective operation of each control to a nominated officer. I have, through the 121 process, obtained assurance from each nominated officer that the controls have been tested and are operating effectively. • I monitor completion of management action plans arising from internal audit reports and take action to implementation to agreed timescales.		
6	**Counter Fraud Arrangements** • Staff in the department have access to and are aware of their responsibilities under the Council's Anti-Fraud & Corruption Strategy and actions to take in the event of detected or suspected fraud and corruption. • The risk of fraud & corruption is specifically considered when reviewing risk registers. • There have been no proven cases of fraud or irregularities that may impact on the ability of the department to achieve the service objectives. • Staff in the department have access to and are aware of the Whistleblowing Policy. • Staff are made aware of the need to make appropriate and timely disclosures of gifts, hospitality and declarations of interests. • I have reviewed the Gifts and Hospitality Register on a quarterly basis.		
7	**Major Projects** The Council's Project Management Methodology has been applied for all projects and programmes. In line with this methodology, Division/ Directorate Management Team have reviewed and challenged any new project proposals, appropriate risk registers and action plans are in place and are regularly reviewed for all relevant projects and programmes and appropriate lessons learned exercises are completed on completion of each project.		
8	**Performance Management** • There are relevant, sufficient and appropriate performance indicators operating for all services delivered by the department to appraise performance and where appropriate aligned to the Council's objectives, priorities and statutory		

	Statement	Yes/ No	If No, detail area of weakness identified
	obligations. • There are regular reports to Division/ Directorate Management Team at least quarterly, on the status of key performance indicators and other relevant performance measures against planned outcomes and there is a process in place to address and report on significant poor performance. • Effective processes operate for data quality of source data used for performance management and checks are made on its robustness. • Division/ Directorate Management Team actively monitors complaints, including the timeliness of complaint responses being reviewed in accordance with the Council's Complaints Policy, and these have not revealed any key issues that may affect the system of internal control.		
9	**HR Management** • Staff within the department are aware, understand and comply with the HR Handbook, including the Staff Code of Conduct, Equal Opportunities, mandatory training and declarations of interest. • There is effective monitoring and reporting of staff appraisals within the timescales prescribed. • Effective arrangements operate to ensure compliance with appropriate statutory requirements including Health & Safety and Working Time Regulations. • Staff job descriptions and person specifications are reviewed on a regular basis and updated as appropriate to ensure that they remain current and relevant. • Levels of sickness absence are monitored and action taken in line with appropriate Council policies. • Staff absence is appropriately authorised and recorded through appropriate Council systems.		
10	**Information Governance** • Staff have attended the annual mandatory training on the Council's IT security policies and procedures including Email, Internet use and Social Media. • All potential breaches/incidents in information security and data protection have been reported and actions taken to implement any improvements arising. • Data held by service areas is accurate, up to date and relevant for the purpose being held under the Data Protection Act 2018. Appropriate consents are obtained and privacy notices deployed. Documents are managed in line with corporate policies. • Appropriate data sharing protocols operate within the department including mechanisms for the secure transfer of data with all other organisations.		

	Statement	Yes/ No	If No, detail area of weakness identified
11	**External audits and inspections** • I monitor completion of management action plans arising from external audit and other inspections bodies and take action to ensure implementation to agreed timescales. • There are no other governance and financial management issues arising from external inspections, audits and assurance processes which are not listed in sections 1-10 above.		
12	**Overall Assurance from Director/ Corporate Director** Based on the information available to me, in my opinion the internal control framework of this department has been soundly based during 2021/22. All significant risks to delivery objectives have been identified and controls are in place to mitigate those risks. The exceptions to this are listed in the attached action plan which also outlines progress towards implementing outstanding controls. I also confirm my intention to ensure that a sound internal control framework is in operation throughout 2022/23. Signed by Director/ Corporate Director………………………………………………… Date………………………………………….		

Statement of assurance – action plan for …………………………………………..Division/ Directorate

Control theme (eg Risk Management)	Action	Lead officer	Timescale for completion

REPORT TO:	AUDIT & GOVERNANCE COMMITTEE
DATE OF DECISION:	19 October 2023
REPORT TITLE:	Corporate Risk Register
CORPORATE DIRECTOR/DIRECTOR:	Jane West Corporate Director Resources & S151 Officer
LEAD OFFICER:	Malcolm Davies Head of Anti-Fraud, Risk & Insurance Malcolm.davies@croydon.gov.uk.
LEAD MEMBER:	Councillor Jason Cummings, Cabinet Member for Finance
AUTHORITY TO TAKE DECISION:	The Committee's terms of reference include monitoring the Council's risk management arrangements and providing independent assurance as to their adequacy.
KEY DECISION:	N/A
CONTAINS EXEMPT INFORMATION?	NO Public 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).
WARDS AFFECTED:	All

1   SUMMARY OF REPORT

1.1   The report updates the Audit & Governance Committee Members on the corporate risk register (the register) as at October 2023.

| 2 | RECOMMENDATIONS |

The Committee is asked to:

2.1 Note the contents of the corporate risk register as at October 2023

3   REASONS FOR RECOMMENDATIONS

3.1   The report and accompanying appendix document presenting those risks recorded as 'high rated' or RED on the corporate risk register as at October 2023 are recommended to the committee to assist the Audit & Governance Committee in its role of overseeing the risk management framework and enable it to provide assurance that significant corporate (Red) risks are identified and mitigated by the Council.

3.2   To assist the Council in meeting its best value duty.

4.   BACKGROUND AND DETAILS

Risk Register Report

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

4.2   Since the register was last considered by Members in March there has been a significant amount of activity to embed improvements in the approach to Risk Management. Individual engagement sessions/risk management refresh with Directors and Corporate Directors have now all been delivered as part of the organisational redesign implementation and access granted to the corporate risk management system (JCAD). In addition, all Executive Officers and Executive Support Officers have access to the corporate risk management system. This is to ensure that the top layers of management feel confident in reviewing, presenting and owning the risks which relate to their Division/Directorate.

4.3   Risk review dates for all Directors have now been aligned on a quarterly basis going forward, Quarter 2 reviews for 2023/24 have now been signed off on the risk system by the risk owners.   Risk reviews on a quarterly basis with the Corporate Director are being informed/assured by Directors having signed off on their risks. This is in addition to a monthly review of all red risks at CMT. Further work is being done with risk owners with a particular focus on future control measures and review dates for future controls (risk improvements) and future risk ratings. This is where the registers could be further improved and where we are concentrating effort. To support this, an upgrade to the current risk system is scheduled which will aid the ongoing review of control measures as well as the roll out of new dashboard style reporting to aid Officers and Members oversee the corporate risk register.

2

4.4 As part of the on-going input provided to the Council to support its strategic/corporate risk management framework, a series of half day 'take a step back' risk workshops have been provided to Corporate Directors and their management teams at the start of October. These represent risk management best practice by challenging senior management to consider what is 'on their radar' now in terms of uncertainty in relation to the medium to long term, without reference to the current register, and then subsequently to consider whether those potential future events/outcomes are adequately captured and articulated on the corporate/strategic register.

4.5 The 'take a step back' workshops are being externally facilitated free of charge by the company Zurich Risk Services with the risk management bursary the council has as part of its insurance arrangements with Zurich Municipal. In addition, a risk management workshop session has been delivered as part of the workplan to assist Members with their understanding of the Croydon framework and to enable and support effective challenge and engagement with risk owners.

4.6 In addition to the activities noted above there have been a number of changes in relation to risk ownership as summarised below and all risks as above are subject to an on-going review. Members are reminded that they can request risk presentations in relation to any risk register entry where more detail/clarification is required.

4.7 Risks escalated to Red status since last review by Members:

- ASCI0016. Croydon Council Section 75 partnership with SLaM to deliver an Integrated Adults Mental Health Service. Risk of potential breach of local authority Care Act Statutory responsibilities

- ASCI0019. It has been identified that information held in Controcc payments system and the care management system (LAS) may not be accurate or consistent.

- CDS0026. Access Croydon staff and customers risks to safety as customer cohort can be unpredictable with residents presenting with sensitive issues

- CIC0029. Corporate re-procurement of contracts left until very late, close to or passed contract expiry posing risk of procurement challenges.

- EDCIP0003. Displaced People (Governance and Strategy) The council and the service may come under pressure and an increase in homelessness, extra pressure on temporary accommodation and ultimately the general fund. At present demand cannot be predicted and this risk needs to be regularly reviewed.

- EHCSC0017. Gaps in Statutory Social Work Capacity - Family Assessment Service and Social Work with Families Service -The proportion of social workers holding unacceptably high caseloads remains a concern, most vacancies are covered by locum staff and therefore a risk to service standards.

3

- HO0012. Fail to Manage risks associated with Large Panel Systems residential blocks/HRB Portfolio.

- HSI0035. Fail to successfully mobilize the Gas Safe Contractor programme

- PR0043. Future waste collection and street cleansing contract costs. Risk that final tenders received for the new waste collection and street cleansing service are in excess of the profiled budgeted allocation for 2025 and beyond.

- TRA0003. Risk that the Transformation Programme is not sufficiently ambitious enough, with insufficient change and savings

- TRA0004. Risk that service capacity to deliver transformation projects may be limited by BAU activities and unexpected issues/emergencies may arise drawing capacity away from Transformation Projects

- VRN0060. Risk that the Council is unable to adequately respond to civil emergencies / incidents as per their duties within the Civil Contingencies Act 2004

4.8   Risks de-escalated from Red Status since the last review by Members:

- CIC0005. The investment strategy and income generating properties do not deliver the required financial benefits / targets. (High Amber)

- PH0007. The cost of living crisis , the long term in-direct impact of covid , plus the ongoing war in Ukraine continue to widen health inequalities in both physical and mental ill health and increase demand on all Council services. This is at a time where the council has to make challenging decisions around service provision. (Subsumed into risk FIR0063 Demand for council services)

- PP0028. Limited capacity in the EDI team means that the Council is unable to fully deliver against its Equality Strategy and EDI initiatives. (High Amber)

- CIC0025. Croydon Council companies: Robust governance, financial accounting treatment & risk management procedures/frameworks are not activated to safeguard the interests of the Council and it's taxpayers in respect of all subsidiary organisations where the Council has an interest. (High Amber)

- MO0003. Resources in Democratic services under significant strain leading to a risk to service delivery. (Subsumed in overall HR risk)

- PP0009. Improvement Plans and financial savings objectives are not achieved due to poor programme & project management behaviours. (Withdrawn)

- PP0021. Pipeline of projects exceeding current PMO resources (Withdrawn

4

- PST0025. Development Management cannot recruit sufficient appropriately trained staff to manage workload and address backlog and fee income generated does not cover staffing needs. (High Amber).

4.9 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).

4.10 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.

5   ALTERNATIVE OPTIONS CONSIDERED

5.1 Not applicable

6   CONSULTATION

6.1 Not applicable

7   CONTRIBUTION TO COUNCIL PRIORITIES

7.1 To assist the Council in meeting its best value duty.

8   IMPLICATIONS

8.1 None other than those identified in the body of the report.

9.1   FINANCIAL CONSIDERATIONS

9.1.1 There are no direct financial implications arising from noting this report.

9.1.2 The Council's financial reporting and medium-term financial strategy takes account of the risk management framework, to consider the potential financial implications of risks.

(Comments approved by Lesley Shields, Head of Finance for Assistant Chief Executive and Resources on behalf of the Director of Finance. 19/9/23)

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9.2 LEGAL CONSIDERATIONS

9.2.1 The Audit and Governance Committee is required by its terms of reference to monitor the effective development and operation of the Council's risk management arrangements, to monitor progress in addressing risk-related issues reported to the Committee, and to provide independent assurance to the Council of the adequacy of the risk management framework and the internal control environment. Therefore, periodic updates on the Corporate Risk Register are provided to assist Members with this responsibility.

9.2.2 Separately, the management of risk has a direct impact on the Council's ability to deliver its functions in a manner which promotes 'economy, efficiency and effectiveness' (Section 3 Local Government Act (LGA) 1999). The best value duty applies to all functions of the Council. The Council is currently the subject of Directions from the Secretary of State requiring service improvement and transformation. Therefore, the consideration of this report also seeks to demonstrate the Council's compliance with its Best Value Duty under the Local Government Act 1999.

9.2.3 Under Regulation 3 of the Accounts and Audit Regulations 2015, the Council must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective, and includes effective arrangements for the management of risk. This report also seeks to demonstrate compliance with these legal duties.

(Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Legal Services and Monitoring Officer Stephen Lawrence-Orumwense) (25/9/2023)

9.3 EQUALITIES IMPLICATIONS

9.3.1 None

OTHER IMPLICATIONS

9.4 HUMAN RESOURCES IMPACT

9.4.1 There are no immediate human resource considerations arising from this report. Any impacts arising will be managed under the Council's HR policies and procedures.

Comments approved by: Gillian Bevan, Head of HR – Resources and Assistant Chief Executives directorates on behalf of Dean Shoesmith, Chief People Officer. 19/9/23

9.5 ENVIRONMENTAL AND CRIME AND DISORDER REDUCTION IMPACTS

9.5.1 None

9.6 RISK IMPLICATIONS

6

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

9.7   DATA PROTECTION IMPLICATIONS

9.7.1. **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.

9.7.2. **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

10.   APPENDICES

Appendix 1 Corporate Risk Register
Appendix 2 Risk Scoring Matrix

11.   BACKGROUND DOCUMENTS: None

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Appendix1 Risk Register Red Risks

Risk Ref	Risk Scenario		Impact	Assigned To	Current			Future Risk Rating		
	Risk	Impact			Impact	L'hood	Total	Impact	L'hood	Total
CIC0008 Rhys-Lewis, Huw	Wholesale gas, electricity and utility costs increasing and risk of continual increases placing unsustainable financial burden on the council, in addition that school energy recharges are recovered with that process having started in January 2023. Review & Update - Team Leader (Sustainability & Energy) put into contract with LASER on energy packages. Gas is the key area, as bulk suppliers have little storage capacity due to UK closure of much of storage facilities and capacity relying on piped liquified gas, which is under strain due to increased global demand from Asian Continent.	Financial impact on the council		Rhys-Lewis, Huw Last Review: 14/08/2023 Last Amended : 14/08/2023 11:51:32	5	5	25	4	4	16

Existing Controls

- Pursuing a number of procurement options -looking at:
Group procurement
Specialist mid term fixed contracts
Forward spot hedging opportunities

- Reducing consumption inc restricted running hours at BWH -

Future Controls

 - Admin support being recruited to assist with school energy charges recovery

 - Reviewing Energy Strategy including: Green / Sustainability agenda
Lower CO2 footprint
Seeking Carbon Neutral opportunities
 Presenting back to Members

Review Date

27/01/2023

30/06/2023

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	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
CIC0012 Rhys-Lewis, Huw	Contract Management and Supply Chain risk, including inflationary pressures, facing council. Implications for revenue and capital programme.	• Poor planning risks procurement challenge, poor supplier relations and overspend. • Non-compliance, budget overspend. • MTFS targets not met, poor supplier relations. • Reputational damage. • Political interest and scrutiny. • Media interest and scrutiny. • some contracts impacted	Rhys-Lewis, Huw Last Review: 14/08/2023 Last Amended : 14/08/2023 11:48:48	5	5	25	4	3	12

Existing Controls

- Accurate contract register operational. -...

- Additional procurement capacity and new structure for C&P implemented -

- Contract actions monitored to ensure that they are delivered on time, - including contract savings programme and statutory/ discretionary assessment;

- Contract Improvement Plan established. -

- Enhanced governance arrangements designed and agreed at CMT   -

Future Controls	**Review Date**
- Internal Control Board Workshops to be run	28/07/2023

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	Risk Scenario				Current			Future Risk Rating		
Risk Ref	**Risk**		**Impact**	**Assigned To**	**Impact**	**L'hood**	**Total**	**Impact**	**L'hood**	**Total**
HSI0023 Sen, Susmita	Increased volumes of cases relating to damp and mould plus disrepair. The tragic death in Rochdale, connected to damp and mould has raised the profile of similar cases across the sector and in Croydon. As a result the SoS and the Regulator for Social Housing has written to all housing authorities asking them to set out their approach to Damp and Mould. The risk to the authority is that not only could the number of reported cases increase, but also that the repair service does not resolve cases in a timely manner that then impacts the health of wellbeing of residents. This could result in adverse findings from the Housing Ombudsman and or the regulator. A significant portion of disrepair cases are linked to damp and mould , therefore this could further increase the risk of number of disrepair cases raised under the disrepair protocol and as a result of The Homes (Fitness for Human Habitation) Act 2018.....		Damp and mould cases are not managed in a timely manner which impacts the resident's health and wellbeing. This could result in increased finding against the council by the housing ombudsman and or regulator. Currently disrepair claims are brought in accordance with the well-established 'pre-action protocol for disrepair claims'. An increase in repair claims which could be driven by: • Increased awareness of the ability to claim and to get compensation driven in part by targeted and aggressive advertising and social media campaigns by law firms and claims companies. • The cut to legal aid, as a result a number of law firms have change tactics to increase their revenue by concentrating resources into disrepair cases and we have seen an increase in solicitors door knocking and reported two firms to the Bar Council. • The Homes (Fitness for Human Habitation) Act 2018 which came into effect April 2019. • Cases where we have not due to other maintenance priorities addressed problems with the external fabric of our buildings. This requires an ongoing programme to address rendering failures, DPC, Cavity insulation and roofing renewal. There has been a significant increase in disrepair cases in the last year and in costs. Claims are predominantly (around 95%) related to damp and mould.	Austin, Jerry Last Review: 20/09/2023 Last Amended : 20/09/2023 11:03:20	5	5	25	4	4	16

Existing Controls

- Analysis of the disrepair cases in the last year has -changed the process that has been in place with maintenance contractor to ensure all reports of damp are inspected and that the Council separate the issues of dampness vs those caused by ongoing leaks....

- Develop policy, procedure and action plan to address damp and mould -Since December a review of the procedure has been undertaken a new procedure has been put in place, which priorities cases.   This needs to be formalised.

- New resource to manage damp and mould -New team established, including damp and mould lead, surveyor and admin resource in place from January 2023

- Reviewed management of damp and mould/disrepair cases by in house team - close working with internal legal team -Additional interim resources brought in to support capacity. Disrepair hub set up with new policy and procedure set up to manage cases.
Revised approach in place for working with inhouse legal team to ensure cases are effectively managed

- Two weekly review meeting with Corporate Director -Review meetings set up with Corporate Director and team to manage improvement plan for disrepair.

- Use of additional contractors for disrepair including damp and mould -The number of contractors has been expanded to increase resilience in delivery

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Future Controls	Review Date
- Framework for additional contractors Procurement of additional contractors commenced to ensure future resilience in delivery	31/03/2023
- Good data about our stock and investment Through our stock condition survey and repairs data ensure we have good information about our stock , that can inform our asset management strategy and future investment in our homes	31/03/2023
- Implement an inspection regime that is based upon good data Inspectors to visit neighbourhoods/ similar archetype properties to those where damp has been identified. Complement this with tenancy visits base upon a priority basis	28/02/2023
- Improve the voids lettable standard with a focus on damp and mould prvention Review the approach at void stages of the councils homes	30/03/2023
- Resources for disrepair work are being urgently reviewed Interim resources in place - review of structures underway.	31/03/2023
- Review use of de-humidifiers and monitors with Asset Management Team to increase use of emerging damp monitoring technology and industry improvements .	

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	Risk Scenario				Current			Future Risk Rating		
Risk Ref	Risk		Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
PR0013 Agbakiaka, Karen	Sustainable Parking Services Income Reduction in income that is generated through charges applied to appropriate parking spaces across the borough. Reduction in PCN income via civil enforcement officers and or ANPR camera enforcement. Covid has had a significant impact on parking income and with the general reduction in demand / footfall, in addition the ambitious introduction of more camera led enforcement has not been delivered to plan due to a number of factors.		inability to balance the budget due to Income loss through pay and display and penalty charge notices	Agbakiaka, Karen Last Review: 21/08/2023 Last Amended : 18/09/2023 16:26:36	5	5	25	4	3	12

Existing Controls

- Develop and implement additional schemes for ANPR (School streets, box junctions etc) -Additional schools streets built into the programme for 22/23 financial year - these are subject to either TfL LIP funding , S106 and or a spend to save bid through capital funding)
- Developed a MTFS growth form to right-size parking income -Introduced growth to income budgets to align budget for 23/24 and onwards - this control measure is completed and the growth bid forms part of the MTFS 23/24 onwards.
- To develop a monthly dashboard for accurate forecasting and reconciliation of income . -- Controls are in place to monitor all income streams on a monthly basis.
- Development a financial management dashboard to provide accurate information for transactions and income to form part of the monthly monitoring process.
- Undertake monthly reconciliation of income coming into the councils financial system and parking back office system .
- Dedicated corporate financial support to work with the service to ensure systematic financial management is in place.
- Working with London Councils & Peers across London to benchmark the parking account.

Future Controls

Review Date

- Strategic review of the parking policy The council has a parking policy 19/22, work is underway to review the 19/22 parking policy to reflect the changes in parking behaviour's, in addition a review of the approach to emissions based P&D and Permits.

28/02/2023

Transformation bid completed and submitted for the funding to undertake the above policy review , governance and board being established.

Revised policy is scheduled for Mayor and cabinet meeting July 2023

Review date: - May 2023

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Risk Scenario				Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
PST0001 Cheesbrough, Heather	The Whitgift Centre is not redeveloped in a timescale to deliver the necessary regeneration of the town centre which promotes economic activity and vitality Covid 19 and general economic uncertainty has created a challenging environment for town centre development. The Whitgift redevelopment was removed from the Unibail development pipeline in Feb 20 and there is no date for the redevelopment to commence. In April 2023 Unibail bought out Hammerson's share of the 50/50 Croydon Limited Partnership. The implications of this in respect of a development programme, the ambition, quantum of inward investment, the existing Indemnity with the Council and related due diligence needs to be urgently understood from Unibail. The Whitgift CPO has now expired but still requires claims to be settled.	• Major economic, regeneration and social impact on the vitality and viability of the Town Centre and North End • Political and media scrutiny	Cheesbrough, Heather Last Review: 20/09/2023 Last Amended : 20/09/2023 09:08:42	5	5	25	4	5	20

Existing Controls

- Communication channels between politicians and officers with Unibail remain open and productive . -

- LBC to continue to press Unibail for a robust Meanwhile and Management Strategy to maintain footfall -with monthly meetings to exchange enquiries/contacts and proposals

- Officers and their consultant team seek to hold Unibail to account to manage the remaining CPO expiry process . -

- Refreshed due diligence around Unibail and Parent Company Guarntees as set out in the ILTA   -Due diligence around CLP and Parent Company Guarantees was undertaken c .10 -13 years ago. This should be refreshed in the light of the passage of time and the recent buyout of Hammerson shares, which sees all liability now with Unibail.

- Regular communication with the Whitgift Foundation -The Foundation is the freeholder of the majority of the site.

- Regular meetings at strategic and operational levels with Unibail to maintain dialogue between partners. -

- Regular meetings of the Mayor's Advisory Town Centre Board -to seek to collaborate and in partnership with stakeholders to support the regeneration of the town centre an dto seek to hold Unibail to account.

- Robust record keeping and retention of professional advisor team who have been involved since the beginning of the project -

- The Council through its statutory powers - Local Planning Authority (LPA), CPO and land assembly, and as a Highway Authority. -

- 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.

Future Controls	Review Date
- Agree with Unibail a series of remedies to offset non-delivery of the scheme envisaged by the ILTA to provide the opportunity for short to medium term viability of the Town Centre and North End. Whilst also setting a programme for the phased redevelopment of the Whitgift in the medium to long term.	07/11/2023
- End the ILTA 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). This would have a significant financial impact that would need to be negotiated with CLP.	07/11/2023
- The Council seeks to introduce a new development partner, once the ILTA expires (February 2026). ...	07/11/2023
- The preparation of a new Indemnity Land Transfer Agreement (ILTA) that reflects the changed circumstances. (Completion financial year 2025/26). This would require the agreement of both parties	07/11/2023

	Risk Scenario			Assigned To	Current			Future Risk Rating		
Risk Ref	Risk		Impact		Impact	L'hood	Total	Impact	L'hood	Total
RCS0040 West, Jane	The Council does not achieve financial sustainability due to historic borrowing totalling £1.6 billion and remains reliant on annual extraordinary central government support.		• Do not meet terms and conditions set out by DLUHC in Capitalisation Direction Agreements. • Inappropriate financial behaviour and practice. • Political scrutiny applied at local and national level. • Media interest and scrutiny at local and national level. • Impact on reserves • Further S114 notices in future • Reputational damage. • Not balancing 24/25 financial year and future years	West, Jane Last Review: 07/08/2023 Last Amended : 07/08/2023 11:29:36	5	5	25	5	5	25

Existing Controls

- Financial assurance review meetings monthly -Each directorate management team meets with the Chief Executive and the S151 Officer monthly to review their overall financial position , current and future. This year, the capital programme will also be reviewed.

- Oversight by DLUHC Improvement & Assurance Panel. -

- Public consultation activity -The next public engagement exercise is due to start in November. Preparations are underway and a timetable is being drafted. The inclusion of the Scrutiny and Overview Committee and its sub-committees will be discussed with the Chair in the early autumn.

Future Controls | **Review Date**

- Budget Working Group in place to programme manage the MTFS process The focus of the BWG is currently preparation of the October MTFS paper and in particular the EQIAs. Focus will then shift to the preparation of the February/ March Council Tax Setting papers. | 11/03/2024

- Work being undertaken with the Department for Levelling Up , Housing and Communities to balance future year budgets Fortnightly meetings are timetabled with DLUHC officers to review progress | 11/03/2024

Two workshops have been held over the summer with DLUHC officers who are currently in discussion with Treasury officers

DLUHC are aware of the timetable of the October 2023 MTFS report and the February/March 2024 Council Tax papers

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Risk Ref	Risk	Impact	Assigned To	Current Impact	L'hood	Total	Future Risk Rating Impact	L'hood	Total
ASC0039 Robson, Simon	The quality of data, performance recording and insight impacts on operational and strategic oversight and service delivery. Reviewed - 15/05/23 CB Reviewed 30/05/23 - SR/CB Reviewed 21/08/23 - CB/SR	Poor outcome from CQC assurance leading to directorate and council-wide reputational damage. Inability to direct resources effectively to meet business need. Inability to effectively forecast demand management and align allocation of resources to meet business need. Inability to effectively manage staffing caseloads. Inability to deliver accurate national data sets. Inability to deliver accurate data to strategic partners.	Robson, Simon Last Review: 21/08/2023 Last Amended : 21/08/2023 14:36:12	4	5	20	4	4	16

Existing Controls

- Change Control Panel in place -
- Children and Adult Systems Board in progress -
- CQC Data Workstream in place -
- Data cleansing project underway -
- Data review through monthly Performance Board -
- Development of reporting BI Dashboards with Performance team to support all levels of staff -
- Leicestershire County Council visit to review best practice -
- Weekly task tray review in place -

Future Controls

- Adult Strategic Systems Service Manager to be appointed
- Principal Social Worker and Head of Service Action Plan To improve quality of recording consistency of data capture , monitored through supervision.
Series of meetings with HoS in the diary to review issues and areas around data cleansing.
Identification of issues and associated mitigations and target dates for completion.
Tracking of data cleansing performance.

Review Date

30/09/2023

30/06/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
ASCI0016 Byrne, Bianca	Croydon Council are currently in a Section 75 partnership with SLaM to deliver an Integrated Adults Mental Health Service. Current risk identified- Potential breach of local authority Care Act Statutory responsibilities due to lack of evidenced currently available from SLaM of adult social care interventions. (Please note linked to risk ASC0033 owned by Simon Robson regarding AMP service). This is placing increased pressure on alternative social work teams where vulnerable residents are not able to get their care act needs met and is resulting in some people's recovery being delayed due to interventions not taking place in a timely manner. Alternative routes to support individuals could also be more costly placing pressure on existing budgets.	Non compliance with Care Act statutory requirements Reputational risk Vulnerable residents not receiving interventions or assessment they are entitled to Increased costs and resources	Byrne, Bianca Last Review: 05/09/2023 Last Amended : 21/09/2023 15:30:28	4	5	20	4	2	8

Existing Controls

- A Section 75 Review project group has been established and have been meeting fortnightly since the 13th June 2023. - The project group is made up of senior staff from SLaM and Croydon Council. The group are working to establish ways to evidence adult socail care interventions and improve current pathways to ensure access to the service is equitable. Greater understanding on the financial arrangements and staffing structures are also being reviewed to determine if the resourcing of the service is adequate.

- Adult Mental Health Social Care Placement and Reviews Plan - To improve Adult Social Care statutory functions in terms of assessments, reviews, placements and packages of care.

- Carers Assessment Reviews -Review of Carers Assessment and Reviews Process: Completed. Recommendations not yet implemented.

- Croydon Adult Mental Health Social Care Quality Assurance Plan/Mental Health Monthly Performance Framework: -Developed to implement, monitor and evaluate Adult Social Care interventions in Adult Integrated Mental Health Service – in progress.

Future Controls

Review Date

- Complete S75 Agreement Review and implement Agreed Delivery Model and Framework. Effective monitoring and management of the agreement if the service remains as an integrated function.
If a solution to the existing risk is not found then greater control measures may need to be sought in terms of looking at an alternative delivery model.
 Target date: 01 January 2024

	Risk Scenario				Current			Future Risk Rating		
Risk Ref	Risk		Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
ASCI0019 Byrne, Bianca	It has been identified that information held in Controcc and LAS relating to placement name, provider name and parent organisation is not accurate in one or more fields. The risks are identified as follows – • Information in the care management system (LAS) maybe out of date – this means it does not reflect the proper or current naming conventions of care homes or providers where placements are made. In some cases the name of the care home is not recorded (except buried in case notes or as part of an address field) because a company name has been loaded as a care home (and that company may no longer exist). • In the event of a care home or provider level safeguarding concern or a planned or unplanned exit from the market of a provider it is difficult to be sure how many people are placed in each location or with each provider • The Council does not have proper commerical oversight on circa £100m of expenditure on Adult Social Care placements – i.e. the Council can not properly identify the ownership of locations where it makes placements without a significant amount of manual reconciliation with the CQC database. This makes it difficult to carry out it's normal business of commercial conversations, inflation uplifts and market oversight (a Care Act Duty) as the Council can not say that they spend £Xm with Y provider relating to Z placements with any level of confidence. The Council often also does not know which provider companies are part of which larger corporate group without relying on manual research • There is a risk relating to the forthcoming CQC Assurance process , relating to market oversight • There is a risk to the forthcoming Delivery Partner Diagnostic – as the data quality identified in this risk template on LAS and Controcc is so poor • Unable to make changes to allow the system to properly report which will help the new Delivery Partner and the delivery of Medium Term Financial Strategy savings.		• There is a potential reputational/legal impact to the Council for failing to identify that people are placed in services with serious safeguuading concerns or failing to identify where an individual is placed if a safeguarding should arise. • There is an impact on the Council being able to discharge it's Care Act Duty for market oversight – because it does not properly understand the make up of the market it purchases care from in a systemic way • There is an impact on the Council in commercial negotiations and conversations around the cost of care – because it does not properly understand the make up of the market it purchases care from in a systemic way • The Council can not further develop it's Business Intelligence reporting on £100m of spend as the source information is incorrect • There is an impact on the Council if the CQC publishes an adverse finding relating to Market Overisght • There is an impact on the future delivery of the MTFS if the Delivery Partner diagnostic is impeded by poor data quality	Byrne, Bianca Last Review: Last Amended : 21/09/2023 11:20:19	4	5	20	2	2	4

Existing Controls

- LAS/Controcc – for updating placement/provider names - None -For provider/ownership – periodic manual reconciliation with data published by CQC to inform the Head of Placement & Brokerage plus shared knowledge amongst individual members of staff

Future Controls   Review Date

- Agree a new process for setting up new placements to ensure consistency (and then include in monthly reconciliation)
- Agree a process to update LAS and Controcc, including ensuring that it does not impact on the Payment Runs in Oracle
- Carry out a monthly reconciliation to the CQC data base to identify any locations with changed naming conventioins, and updat
- Correct LAS and Controcc to reflect current naming conventions – including recording CQC Location ID on LAS
- Dedicate expert resource required to fix issues and look at long term solutions in light of the above and other data issues

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
CDS0003 Golland, Paul	Sustained failure of systems critical to council service delivery as a result of technical failure , lack of support from suppliers or lack of availability of internal resources (staff - i.e. single point of failure). Capital Programme Investment dimension.	• Increase in complaints/correspondence, • Staff unable to work or work effectively, • Financial cost to Council - cash flow relationship with contractor, inaccurate calculations and payment.	Golland, Paul Last Review: 19/09/2023 Last Amended : 21/09/2023 11:22:49	5	4	20	5	2	10

Existing Controls

  - Contract monitoring in place. -All new contracts involving technology managed via CDS

  - Contractor liaison. -Regular meetings with Little Fish

  - Default actions contract. -

  - Escalate current contractual actions. -

  - Identify future/alternative service providers -core service delivery contracts currently being reviewed - systems contracts part of ongoing roadmap

  - Improved infrastructure for Iclpse system, -new hardware platform for the system will improve reliability and maintenance arrangements.
Iclipse replaced by NEC Enterprise document management system - hosted by supplier

  - Increased monitoring and reporting arrangements. -Move remaining services away from Fell Road site to move fell road services to better infrastructure with improved DR and service support.
move from data centre to Azure cloud completed

Future Controls	Review Date
- Create dashboard to provide RAG based breakdown of 'failure concerns' by system Create dashboard to provide RAG based breakdown of 'failure concerns' by system (part of systems governance measures agreed by DICB)	31/08/2023
- To conduct a DR test to locate issues and build confidence	31/03/2023

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	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
CDS0026 Golland, Paul	Access Croydon staff and customers are not safe as customer cohort can be unpredictable with residents presenting with sensitive issues Customers can present with: - MH issues - Substance misuse - Prison releases - Crisis - Lots of single homeless approaches - Credit union customers are unpredictable - Turnaround centre are not dealing with housing issues for young people - Housing are reducing use of supported accommodation - Homelessness appointments are a 4 month wait - Staff are not necessarily in the office to deal with frustrated residents and difficult messages - Family justice centre - there are a delay in referrals and appointments - Access Croydon environment is not fit for purpose with areas unusable due to poor heating and a broken glass roof With all of the above Access Croydon has become a melting pot of vulnerabilities mixed with residents with children all posing a risk to individual safety. There are not sufficient safety measures currently in place to protect staff and other customers when residents become violent.	- Staff health and wellbeing - Customer staff and wellbeing - Staff and resident safety - staff and residents are at risk of physical harm and attack - Assets - Councils assets are at risk of being broken and damaged - Reputational damage - Behavioural - because of the environment and layout Access Croydon does not promote good behaviours amongst some resident cohort	Golland, Paul Last Review: 19/09/2023 Last Amended : 19/09/2023 12:38:59	4	5	20	3	4	12

Existing Controls

- a safe room for vulnerable residents -those who are fleeing DV, gangs, autism, nursing mothers need a safe room

- Comms with services about who is expected -

- Red file -

- Security at the door -Guards have been briefed and have knowledge of volatile residents
Call police if required
Log H&S incident reports
Use of red file

Future Controls	Review Date
- de-escalation training for front line Access staff Look at training material for Access staff Work with ASB team and H&S team at de-escalation techniques and training	31/05/2023
- emergency protocol to be drawn up An emergency protocol to be written for staff to be aware of what to do should an incident occur such as locking down Access	31/05/2023
- High calibre of security staff work with FM to ensure correct staff in place at Access Croydon	30/06/2023
- Improved comms and visibility of security	
- move credit union moving credit union to a different area will reduce the vulnerable cohort mixing with customers with children	30/06/2023
- Review vulnerable front door access Consider a separate front door for vulnerable housing customers who require expert advice and attention. removing them from the main public cohort reduces risks to others	30/06/2023
- Security screens and an enclosed desk area to be looked at	30/06/2023
- Uniform including stab vests and cameras	30/06/2023

Risk Ref	Risk	Impact	Assigned To	Current			Future Risk Rating		
		Risk Scenario		Impact	L'hood	Total	Impact	L'hood	Total
CDS0035 Golland, Paul	Subject matter experts (SMEs) who support many of the Council's critical IT systems are single points of failure (SPoF) and eligible to retire meaning there is significant risk of these systems effectively becoming unsupported unless. Additionally, the specific configuration of these systems has a substantial learning curve for ensuring any replacement can adequately support the setup of the system. These skills are not readily available in the market, have a premium salary expectation, and most likely need investment in supplier-approved training programmes to get to the necessary level. CDS Digital Systems Team (DST) has a total of 8 application engineer roles (3 of which are senior). At the current time, 1 position is vacant which has had a poor response when advertised, 2 are over retirement age, 2 are over 60, and 2 are within a couple of years of 60. All have 10+ years' experience of supporting Croydon's critical systems.	• Line of business systems which are relied on by front-line services are unsupported leading to key processes not being able to function, or statutory services being reduced or prevented altogether • Significant challenge of IT department being able to continue to support the following systems should any of these SMEs elect to retire or are unable to continue working: o System: Idox Uniform used by: Planning, Building Control, Environmental Health, Commercial Licensing, Trading Standards, Food Standards o System: Visual Files used by: Legal services and external legal o System: Civica Express (Election Management System) used by: Democratic Services o System: Business Objects used by: Adults and Childrens Social Care o System: Corporate GIS used Corporately o System: Capita One used by: Education o System: SharePoint used Corporately o System: OHMS used by: Housing o System: CASPAR used by: Adults Social Care o System: Epilog used by: Crematorium & Registrars	Golland, Paul Last Review: 19/09/2023 Last Amended : 19/09/2023 12:39:53	5	4	20	3	2	6

Existing Controls

- Cloud first architectural principle for all new applications -reduces the support complexity and ensures supplier supports most of the infrastructure needed by the application

- Digital Internal Control Board setup so there is a forum to discuss governance and continuity at a strategic level - Review of loss of technology under review by Business Continuity Team following Capita print server incident. Following the incident it was identified that services did not in the majority have BCP plans to cover for major /total loss of technology.

- Evidence that steps in the agreed implementation plan are progressing successfully -/ 11 - Once the CDS capability review starts, think this measure can be closed/made EXISTING as the review is the evidence

- TUPE'd the Application Management Support team back into IT from Capita -(after unsuccessful outsourced experience which saw support capacity reduce and substantial knowledge loss which hasn't been replaced)

Future Controls	Review Date
- Discussions with suppliers of these systems around how they could support us if needed /08 - CDS capability review commissioned to define support target operating model incl role of suppliers > 31/3/23 08 - ongoing Target 30/6/23	30/06/2023
- Document and agree a resource plan (recruitment, training, cross-skilling, etc.) /07 - CDS capability review commissioned to define support target operating model incl resource plan to fill any gap identified > 31/3/23 07 - ongoing Target 30/6/23	30/06/2023
- Proposed systems dashboard highlighting at risk systems produced and discussed at Digital Control Board /04 - Paper approved by Digital Control Board - Systems Governance sub-group to be formed who will finalise dashboard format and oversee its completion and upkeep - review date > 15/2/23 04 - progressing but not complete Target 30/4/23	30/04/2023
- Review apprenticeship options /09 - CDS capability review commissioned to define support target operating model incl apprenticeships > 31/3/23 09 - part of capability review Target 30/6/23	30/06/2023

- Review support profile of each system to identify skills and resources needed to support each (skills matrix) /06 - CDS capability review commissioned to define support target operating model incl skills and resourcing > 31/3/23

06 - part of capability review Target 30/6/23

30/06/2023

- Secure funding (if required) to implement resource plan /10 - CDS capability review funded from transformation - discussions with finance on converting capital to revenue - target operating model will clarify cost basis for the services provided > 31/3/23

10 - part of capability review Target 30/6/23

30/06/2023

- System roadmaps of impacted systems documented, highlighting opportunities to mitigate risk through procurement, rationalisation /05 - Paper approved by Digital Control Board - Systems Governance sub-group to be formed who will oversee roadmap standards - creation of initial roadmaps to the agree standards to follow > 3/4/23

05 - ongoing Target 31/7/23

31/07/2023

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	Risk Scenario				Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
CEHR0071 Shoesmith, Dean	Organisational behaviours, culture and practices lead to the Council being unable to operate effectively and therefore not serve the residents of the borough and internally within the council in accordance with their expectations. Grant Thornton - 'Report in the Public Interest' recommendation number(s): 1-20....	• Increasing and uncontrollable financial loss. • Legislative action due to non-compliance with statutory obligations. • Workforce behaviours critically damage the organisation. • Political scrutiny and interest at local and national level. • Media interest at local and national level. • Staff morale. • Continuing and increasing reputational damage. • Government intervention. Employment tribunals and potential for litigation HR process Recruitment and retention of staff	Shoesmith, Dean Last Review: 16/08/2023 Last Amended : 16/08/2023 18:21:32	5	4	20	5	3	15

Existing Controls

- A provider has been selected and appointed for the culture change programme   -all staff will be re-inducted through to ensure the workforce as a collective is aligned to, and achieves, appropriate standards of behaviour and conduct to serve the Council's residents an customers . The provider will be commencing the design work of the programme with immediate effect and working in close collaboration with the Chief Executive , CMT and HR and OD to ensure clear objectives, milestones and outcomes are established.

- Coaching and mentoring informal and formal -

- Corporate behaviours and ways of working are core elements -to job descriptions and new performance management system.

- Corporate Director Assurance Statements provided annually . -

- Dedicated Learning & Organisational Development Team supporting culture change   -as a key element to Croydon Renewal Plan with core expectations on compliance and accountability.

- Detailed policies and procedures in place and reviewed by relevant accountable officer / team regularly. -

- Facilitators are now trained. -

- Governance Framework in place which is modelled on the CIPFA / SOLACE methodology. -

- Internal Audit Programme developed and delivered each financial year . -

- New Appraisal System now in place -

- Ongoing engagement with staff. -

- Refreshed manager and staff behaviours and mandatory core training   -including good governance and accountability framework schemes to ensure the Council maintains up to date and relevant adherence to legal requirements and initiatives as they relate to organisational best practice and workforce development and enhancement.

- Risk Management Framework in place. -

- The Crossing the Threshold Culture Change Programme is being rolled out initially through building a train the trainer approach   -This will mean that all staff are developed to embody effective organisational behaviour , culture and practice

- To address organisational culture, the council has launched its Crossing the Threshold culture change programme . -This will be followed through with a second phase Crossing the Threshold , covering the council's workforce. Financial training has been launched for all budget managers to ensure improve budget and financial practice, and a report will be presented to CMT on 31/8/22 to address managerial skills aiming to improve people management skills across the council

- We have adopted a co-creation approach to developing the People Strategy Action Plan , and the recruitment review. -The co-creation approach is supporting a change in culture, ensuring workforce alignment. We have had over 200 staff participate from frontline workers, to senior managers, trade union reps, and staff network reps, co-creating our 4 year action plan.

- Work is now underway for the implementation of the organisational culture change programme . - This was initiated through the appointment of external advisors and facilitators BBS in November 2021, with an initial meeting with the Chief Executive in early December and a facilitated session with CMT and the directors on 10 December 2021. There will be further facilitation sessions , including a train the trainers approach in the New Year, followed by the culture change programme being rolled out across the council via the trained trainers.

Future Controls	**Review Date**
- Culture Change Plan being taken to Mayor's Advisory Board 17/07/23	31/12/2023
- Health & Wellbeing action plan to to through a co-creation consultation	31/12/2023

- Introduction of 360 reviews for all managers commencing with Head of service and above and incrementally including all mangers by April 2023   31/03/2023
- New simplified appraisal system to be evaluated.   31/12/2023
- We continue to utilise co-creation as a means of involving and engaging the workforce to enable effective culture change .   31/03/2026
- Work is being undertaken to establish a representative cross -section of staff at all levels and for all directorates of the Council to form a Design Group , which will continue to   31/03/2026
co-create with as part of our action plan, design and delivery.

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	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
CIC0010 Rhys-Lewis, Huw	Risk of financial loss due to the poor performance of Brick By Brick including the Fairfield Halls refurbishment project and associated RIPI. Requirement for unbudgeted capital works Financial risks now identified	• Council is liable for the outstanding debt. • Political and media scrutiny and interest. • Financial loss on sale of BxB assets. • Loss of interest on loan payments	Rhys-Lewis, Huw Last Review: 14/08/2023 Last Amended : 14/08/2023 11:50:57	4	5	20	3	3	9

Existing Controls

- Additional Management support to be considered for Brick by Brick during managed wind down of the company. -Additional third-party support for the build out of certain sites being engaged.

- Exchange on Kindred House scheme -

- Forensic Investigation report in respect of Fairfield Halls Report - Regular meetings with GLL established and agreement being reached on all outstanding work

- Losses on BBB anticiapated and covered in council budget -

- Revised loan agreement to Brick by Brick (excluding Fairfield Halls) -

Loan agreement setting down rights and obligations of parties.

Separate bank account established for accrued interest on loans provided by Council

Regular Operational meetings between company & Council and Shareholder board

Future Controls

 - Lion Green Road scheme under review

Review Date

31/03/2023

	Risk Scenario				Current			Future Risk Rating		
Risk Ref	Risk		Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
CIC0029 Rhys-Lewis, Huw	Reprocurement of contracts left until very late, close to or passed contract expiry		That extensions and waivers have to be used to extend contracts whils reprocurement takes place. Likley to delay and hinder Council aboilty to mobve at pace to deliver trafdnformation changes and savings as set out in the exit report to the Improvement pannel. Likley to impact on the timely delivery of outputs required and as set out in the Mayors plan	Rhys-Lewis, Huw Last Review: 14/08/2023 Last Amended : 14/08/2023 12:07:19	5	4	20	5	4	20

Existing Controls

- Contracts Register -Issue of Contracts Register to enable operational teams to review when contracts are due

Future Controls   Review Date

- Notices and Reminders Procurement team to issue notices and reminder of forth coming contract expiry taking a 3 month look ahead

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	Risk Scenario				Current			Future Risk Rating		
Risk Ref	Risk		Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
EDCIP0003 Crichlow, Kerry	Displaced People (Governance and Strategy) The cross cutting nature of the impact and additional burden to the council in relation to asylum seeking and displaced people requires a whole council response, and governance oversight. The Streamlined Application Process (SAP) and Croydon's share of people placed in dispersed accommodation will place additional burden on services. Currently no formal way of identifying and tracking this cohort to be able to resource and plan. In addition hosting arrangements under the Homes for Ukraine Scheme are also coming to an end leaving Ukrainian refugees seeking accommodation. The impact of these changes will place further pressure on the Councils capacity to provide housing to vulnerable residents. There will also be pressure from the Government Afghan dispersal scheme which will lead to more homelessness pressures. The Home Office is now targeting Best Western Hotel and giving people leave to remain. The Council have no funding for this. There are over 500 households involved here. The council and the service may come under pressure and an increase in homelessness, extra pressure on temporary accommodation and ultimately the general fund. At present demand cannot be predicted and this risk needs to be regularly reviewed.		- Lack of access to housing, essential health and education services - Increase in physical and mental health concerns - Increased demand on local health, ASC and CSC services - Increase in homelessness - Increase in social tensions, impact on community cohesion - Increase in people with NRPF and destitute if asylum applications refused	Crichlow, Kerry Last Review: 14/09/2023 Last Amended : 05/10/2023 16:04:57	4	5	20	4	5	20

Existing Controls

- Develop intuitive data snapshot to inform service development and partnership strategy -Develop intuitive data snapshot to inform service development and partnership strategy
- Understanding of the burden to the Council and Council partners -- establish common understanding of the data with regard to burden on services with council partners, health and education
- utilise the available grant funding to plan for pressures across the system,
- work with the partnership including VCS, education and Health to identify provision which will support integration locally with light touch support
- establish effective operational links with housing and NRPF services providing informed coordinated approaches

Future Controls

	Review Date
- Develop a cross borough approach to strengthen Croydon's ability to influence government policy with regard to Asylum Seekers . - engage and lobby through London Councils meetings e.g. CELC, ALDCS and the Strategic Migration Partnership to set out Croydon's case. - convene cross borough meetings at senior officer level to build strong joint narratives . - test the appetite to establish cross borough engagement with the Home Office and accommodation provider .	22/11/2023
- Inter Department working Development of SLAs between services with agreed actions/pathways and identification of service spend that can be reclaimed Developed communications plan that informs eligibility to services and enables tracking of spend and funding available Develop the inter department working arrangements including specialist working arrangements	08/12/2023
- Work across directorates to develop priorities for HfU and Asylum Seekers Grant spend to prevent homelessness - work closely with the homelessness team to align homelessness prevention grant spend for Ukrainian and Afghan refugees . - secure dedicated and specialist capacity to provide housing options advice to all refugees who present for a service. - maintain an accurate spend plan to allocate grant funding to mitigate homelessness where possible.	27/10/2023

Risk Scenario				Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
EHCSC0016 Madden, Roisin	Registered and Regulated providers refuse to accept placements of children where the Council is statutorily required to deliver either social care provision leading to the use of unregistered provision for children who need registered care homes either foster homes or children's homes.	Children under the age of 16 are placed in supported accommodation homes which are not regulated by Ofsted therefore there is no formal regulation of the standards of care, meaning that the Council becomes the regulator, leading to potential risk to children through poor quality care, Inspection risk as an indicator that the council's sufficiency strategy is not effective and reputational risk associated with challenge by the regulator.	Madden, Roisin Last Review: 14/08/2023 Last Amended : 14/08/2023 14:31:43	4	5	20	4	5	20

Existing Controls

- Comprehensive support to placement providers -Providing holistic support to foster carers and residential providers to support their care of traumatised children who can present as challenging in their behaviours as a result of the harm that they have suffered.   This support will reduce the likelihood of a placement breakdown which creates the risk of reliance upon unregulated providers of care.

- Liason with Ofsted & close management oversight when these arrangements are made - To ensure the regulator is sighted on the need to use unregistered and unregulated provision for children Ofsted are notified when such arrangements are made, updates are provided regularly and these arrangements are reviewed at the Care Panel on a weekly basis.

- Robust Placement finding activity -Ensuring that the Placements Team build and maintain positive working relationships with care providers in and close to Croydon promoting the value of caring for Croydon children , building confidence in the relationship with Croydon Council.

Future Controls

	Review Date
- Development of Emergency Foster Care Provision Our In house fostering provision to create options for emergency foster placements to be maintained through financial support to hold vacancies in order to have a regulated home for children in exceptional circumstances. These homes would need 24 hr staff support to manage the level of risk, including as yet unassessed risk given the short notice need of children that arises.	01/08/2023
- Development of Residential Children's Home A project is underway to open a Residential Children's Home specifically for children aged 12 and over where there are risks of extra familial harm.	29/04/2024
- Introduction of Ofsted Regulation of provision currently categorised at Unregulated Ofsted Regulation commences from September 2023. This will provide external oversight for children over 16 however the risk of needing to use unregistered care for those under 16 given the national and local sufficiency challenges remains likely .	29/09/2023
- Refreshed Sufficiency Strategy Renewed approach to providing sufficient provision of safe alternative homes for children in line with their needs when they are unable to remain safely with their family will provide greater access to registered care provision within Croydon and neighboring boroughs.	31/10/2023

Risk Ref	Risk	Impact	Assigned To	Current			Future Risk Rating		
	Risk Scenario			Impact	L'hood	Total	Impact	L'hood	Total
EHCSC0017 Madden, Roisin	Gaps in Statutory Social Work Capacity - Family Assessment Service and Social Work with Families Service -The proportion of social workers holding unacceptably high caseloads remains a concern, most vacancies are covered by locum staff. Risk generated 1/6/2021	Caseloads above acceptable levels reducing the quality and timeliness of social work assessments and interventions; increased demand on statutory services through either repeat assessments or the need to intervene through a child in need or child protection plan. Rising costs as more complex interventions are required for children and increased demand on services. Impact on retention of social workers as staff reference workload as reasons for leaving Croydon. Ofsted evaluation of practice impacting on the reputation of the council, impacting on retention and recruitment.	Madden, Roisin Last Review: 14/08/2023 Last Amended : 14/08/2023 14:58:28	4	5	20	4	4	16

Existing Controls

- Development of MASH Dashboard in Power BI -Enabling real time analysis of workflow in the Multi Agency Safeguarding Hub will support more effective application of resource to respond to requests for help from Children's Social Care, directing help from the partnership and thereby managing the demand on case- holding practitioners in the Family Assessment Service .

- Procurement of an 'Outside London Pledge' team of agency workers -The procurement of a team of social workers, outside the Memorandum of Understanding as a last resort in light of the lack of agency staff available through the MOU London Pledge and standard Adecco framework .   This has been enacted as of 1st August to provide additional capacity in Social Work with Families

- Recruitment of additional locum staff to cover absences due to sickness -Spend Control panel agreement has been given on a case by case basis for additional staff both qualified social workers , family support workers and additional SW Managers to be brought in via the agency framework to address gaps caused by sickness absence.

- Redesign of Services within Access, Support & Intervention to manage demand more effectively to reduce rise in caseloads   -Transformation work in Croydon's Front Door for Children's Services is underway to streamline responses to incoming referrals, provide greater focus on early help provision, utilising the MASH process more often to increase partner involvement in the assessment of risk.
Re-design of the teams in MASH; Family Assessment Service; Family Solutions Service & Young Croydon increase the level of management support to practitioners & introduce Snr Practitioner roles to support retention of staff in case-holding roles.

Future Controls

-

Review Date

Risk Scenario				Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
FIR0062 Bannin, Allister	Funding levels provided through the Government Grant for future financial years may be significantly lower than anticipated post the next general election resulting in considerable savings being required to balance the Council's Medium Term Financial Strategy.	• Service disruptions or services ceased • Key manifesto / corporate objectives not achieved. • Resident dissatisfaction. • Media and political scrutiny. • Legal challenge and associated consequences. • Staff reductions / redundancies. • Unable to deliver a balanced budget. • Section 114 notices continue to be served.....	Bannin, Allister Last Review: 15/08/2023 Last Amended : 15/08/2023 18:17:29	5	4	20	5	3	15

Existing Controls

- Continued focus / investigation into effective approaches to managing social care demand and the social care reforms   -

- Continued lobbying with DLUHC for fair funding. -

- Continued maintenance of general fund reserve at current levels, -with an ambition to increase the minimum level of reserves to 5% of the net revenue budget to cover any major unforeseen expenditure.

- Continuing approach to organisational efficiency including smart commissioning & procurement strategies, and recruitment -controls. Targeted approach to early intervention and prevention strategies (children's and adult's social care) and exploitation of opportunities for working in collaboration with our partners.....

- Continuous monitoring / scrutiny of all budgets and commitments. -

- Detailed MTFS planning throughout the year -

- Fair Funding Review, Business Rates Reset, Adult Social Care Reform and other changes to local government finance system delayed -Policy paper for 2024/25 already issued giving reassurance of government funding for that year but there is a subsequent cliff-edge into 2025/26.

Future Controls

 - Strategic approach applied to identify efficiencies and savings and project managed approach to delivery Through changes to the way the Council works e .g. One Council approach with cross-Directorate working, the Transformation Programme, exploiting new technology, consolidation of buildings and processes.

Review Date

01/05/2023

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
FIR0063 Bannin, Allister	General increasing demand for council services driven by several factors including declining health in the borough, fuel poverty, cost of living pressures and rising interest rates increasing the financial demand on the council for services.	Service, financial, reputational, legal and people dimensions to the risk.	Bannin, Allister Last Review: 15/08/2023 Last Amended : 15/08/2023 18:17:39	5	4	20	4	4	16

Existing Controls

- Additional discretionary hardship support fund for Council Tax introduced   -

- Council Tax Support Scheme under continual review   -

- Current control measures support to community   -•   Council tax support scheme supports low-income households, freedom pass provision and free school meals
•   Council tax hardship fund (£2m) was set up to support residents with the extra 10% Council Tax rise.
•   Discretionary Housing Payments to contribute to shortfalls in rent.
•   Croydon Healthy Home service gives energy advice and supports fuel poor and vulnerable households to obtain funding for energy efficiency improvements .
•   Commissioning of advice services to provide welfare rights advice.
•   Downloadable directory for local support around Welfare Rights or debt advice
•   Croydon Works jobs brokerage service for residents and local employers .
•   Croydon Adult Learning and Training, and work through Skills and Employment Forum with college and universities, private sector provider and users to support the employability of residents.
•   Signposting residents to support with emergency provisions around food and utility top-ups.

Future Controls	Review Date
-	

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	Risk Scenario				Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
HO0007 Sen, Susmita	Organisational instability, responsive repairs contractual changes and delays to the creation of Planned Maintenance interface between NEC and Oracle Finance impacts the implementation of the new integrated Housing IT system (NEC) such that it fails to deliver all the intended benefits. Current status is still significant issues and risks outstanding to be resolved which could impact funding.	• Have to retain legacy systems for longer, costing more and breaching tender regulations • Cost of programme increases to support project resources for a longer period of time • Takes longer to onboard the required resources to deliver the project due to extended internal checks and balances on spending confirmed budget • Housing MTFS savings not able to be met until new system is live and sufficiently adopted • Reduction in staff morale due to change fatigue and financial pressures • Scope creep & weakened governance and decision-making due to changing Senior Management expectations and buy-in caused through extended use of interims over the life of the project • Planned maintenance interface delay requires manual intervention that takes up additional officer resource and delays payments to contractors • Complaints arising from residents' inability to request balances and statements online • AUDDIS file sent late so Direct Debit acceptance delayed for new payees	Sen, Susmita Last Review: 21/09/2023 Last Amended : 29/09/2023 13:47:29	5	4	20	4	3	12

Existing Controls

- Ensure project governance arrangements (especially core meetings) are reviewed -/004 - ongoing
- Focused engagement for each change in interim officer at Head of Service , Director, and Corporate Director level -
- Maintain active RAID log -/002 – ongoing

Future Controls	Review Date
- Agree long term solution with banks. This is the protocol to deliver Direct Debit transactions and exchange AUDDIS files to set up new Direct Debit agreements .	31/10/2023
- Explicitly highlight and socialise expected end state for each service area /005 – Existing > implementing outcome of review 05 - review complete, improved service engagement on project - ongoing Target - 31/5/23	31/05/2023
- Institute processes and protocols for managing payments to planned maintenance contractors	31/10/2023
- Rent balance information has been corrected for rent and service charge accounts. Resident portal due to go live w/c 9/10/23 which will present residents online information	31/10/2023
- Responsive Repairs plan baselined for all workstreams 07 - still a concern - mitigation work and planning ongoing Target 30/4/23	30/04/2023

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	Risk Scenario			Assigned To	Current			Future Risk Rating		
Risk Ref	Risk		Impact		Impact	L'hood	Total	Impact	L'hood	Total
HO0012 Sen, Susmita	Fail to Manage risks associated with LPS/HRB Portfolio - excluding Regina Road.		-Regulatory implications -Reputational implications -Financial implications -Resident dissatisfaction	O'Rourke, Niall Last Review: Last Amended : 21/09/2023 11:17:42	5	4	20	4	3	12

Existing Controls

- Structural appraisal -An iterative approach to structural investigation has been provided by ARUP which is being followed . The first stage visual inspections to be completed by the end of July. LB Croydon to attempt to locate the as designed drawings for the 4 LPS blocks that were developed by Wates prior to Arup becoming involved in later design types and phases of development . There is an increased importance in developing the safety case for these blocks as there needs to be assessment of hazards, risks nd mitigations across structural and fire.   The other risks are captured in the Building Safety Act Risk on HRBS ' which is more general.

Future Controls   Review Date

-

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Risk Ref	Risk	Impact	Assigned To	Current			Future Risk Rating		
	Risk Scenario			Impact	L'hood	Total	Impact	L'hood	Total
HSI0035 Sen, Susmita	Fail to successfully mobilize the Gas Safe Contractor in August 2023	-Safety risk to safety of occupants of Homes and other facilities, if annual gas safety checks, serving and responsive repairs service fall below the required standards. -Regulatory risk if landlords gas safety checks fall below required standards. -Reputation damage if Authority does not provide a compliant LGSR programme and a good responsive repairs service. -Customer sentiment and satisfaction decrease, due to poor annual safety, serving and responsive repairs associated with the new service. -Risk that the new contractor will identify unforeseen investment needs into domestic and commercial heating plant. - Do not achieve value for money, if the new service does now meet the required standards then potentially require a re-procurement of the service resulting in additional expenditure and impact on resources.	O'Rourke, Niall Last Review: 14/08/2023 Last Amended : 30/08/2023 10:19:20	5	4	20	5	2	10

Existing Controls

- Create and test KPI Reporting as per contract and KPI Reporting for RSH Consumer Standards -Liaise with Duncan and team to ensure that the KPI's have been prepared and are reporting accurately. Share the RSH KPI's required for Regulatory reporting.

- Develop and deliver annual serivcing programme to non gas domestic heating and hot water systems -The existing arrangement does not include for the annual servicing of non gas domestic heating systems. It is good practice to have annual servicing programmes to ensure that systems are serviced and operate effectively and efficiently . While the development of the programme has commenced during the mobilisation period more attention will be required after we ensure the annual gas safety programme is well managed and no longer a risk, due tot he safety and regulatory risks associated with homes with gas.

- Ensure annual gas safety checks are completed in time and mitigate potential increase in overdues. -The annual gas safety programme has been shared with the incoming contractor. The outgoing contractor is also attempting to complete LGSR that fall due before contract end. The incumbent has historically struggled with maintaining the annual gas safety programme up to date, however performance has improved over the last year or so. Ove June and July there have been an increase in the number overdues, however anticipated that these may start to reduce in July/August. However the annual gas safety checks are loaded in the Summer and Autumn months, resulting in multiple events occurring in a short period that could result in a deterioration in LGSR performance i.e.. change to NEC, mobilization of new gas contractor, seasonal peak in number of LGSR's required. These challenges are being managed in the regular meetings taking place.

- Ensure Commercial Heating Plant is well maintained and all Heat Metering Regs are complied with -The incoming gas contractor is to inspect all commercial boiler plant and review the information shared by LB Croydon, including information related to historic component replacements and concerns over lack of space heating temperature controls and heat metering. The proposal is to procure M&E consultancy services to support the Authority in ensuring that investment decisions are proportionate and avoid outages for customers over the first year of the contract. It is believed that some further investment is required on the Heat Metering Regulations and this is to be investigated further.

- Establish Contract Meetings Schedule -Schedule more formal contract meetings to deal with post mobilisation matters and BAU contract management.

- Improve Resident Communciation and reduce relliance on escaltion / forcedentry -The current service appears to rely on a high rate of escalation and forced entry, greater than experienced in other LA's as far as key people n the mobilsation are aware. Reliance on upper tier escalations and forced entries are resource heavy and can lead to deteriorating customer sentiment and satisfaction. There is a lack of visibility on how the incumbent managed the Letter 1 and 2 process. All escalation letters have been reviewed and amended with input from Housing Service colleagues. The key changes are to improve clarity on the safety, servicing and potential energy saving for customers and improved appointment access with use of QR codes on Letters 1 & 2.   Also took the opportunity to remove text relating to special measures during the Covid pandemic that were still in current letters. There will be a need to develop other improvements in residents communication, including for those with domestic heating that is not gas, which is a new workstream in terms of annual servicing and also with residents benefiting from commercial heating arrangements, specifically about annual dates when communal heating turned on and off

- LGSR Recovery Plan -Due to agreements with the previous provider LGSR escalation letters were not sent out for homes with gas falling due in Aug and September . We have developed a 'Recovery Plan' to address these. However there is circa 3,003 homes falling overdue in these 2 months, so the task s large and therefore challenging. The was agreed first week in August and is expected to peak in late August before recovering back to normal levels come mid October. We are monitoring performance on a weekly basis . .

- Staff absence during mobilisation and early stages of new service -Recent change in the head of building safety and compliance. In addition the gas safety manager is on sick leave from mid June to mid July. This has somewhat hampered understanding of some of the detail in the current contract, management and issues. However believed we have sight of majority of issues and are discussing these with the incoming contractor.   If the period of sickness is extended or re-occurs for an extended period in the coming few months then this will add to the challenge.

Future Controls	Review Date
-	

	Risk Scenario				Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
PP0025 Courcoux, David	Following the repeal of legislation regarding fixed term parliaments, a General Election could be called in as little as 35 days. Without having a definitive date for an election before then, it is difficult to plan for an election and in particular secure the necessary venues (e.g. polling stations, count venue).	Late changes to polling stations may cause confusion for voters. A lack of available count venue could delay the count and declaration of results....	Courcoux, David Last Review: 30/08/2023 Last Amended : 30/08/2023 17:46:21	5	4	20	4	4	16

Existing Controls

- Additional professional support sourced -

- Establishment of Returning Officer Group and Elections Operations Group for delivery of May 2024 elections and any snap General -

- Online polling station staff training package booked with the Association of Electoral Administrators for a snap GE (Aug 23) -

- Plans for snap General Election to be incorporated into Election staff recruitment and training strategies   -

- Polling station and count staff -We maintain a database of potential staff that can be appointed to manage polling stations and support the count .

- Polling Stations -Polling stations have been identified and designated through Council. Review of venues is underway. Delegated authority is in place to ensure alternative polling stations can be secured at short notice where required..

- Print supply contract -The Council has a multi-year contract in place with professional printers that maintain plans for delivering elections materials at short notice.

- Production of Work-plan and Risk Register for delivery of May 2024 elections and any snap General Election -

- Production of Work-plan and Risk Register for delivery of May 2024 elections to be adapted for snap General Election -

- Various potential count venues have now been identified   -

Future Controls | **Review Date**

- Adapt work-plan and risk register as necessary if snap General Election is called — 31/08/2023

- Amendments to some polling district boundaries Amendments to some polling district boundaries because of electorate size , and polling places because of unavailability to be agreed by General Purposes Committee and take effect 1 December 2023. — 01/12/2023

- Briefing of Presiding Officers on new Voter ID requirements and confirm their continuing availability for future elections — 15/09/2023

- Contingency plan for the use of Council buildings as count venues Contingency plan for the use of Council buildings (Town Hall and BWH) for use as a count venue if other venues unavailable. (Target date 1 November 2023) — 01/11/2023

- Review of Polling Districts and Polling places Full review to take place in 2024.

Risk Scenario				Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
PR0043 Agbakiaka, Karen	Future waste collection and street cleansing contract costs Final tenders received for the new waste collection and street cleansing service are in excess of the profiled budgeted allocation for 2025 and beyond.	Financial - insufficient budget to cover the cost of service including both Capital and revenue. Reputational - Reduced service offer does not deliver required quality standards.	Agbakiaka, Karen Last Review: 30/08/2023 Last Amended : 18/09/2023 16:25:37	4	5	20	4	4	16

Existing Controls

- Develop a MTFS growth form -- Growth Bid developed and built in the 23/24 & 24/25 budgets of £3m for new service provision.
- Procurement route to market agreed through competitive dialogue providing early indication of indicative pricing ahead of final submission allowing for -
- specification to be adjusted to accommodate any agreed financial envelope.
- Soft market exercise -to feed into the MTFS growth bid the service in conjunction with SLWP undertook a soft marketing exercise with prospective bidders to develop re -procurement strategy and market appetite to risk sharing

Future Controls	Review Date
- re-procurement and evaluation methodology - High weighting on financial assessment at 60%. - two stage competitive dialogue process in place	15/08/2023

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Risk Scenario				Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
RCS0039 West, Jane	Delays in the external audits of the 2019/20, 2020/21, 2021/22 and now 2022/23 accounts could be masking errors in the accounts and therefore the current financial position of the Council is not certain. Work has recently completed in relation to the accounting treatment of Croydon Affordable Homes and Croydon Affordable Tenures, corrections to HRA recharges from the General Fund and a necessary increase in the Provision for Bad Debt in relation to the 2019/20 accounts. The updated 2019/20 accounts are on the Council's website and have been shared with the Audit and Governance Committee and the external auditors, Grant Thornton. It is anticipated that any financial implications for the General Fund, Housing Revenue Account and capital funding can be contained within the recent legacy Capitalisation Direction of £161.6m granted by the Department for Levelling Up, Housing and Communities. The negative Direct Schools Grant reserve should be eliminated by additional grant from the Department for Education and Skills through the recently completed Safety Valve process. The grant will be phased in as the Special Educational Needs agreed Safety Valve plan is delivered. A related risk is that the government's response to national delays in external audit work curtails the opportunity to fully complete the external audit work required by imposing a backstop date beyond which no further audit work can be executed.	• Potentially qualified accounts provided in respect of 2019/20, 2020/21 or 2021/22 • Loss of control of financial position • Political scrutiny applied at local and national level. • Media interest and scrutiny at local and national level. • Continuing financial loss. • Reputational damage. • Potential investigation of historic financial practices. • Impact on reserves	West, Jane Last Review: 07/08/2023 Last Amended : 07/08/2023 12:21:43	4	5	20	3	4	12

Existing Controls

- Regular meetings with Grant Thornton and corporate finance team to monitor progress of audit   -Timetable for updating and publishing the Council's outstanding accounts has been set
Timetable for external audit work by Grant Thornton has been agreed
2019/20 and 2020/21 external audit work by Grant Thornton is currently underway

Future Controls	Review Date
- Monitor the government's response to the national delays in external audit and lobby to allow completion of Croydon's audit	31/03/2025

	Risk Scenario			Current			Future Risk Rating		
Risk Ref	Risk	Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
TRA0003 Sharon Godman	The Transformation Programme is not sufficiently ambitious enough , with insufficient change and savings	The Council's aspiration to manage its finances and transform the organisation may not be realised The Council continues to be subject to intervention for a longer period The Council could be subject to a further level of government intervention The Council is unable to restore its reputation and trust of the residents of Croydon	Sharon Godman Last Review: 14/08/2023 Last Amended : 29/09/2023 13:53:36	5	4	20	5	4	20

Existing Controls

- Review of the programme -Programme review to rationalise and consolidate the programme. Conclusion to propose a revised approach.

Future Controls	Review Date
- Development of a pipeline of additional substantial programmes/projects Existing programme largely focused on delivering 23-24 savings in the budget. Programme needs to have a more substantial multi-year outlook	30/11/2023
- Finance and Delivery Tracking via project assurance Key financials and delivery outcome and timeline tracking introduced with output reflected in programme reporting	31/10/2023

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Risk Ref	Risk	Impact	Assigned To	Current Impact	L'hood	Total	Future Risk Rating Impact	L'hood	Total
TRA0004 Sharon Godman	Service capacity to deliver transformation projects may be limited by BAU activities and unexpected issues/emergencies may arise drawing capacity away from Transformation Projects	Delivery of transformation outcomes may be delayed Financial benefits may not be achieved in the timeframe assumed in the Medium Term Financial Plan creating additional financial pressures on the Council The impact may be wider if there are other projects relying on the delivery of the directly impacted project	Sharon Godman Last Review: 14/08/2023 Last Amended : 29/09/2023 13:53:36	4	5	20	3	3	9

Existing Controls

- Additional transformation resources to be brought in as required -

- Ensure Transformation Programme budget is available to respond to urgent resource requests to keep projects moving   -

Future Controls

- Programme assurance process introduced

Review Date

31/10/2023

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	Risk Scenario				Current			Future Risk Rating		
Risk Ref	Risk		Impact	Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
VRN0055 Aspinall, Kristian	Croydon Council's Leisure Contract & Partnership with GLL GLL currently manage New Addington, Monks Hill, Waddon, South Norwood, Thornton Heath, Ashburton Hall, Purley, Croydon Sports Arena and 32 tennis courts on behalf of the council. Due to rise in energy costs, GLL's utility expenses have risen to such an extent that they have expressed their concerns regarding the viability of continuing to run our leisure facilities. The overriding risk is that GLL are unable to fulfil their commitment and cease to manage the leisure facilities before our contract is due to expire. LBC currently does not have the staffing capacity or know-how to manage the major leisure facilities on a practical or operational level.		Closing the leisure centres would significantly impact the well-being and health of the borough's residents, particularly those vulnerable groups who use our facilities. This would have a downstream effect on our health and social care services as residents would not be able to access preventative leisure and exercise. Equally, the council would have to take on the running of the sites, and it does not have the inhouse skills. This would create a significant financial loss to the council more than several million pounds annually, as well as potential TUPE situations for staff. It would also mean to loss of the planned income for the service that starts in 2023. Any closures would have considerable negative publicity locally and nationally.	Aspinall, Kristian Last Review: 12/09/2023 Last Amended : 12/09/2023 11:41:53	5	4	20	5	2	10

Existing Controls

- Communication with other London Boroughs -to understand what practices they have employed to reduce their energy costs and what support they may have provided their leisure providers. Whilst the contractual agreement that LBC has with GLL will not be the same as their agreements with other borough's it is likely that some elements of how other local authorities are managing the issue can be shared and used in LBC
- Financial subsidy of £400k provided based on analysis of energy bill rises -
- Utility cost saving measures are in place at all the leisure facilities. -This includes covers for the swimming pools which are the single largest utility expense.
- Winter programme run during winter 22/23 to reduce costs, and to be considered for 23/24 -

Future Controls

Review Date

- Continued discussions with industry bodies too lobby central government for support and help including inclusion of leisure centres in government high usage energy bill schemes
- Growth Bid For contract manager to support the contract management (no current resource to do this).

	Risk Scenario			Assigned To	Current			Future Risk Rating		
Risk Ref	Risk		Impact		Impact	L'hood	Total	Impact	L'hood	Total
VRN0057 Aspinall, Kristian	The Council fails to plan for / provide a Designated Disaster Mortuary on behalf of the Senior Coroner.		Failure to meet statutory duties Failure to manage emergency incident Reputational impact Emotional distress to communities and families	Aspinall, Kristian Last Review: 12/09/2023 Last Amended : 12/09/2023 11:42:24	5	4	20	5	4	20

Existing Controls

- Regular engagement with Senior Coroner -

- scoping DDM arrangements with other boroughs who have established DDMs to identify good practice and adopt in Croydon -

Future Controls	**Review Date**
- Recommendation report to CMT in August 2023	28/08/2023
- Task and finish group to be established urgently to review work done to date on commissioning this service	02/10/2023

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	Risk Scenario				Current			Future Risk Rating		
Risk Ref	Risk	Impact		Assigned To	Impact	L'hood	Total	Impact	L'hood	Total
VRN0060 Aspinall, Kristian	The Council is unable to adequately respond to civil emergencies / incidents as per their duties within the Civil Contingencies Act 2004 (Risk generated 27/05/2020).	• Residents without support for their needs and left in dangerous situations. • Further damage or trauma to people, economy or environment, including death. • Reputational damage. • Breach of statutory duty. • Financial loss; liability claims. • Litigation/ public inquiry. • Media and Political interest and scrutiny.		Aspinall, Kristian Last Review: 12/09/2023 Last Amended : 12/09/2023 11:40:58	5	4	20	5	3	15

Existing Controls

- Business Continuity Strategy review (Spring 2022) -

- Business Continuity Workshops with services (2023) -

- Corporate Emergency Response Plan to detail response structures and governance - reviewed in 2023 with updated guidance -

- Emergency Response Officer recruitment and training drive (2023) -

- Emergency response plan suite, including suite themed response plans such as flooding, pandemic, animal disease, -emergency centres

- Ensure consistent and frequent awareness by the raising of risk to CMT & Directors -

- Lessons learned processes undertaken after major incidents -

- London Mutual Aid protocol, incl. British Red Cross support. -

- London Resilience Networks -

- On-call staffing: --   Council Gold
-       Council Silver
-        Resilience Advisor
-        LA Liaison Officer
-        Emergency Centre Manager

- Ongoing delivery of a staff training programme in an emergency response   -role to increase the number of staff that are aware and able to respond .

- Physical & virtual Borough Emergency Control Centre (BECC) capability. -

- Supportive & effective Croydon Resilience Forum/ Local Strategic Partnership relationships. -

- Team business continuity plans reviewed in Spring/Summer 2022 -

Future Controls	Review Date
- "Rapid review" of systems and processes coming to CMT in July 2023 highlighting areas of weakness and proposed changes	02/10/2023
- Growth bid for increased capacity in the EP team and increased security of out of hours arrangements	02/10/2023

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Threat and Opportunity Risk Assessment

RISK IDENTIFICATION & ASSESSMENT
CONSIDER BOTH OPPORTUNITY AND THREATS

		Service disruption	Financial Loss	Reputation/ Complaints	Statutory/ legal	People
Extreme	5	Total failure of service	Over £5m	National publicity or complaints. Resignation of Member or Chief Officer.	Multiple civil or criminal suits. Litigation, claim or fine above £5m	Multiple fatal incidents or serious permanent injuries involving staff or customers
Very high	4	Serious disruption to service	£500k- £5m	National public or press interest, including high profile complaints	Litigation, claim or fine £500k - £5m	Fatal incidents or serious permanent injuries involving staff or customers
Medium	3	Disruption to service	£50k -£500k	Local public/ press interest including significant corporate complaints volumes/impact	Litigation, claim or fine £50k - £500k	Incidents causing serious permanent injuries involving staff or customers
Low	2	Some minor impact on service	£5k - £50k	Contained within department complaints process	Litigation, claim or fine £5k - £50k	Incidents causing serious injuries involving staff or customers
Negligible	1	Annoyance but does not disrupt service	< £5k	Contained within unit/section, complaints made but resolved	Litigation, claim or fine less than £5k	Incidents causing notifiable injuries involving staff or customers

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

20-25	Those risks requiring immediate management and monitoring
9-19	Those risks requiring management and monitoring but less time critical
1-8	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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LONDON BOROUGH OF CROYDON

REPORT:	**Audit & Governance Committee**
DATE OF DECISION	**19th October 2023**
REPORT TITLE:	**Update on Oracle Improvements Programme**
CORPORATE DIRECTOR / DIRECTOR:	**Jane West, Corporate Director of Resources and Section 151 Officer**
LEAD OFFICER:	**Jane West, Corporate Director of Resources and Section 151 Officer** **Email: jane.west@croydon.gov.uk**
LEAD MEMBER:	**Cllr Jason Cummings, Cabinet Member for Finance**
CONTAINS EXEMPT INFORMATION?	**NO** **Public**
WARDS AFFECTED:	**N/A**

1   SUMMARY OF REPORT

1.1   The Audit and Governance Committee are referred to the Cabinet report at **Appendix A**.

1.2   A presentation will be given to update the committee on the progress with the Oracle Improvement Programme, slides attached at **Appendix B**.

2   RECOMMENDATIONS

For the reasons set out in the report Audit & Governance Committee are recommended to:

2.1   Receive the presentation and update.

3   REASONS FOR RECOMMENDATIONS

3.1   At the Cabinet Meeting on 27th September 2023, the Executive Mayor in Cabinet approved the recommendation to allocate an investment of £740,000 from the Transformation Plan revenue budget 2023/24, to provide resources to develop a detailed plan with workstreams, milestones and costs to implement the improvements to the Council's Oracle system as set out in the Cabinet report at **Appendix A.**

3.2   This report and presentation provide an update for Audit and Governance Committee.

4   BACKGROUND AND DETAILS

4.1   The Cabinet report at **Appendix A** provides more detail, including alternative options considered; consultation; contribution to Council priorities; and approved comments on the financial, legal and equalities implications.

4.2   The presentation at **Appendix B** covers the Oracle review findings, known problems, work done to date, priority areas to address and design principles to be used.

5   APPENDICES

5.1   **A**   Cabinet Report: **Oracle Improvement Programme V5 Final.**

B   Presentation: **Croydon Council Audit and Governance Committee October 2023 Oracle Update.**

LONDON BOROUGH OF CROYDON

REPORT:		CABINET
DATE OF DECISION		27 September 2023 (CMT 23 Aug and MAB 4 Sept)
REPORT TITLE:		Oracle Improvement Programme
CORPORATE DIRECTOR / DIRECTOR:		Jane West, Corporate Director of Resources (S151 Officer)
LEAD OFFICER:		Jane West, Corporate Director of Resources (S151 Officer) jane.west@croydon.gov.uk
LEAD MEMBER:		Cllr Jason Cummings, Cabinet Member for Finance
KEY DECISION?	No	
CONTAINS EXEMPT INFORMATION?	No	Public
WARDS AFFECTED:		All

1   SUMMARY OF REPORT

1.1   This report recommends an investment of £740,000, from the Transformation Plan revenue budget allocation 2023/24, into developing a detailed implementation plan and full resource request to significantly improve the Council's Oracle Cloud solution for Finance, Procurement, HR, and Payroll while ensuring the system's stability and continuity. This is in addition to £175,000 project investment request already approved by the Transformation Board and reported elsewhere on this agenda within the Transformation Plan update report.

1.2   The improvement programme which this investment supports is required to enable the transformation ambitions of the Council and support the priorities in the Mayor's Business Plan 2022-2026 as detailed below.

2   RECOMMENDATIONS

For the reasons set out in the report, the Executive Mayor in Cabinet, is recommended to approve the recommendations below:

2.1   To allocate an investment of £740,000 from the Transformation Plan revenue budget 2023/24 to provide resources to develop a detailed plan with workstreams, milestones and costs to implement the improvements to the Council's Oracle system as set out in this report.

3 REASONS FOR RECOMMENDATIONS

3.1 To provide the Council with the confidence that it has a robust Oracle platform for Finance, HR, Payroll and Procurement systems that reflects best practice and enables further council transformation.

3.2 To improve the user experience of Oracle by promoting greater self-service functionality for line managers, budget managers and promote simplification and exploit the automation of processes.

4 BACKGROUND AND DETAILS

4.1 One of the most critical IT systems used across the organisation is the Oracle Enterprise Resource Planning (ERP) application. This is a suite of inter-dependant modules that provides the operational backbone for the council. These modules cover finance, HR, procurement, and supply chain operations. This system enables the payment of staff and suppliers, the collection of income and management of the Council's finances and employees.

4.2 The platform used is Oracle's Cloud Fusion product (referred to as My Resources within Croydon). In addition to a contract with Oracle for licences to use their Fusion product, Croydon partnered with Evolutionary Systems Ltd (Evosys, now Mastek) to implement the system and provide ongoing support. The My Resources solution went live in May 2019 replacing several disparate systems.

4.3 Post go-live little investment has been made to further develop the system and it is now, in its current configuration, holding back further changes to back-office services and the wider transformation of council.

4.4 There are numerous complaints about limited reporting capability and too much off system work taking place such as manual work arounds, separate reporting and off-system data manipulation. This results in significant additional manual effort in many services and introduces control issues and risk into reporting and governance.

Oracle Review

4.5 An officer board has been established, chaired by the Corporate Director of Resources and S151 Officer. During April and May this year the board commissioned Oracle to undertake a review of the My Resources system to understand where improvements can be made to align the system with Oracle best-practice and ensure the Council maximises the benefits it can achieve from its investment. The review involved over 70 key stakeholders across the council with over 12 workshops held.

4.6 The review measured the council's systems process maturity against four levels:

    4.6.1 Stage 1: Marginal

    4.6.2 Stage 2: Stable

    4.6.3 Stage 3: Best Practice

    4.6.4 Stage 4: Transformational

4.7   Regarding the HR processes they assessed at Stage 1 maturity and are characterised by several off-system activities and functionality gaps with consequent human-intensive effort.

4.8   In Finance the majority of the processes they assessed at Stage 2 maturity with the major problems highlighted pertaining to establishment data sync issues and a lack of automation in collections.

4.9   Procurement was assessed as consistently at maturity level 2 but with key issues highlighted on supplier set up and user compliance.

4.10   Oracle conclude that it should be realistic to aim for a best practice level of maturity and identified illustrative, best practice process changes, ranging from quick wins using reporting and functionality already in place to utilising functionality we have available but not deployed or where we have potential configuration/process design issues.

4.11   The officer board has agreed to move forward with developing ten key projects to address the Oracle report findings. The processes are listed in Table 1 below in a provisional priority order. There will also be dependencies between processes which will need to be picked up as part of the detailed planning; such as the Recruitment and Establishment processes needing to be aligned, similarly Planning and Budgeting will need to align with changes to the establishment process. A consistent theme across all processes will be improving governance, accountability, control, and transparency and will involve a significant culture change across all business users.

Table 1: Provisional Priorities

Priority	Process	Benefit Expected
1	Establishment - including starters movers and leavers	• Self-service automation and easy navigation • Accurate timely reporting • Reduce failure demand, and repetitive requests. • Budget and establishment always reconciled. • Avoidance of payroll errors
2	Planning & budgeting	• Self-service automation and easy navigation • Accurate timely reporting and transaction drill-down • Narrative reporting captured in Oracle
3	Recruitment	• Self-service automation and much-improved applicant and hiring manager experience. • Accurate timely reporting, including EDI candidate data: on application, shortlisting, interview and appointment
4	Core HR	• Succession Planning • Performance Management • Self-service automation and easy navigation • Better decisions and efficiency (accurate timely reporting

Priority	Process	Benefit Expected
5	Talent management	• Self-service automation and easy navigation • Strategic planning • Accurate timely reporting • Talent reviews and learning journeys • Multi-platform functionality • Efficient and effective learning management system • Support development skills and careers pathways
6	Procurement	• Self-service automation • Better decisions • PO flipping on Portal (automatic invoice generation) • Efficient invoice management
7	Receivables and collections	• Paperless direct debits • Pay back dated invoices. • Invoices electronic with useful information • Self-service automation and easy navigation • Customer portal; SMS for dunning
8	Time recording & payroll	• Employee and manager self-service automation and easy navigation • Better decisions (accurate timely reporting) • Better controls to prevent payroll errors. • Efficiency and cost reductions
9	Sourcing & contract management	• Self-service automation • Better decisions • Automated interfaces Improved supplier management
10	Expenses - including Purchase Cards	• Self-service automation and easy navigation • Better decisions (accurate timely reporting) • Data validation at time of entry • Resubmission revisions by anyone in audit

4.12 Implementing these vital changes will be a multi-year project and is likely to cost anywhere from £2m to £5m. It is essential that the plans are properly constructed and in sufficient detail, are fully costed and proper engagement is undertaken with business process owners to ensure buy-in. This report is requesting an initial upfront investment to undertake this planning and put in place a core resource complement through to March 2024. By then a fully worked up plan and cost will come to Cabinet for consideration. This request could be agreed by the Transformation Board but given the scale of investment needed for the full project and its importance, it is considered important to bring this to the Mayor and Cabinet now, as will future programme updates.

Six Month Resource Plan

4.13 The following tables set out the resource plan through to March 2024. The resources for the initial period are funded from the £175,000 previously agreed by the Transformation Board to establish essential project management and independent consultant (critical friend) resources for this project. Table 2 sets out the resource phasing and Table 3 sets out the roles required and their key responsibilities. The

additional resources required have been costed through to March 2024 at £740,000 which includes £50,000 for third-party configuration work. The total committed to developing the costed plan for this programme will be £915,000. This is recognised to be a significant investment at this stage but is essential to de-risk the full improvement programme.

Table 2: Resources required

Resource	FTE	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Programme Manager	1.0							
Change Manager	1.0							
Independent Consultant (Critical Friend)	0.4							
Workstream Lead Finance	1.0							
Workstream Lead HR (HR Core+ Establishment)	1.0							
Workstream Lead HR (Recruitment)	1.0							
Workstream Lead Procurement	1.0							
Finance Business Analyst	1.0							
HR Business Analyst	1.0							
HR Business Analyst	1.0							
Project Management Office Support	1.0							
Total	**10.4**							

Table 3: Key responsibilities

Role	Key Responsibilities
Programme Manager	• Communicates and engages with senior stakeholders and builds buy-in and support within the business community to drive the programme forward. • Overall responsibility for the delivery of the programme and achievement of target business outcomes. Manages the overall programme plan, risk and issues to ensure accuracy and alignment with workstreams and dependencies are managed. • Establishes a collaborative programme working environment, ensuring all team members (including suppliers) can operate effectively and deliver their obligations.
Change Manager	• Engagement with stakeholder groups to ensure they are listened to and the impact on their work is understood. • The planning and implementation of the change including the impact on business processes. • Provide input, document requirements, and support the design and delivery of training.
Independent Consultant (Critical Friend)	• Providing project and programme assurance including advice on aligning Oracle best-practice in a local authority context. • Advise on improvements and critically review solutions. • Contribute lessons learned from other local authority projects.

Role	Key Responsibilities
Workstream Lead Finance	• Facilitating workshops to gather requirements ascertain most appropriate Oracle solution to support the Croydon budgeting and forecasting process. • Engage and manage stakeholders to build buy-in and support within the finance and business community to drive the improvement project forward. • Determine key finance establishment processes and ensure these are reflected in the Oracle solution as well as "joining up" with the relevant HR establishment processes.
Workstream Lead HR (HR Core+ Establishment)	• Facilitating workshops to ascertain most appropriate Oracle solution to support the Croydon core HR and HR establishment processes. • Engage and manage stakeholders to build buy-in and support within HR and the wider business community to drive the improvement project forward. • Lead improvement of establishment processes and ensure these are reflected in the Oracle solution as well as "joining up" with the other relevant organisation processes e.g. starters, movers & leavers and establishment finance processes.
Workstream Lead HR (Recruitment)	• Facilitating workshops to ascertain most appropriate Oracle solution to support the Croydon HR recruitment processes. • Engage and manage stakeholders to build buy-in and support within HR and the wider business community to drive the improvement project forward. • Determine key HR recruitment processes and ensure these are reflected in the Oracle solution as well as "joining up" with the relevant HR establishment processes.
Workstream Lead Procurement	• Facilitating workshops to ascertain most appropriate Oracle solution to support the Croydon procurement processes. • Engage and manage stakeholders to build buy-in and support within procurement and the wider business community to drive the improvement project forward. • Determine key procurement processes and ensure these are reflected in the Oracle solution as well as "joining up" with other procurement systems along with working with other workstream leads to develop end-to-end processes.
Finance Business Analyst	• Assist in the analysis and evaluation of existing business processes a company has and identifying areas of improvement
HR Business Analyst (x 2)	• Assist in the analysis and evaluation of existing business processes a company has and identifying areas of improvement
PMO support	• Support the project team by maintaining a governance structure and associated activities such as ongoing risk assessments and mitigation across all workstreams, capturing actions and minutes as steering board meetings. • Provide management reporting support such as status of milestones and deliverables across the programme, financial information about the budget, forecast, actuals. • Reporting on project risks and progress on mitigating these risks.

5 ALTERNATIVE OPTIONS CONSIDERED

5.1   A discussion paper was presented to the Corporate Management Team in November 2021 outlining the plans for the My Resources (Oracle Fusion) system. There was unanimous approval to continue to leverage the Oracle Fusion platform rather than undertake a costly and distracting re-tendering exercise to replace it and implement an alternative system.

5.2   Also considered was operating with no further investment in Oracle Cloud and to work within the constraints of the current system footprint. This was considered as suboptimal as it would hinder further service improvements and is impractical given the Oracle Cloud system as a modern cloud application is constantly evolving and will always require development.

6 CONSULTATION

6.1   Engagement has been undertaken with HR and Payroll, Finance and Procurement business owners both separately and via several workshops facilitated by Oracle. The workshops were well attended with more than 70 stakeholders from inside the council attending 12 workshops, cumulating in more than 20 hours of discussion.

6.2   This level consultation and engagement has meant that there is a comprehensive view of the requirements and ambitions of Croydon to not only improve business processes but also adopt improved cultures and behaviours.

7. CONTRIBUTION TO COUNCIL PRIORITIES

7.1   This programme of work directly contributes to the following outcome and supporting priorities in the Mayor's Business Plan 2022-2026:

> **7.1.1 Outcome 1 -** The council balances its books, listens to residents, and delivers good sustainable services.
> **7.1.2 Priority:** Get a grip on the finances and make the Council financially sustainable.
> **Priority:** Ensure good governance is embedded and adopt best practice.
> **Priority:** Develop our workforce to deliver in a manner that respects the diversity of our communities.

8. IMPLICATIONS

8.1   **FINANCIAL IMPLICATIONS**

> **8.1.1** The £740,000 resource request will be funded from the £10m transformation plan budget agreed by Council for 2023-24. Noting that the Transformation Board has previously agreed £175,000 for project resources for this project. Therefore, the

total commitment at this stage amounts to £915,000. Given the scale of the likely full project cost, a funding source for the full project will need to be identified when that request is made of the Executive Mayor in Cabinet.

Comments approved by Allister Bannin, Director of Finance (Deputy S151 Officer) (14/08/2023)

8.2   LEGAL IMPLICATIONS

8.2.1   The Council as a best value authority "must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness" (Section 3 Local Government Act (LGA) 1999). The Best Value Duty applies to all functions of the Council.

8.2.2   On 20th July 2023, the Secretary of State for Levelling Up, Housing and Communities ("the SoS") issued Directions under Section 15(5) of the LGA to the Council on the on the basis that the Council was failing to comply with its Best Value Duty and setting out actions to be taken by the Council to comply the duty.   The SoS Directions require the Council to, amongst others, continue to address the culture of poor financial management and to restore public trust and confidence by transforming the Council's activities, practices, and omissions to ensure that they are compatible with the best value duty. In addition, the Council is required to secure as soon as practicable that all its functions are exercised in conformity with the best value duty thereby delivering improvements in services and outcomes for the people of Croydon. The recommended funding allocation serves to improve the Council's IT infrastructure and enable service transformation and aligns with the best value duty.

8.2.3   The Council's budget and policy framework procedure rules (Part 4C of the Constitution) provides that the Executive may only take decisions which are in line with the Budget Framework. The recommended funding allocation is within budgetary envelop approved by Full Council.

Comments approved by the Head of Litigation and Corporate Law on behalf of the Director of Legal Services and Monitoring Officer. (Date 21/08/2023)

8.3   EQUALITIES IMPLICATIONS

8.3.1   Under the Public Sector Equality Duty of the Equality Act 2010, decision makers must   evidence consideration of any potential impacts of proposals on groups who share the protected characteristics, before decisions are taken. This includes any decisions relating to how authorities act as employers; how they develop, evaluate and review policies; how they design, deliver and evaluate services, and also how they commission ad procure   services from others.

8.3.2 Section 149 of the Act requires public bodies to have due regard to the need to:

Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act.
Advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
Foster good relations between people who share a protected characteristic and people who do not share it.

8.3.3 There are no direct Equalities implications of this decision. However, if the planned improvements go ahead there is expected to be a positive benefit as enhancements will be made to reporting on equalities and diversity information as referenced in Table 1. As part of that process an equality impact assessment will be completed.

Comments approved by Naseer Ahmad on behalf of the Equalities Manager (Date 21/08/2023)

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Croydon Council Oracle Improvement Programme

Jane West

Corporate Director of Resources and Section 151 Officer

Resources Department

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Purpose of the Report

To provide members with:

- An update on the Oracle Improvement Programme

Jane West

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Background

- My Resources is the Croydon Council Enterprise Resource Planning (ERP) application running on the Oracle Cloud Fusion platform.

- It is used for Finance, Procurement, HR and Payroll and is a market leading product.

- The system has been live since May 2019 and is in a stable state.

- There is a perception within some parts of the Council that My Resources can be a blocker to improvements in the way the organisation operates.

- During April and May this year the Finance and HR systems Steering Group, an officer board, chaired by Corporate Director of Resources (S151 Officer) commissioned Oracle to undertake a review of the My Resources system to understand where improvements can be made to align the system with Oracle best-practice and ensure the Council maximises the benefits it can achieve from its investment.

- The review involved over 70 key stakeholders across the council with 12 workshops held.

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Oracle Review Findings

Area	Key Findings	Oracle Review Maturity Assessment – current 🔴 target 🟢			
		Stage 1 Marginal	Stage 2 Stable	Stage 3 Best Practice	Stage 4 Transformational
HR	Several off-system activities and functionality gaps with consequent human-intensive effort.	🔴 ➡		🟢	
Finance	Establishment data sync issues and a lack of automation in collections.		🔴 ➡	🟢	
Procurement	Supplier set up and user compliance.		🔴 ➡	🟢	

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Known Business Problems

- Inaccurate establishment data
- Compliance issues with self-service processes
- Poor absence records
- Usability of the system to monitor budgets
- Lack of My Resources skills and competence across the organisation
- Effort required of Finance to produce monthly financial reporting
- Poor engagement from managers and staff across the organisation

These problems are creating a vicious circle that we need to break out of….

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Known Problems with the governance, development and adoption of Oracle

- Ownership and usability of business processes

- Lack of strategic governance of My Resources

- Not exploiting the full potential of Oracle

- Lack of awareness of the capabilities of the system

- Oracle licences

- My Resources support model

Jane West

Work done

- Re-established governance – Finance and HR Systems Steering Group
- Confirmed that replacing Oracle is not a cost effective option
- Undertook a "Value Assessment" in conjunction with Oracle and Mastek to review our implementation
- Confirmed priority areas for improvement
- Developed a bid which was approved at the September Cabinet meeting to fund a six-month scoping and planning project to develop a fully costed detailed plan for a two-year Oracle Improvement Programme

What we are doing now

- Building the programme team
- Engaging with staff who manage processes and use the system
- Arranging "Art of the Possible" sessions to confirm solutions

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Provisional Priorities

- Oracle conclude that it should be realistic to aim for a **best practice** level of maturity.

- They identified illustrative, best practice process changes, ranging from quick wins using reporting and functionality already in place to utilising functionality we have available but not deployed or where we have potential configuration/process design issues.

- The officer board has agreed to move forward with developing **ten key projects** grouped into three workstreams to address the Oracle report findings.

- The projects are listed the table on the next slide in a provisional priority order.

- There will be dependencies between processes which will need to be picked up as part of the detailed planning e.g.

    - Recruitment and Establishment processes need to be aligned,

    - Planning and Budgeting will need to align with changes to the establishment process.

- A consistent theme across all processes will be improving **governance, accountability, control, and transparency** and will involve a **significant culture change** across all business users.

Jane West

Ten Key Projects

Priority	Project	Benefit Expected	Workstream
1	Establishment - including starters movers and leavers	• Self-service automation and easy navigation • Accurate timely reporting • Reduce failure demand, and repetitive requests. • Budget and establishment always reconciled. • Avoidance of payroll errors	HR
2	Planning & budgeting	• Self-service automation and easy navigation • Accurate timely reporting and transaction drill-down • Narrative reporting captured in Oracle	Finance
3	Recruitment	• Self-service automation and much-improved applicant and hiring manager experience. • Accurate timely reporting, including EDI candidate data: on application, shortlisting, interview and appointment	HR
4	Core HR	• Succession Planning • Performance Management • Self-service automation and easy navigation • Better decisions and efficiency (accurate timely reporting	HR
5	Talent management	• Self-service automation and easy navigation • Strategic planning • Accurate timely reporting • Talent reviews and learning journeys • Multi-platform functionality • Efficient and effective learning management system • Support development skills and careers pathways	HR

Priority	Project	Benefit Expected	Workstream
6	Procurement	• Self-service automation • Better decisions • PO flipping on Portal (automatic invoice generation) • Efficient invoice management	Procurement
7	Receivables and collections	• Paperless direct debits • Pay back dated invoices. • Invoices electronic with useful information • Self-service automation and easy navigation • Customer portal; SMS for dunning	Finance
8	Time recording & payroll	• Employee and manager self-service automation and easy navigation • Better decisions (accurate timely reporting) • Better controls to prevent payroll errors. • Efficiency and cost reductions	HR
9	Sourcing & contract management	• Self-service automation • Better decisions • Automated interfaces Improved supplier management	Procurement
10	Expenses - including Purchase Cards	• Self-service automation and easy navigation • Better decisions (accurate timely reporting) • Data validation at time of entry • Resubmission revisions by anyone in audit	Finance

Jane West

Oracle Improvement Programme

Taking the output from the Oracle Value Assessment and Corporate priorities we will create an two-year Oracle improvement programme to bring together system and business process improvements and behavioural and cultural change required to implement them.

- The programme will be business led

- As well as prioritised improvements the programme will include mandatory / essential legislative work and future support and licence procurements

- There will be an initial tranche from now until the end of March 2024 to scope, plan and establish the programme, followed thereafter by focused delivery in separate tranches.

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Oracle Improvement Programme

Leveraging the capability of the system is a key enabler and will contribute to the delivery of the programme. It will contribute to the delivery of the Mayor's Business Plan in particular:

Outcome 1: The Council balances its books, listens to residents and delivers good sustainable services

- **Priority:** Get a grip on the finances and make the Council financially sustainable

- **Priority:** Ensure good governance is embedded and adopt best practice

- **Priority:** Develop our workforce to deliver in a manner that respects the diversity of our communities

The work of the programme will be:

- visible to the Mayor and CMT

- form part of the exit strategy for the Independent Assurance Panel,

- reported on in the Council's Annual Assurance Statement and,

- monitored by the Audit and Governance Committee.

The ultimate goal is for the system to streamline administration and to provide reliable data to drive good business decision making, both of which will reduce costs and improve business outcomes.

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Guiding Design Principles

- Start with the Oracle recommended "best practice" processes and configuration

- "Adopt not Adapt" this may mean changing our process to work with the system – don't bespoke the system to match our process

- Move to "on system" processes where we can

- The system should record sufficient detail to support processes.

- Data not to be stored outside of the system e.g. on spreadsheets.

- Management and Business Information to be made available through dashboards.

- Avoid the need to re-key data.

- We need to become a "Best Value" Council

- Increasing value from the investment in the system

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Thank you

Jane West

Corporate Director of Resources and Section 151 Officer

Resources Department

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REPORT TO:	AUDIT & GOVERNANCE COMMITTEE
	19 October 2023
SUBJECT:	**Anti-Fraud Update Report 1 April 2022 – 30 September 2023**
LEAD OFFICER:	**Malcolm Davies, Head of Anti-Fraud, Risk & Insurance**
CABINET MEMBER	**Councillor Jason Cummings**
	Cabinet Member for Finance
WARDS:	**All**

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. The detection of fraud and better anti-fraud awareness contribute to the perception of a law-abiding Borough.

FINANCIAL SUMMARY:

The net budget for the antifraud service as a whole for 2022-23 is £0.366m including £0.189m HRA contribution and the service is currently delivering within budget.

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1. RECOMMENDATIONS

1.1 The Committee is asked to:
- Note the Anti-fraud activity of the Corporate Anti-Fraud Team for the period 1 April 2023 – 30 September 2023

2. EXECUTIVE SUMMARY

2.1 This report and appendix details the performance of the Council's Corporate Anti-Fraud Team (CAFT) together with an update on developments 1 April 2023 – 30 September 2023

3. DETAIL

Developments 1 April 2023 to 30 September 2023

3.1 The CAFT comprises 5 investigators covering tenancy, corporate and financial investigations and is part of the larger shared counter fraud service led by Lambeth. The team are also supported by a 'client side' Intelligence Officer. The anti-fraud service investigates allegations of fraud or corruption which affect the Council's activities. In addition, the team generates an income by providing services to other London Boroughs.

3.2 CAFT has gradually adopted processes carried out by Lambeth, such as the review of all housing successions, assignments and Right to Buy applications. In the year to date one Right to Buy application was prevented, with a saving to the public purse of £105,400. In addition, the team has delivered one formal caution, denied one housing application, and recommended two instances of downsizing of households, freeing up larger properties for those in need.

3.3 A number of other proactive preventative counter fraud measures are being explored or have been implemented including the routine vetting of all staff both permanent and interim for any fraud concerns before they are employed by the council as laid out in the case study below.

3.4 **Case Study: Staff Vetting.**

The shared service with Lambeth has already seen a number of changes to the way the Corporate Anti-Fraud team operates as detailed above; the routine screening of all staff whether temporary or permanent before employment for any concerns of fraud is another example of the positive development of the service.

The Credit Industry Fraud Avoidance System (Cifas) is a not-for-profit organisation that has been operational since 1988. It's mission is 'to detect, deter and prevent fraud in society by harnessing technology and working in partnership'. Membership covers most large financial institutions and there has been a recent drive to include local authorities as members. The scheme operates as follows:

- Members identify fraud carried out by staff or customers that is deemed to be reportable to the police – there is no requirement for it to be reported

- The member organisation will file the incident on the database and will include the name, date of birth, national insurance number and other details relating to the perpetrator – details are retained for 6 years
- Organisations with access to the database will check the database when they are recruiting, or perhaps accepting a new customer (such as banks, insurers etc.)
- If records are held, the organisation that identifies the record can contact the filing organisation for more details

Croydon has been using Cifas as part of vetting for all recruitment, including agency, for several months. Since April 2023, HR and CAFT have reviewed 397 successful candidates for roles at the council, of which approximately 60% have been in agency roles. Of these, 10 have had their offers of employment withdrawn due to records held in Cifas relating to fraud, primarily against banks. In most cases identified candidates have misused the facility or retained a wrongful credit, often relating to funds being obtained fraudulently from victims. The funds are generally withdrawn by the perpetrator before the bank can prevent the loss.

National Fraud Initiative

3.5   In addition to some of the workstreams identified above the council, is now also proactively exploiting the opportunities afforded by the Cabinet Office 'National Fraud Initiative' (NFI) for the prevention of fraud and error. This activity falls into 2 main workstreams, the NFI national exercise and secondly 'fraud hub'.

3.6   The NFI national exercise takes place every two years, whereby participating bodies (including all Local Authorities) submit data to the NFI secure website. The NFI system matches data within and between bodies to identify potential anomalies, referred to as 'matches'. Matches are made available to participating bodies for them to review, investigate and record outcomes from those investigations.

3.7   In total 120 reports are made available to Croydon Council which include matches in the areas of Housing Benefits, Housing Tenancies, Housing Waiting Lists, Right to Buy, Pensions, Payroll and Council Tax Reduction Scheme. Working through the matches from the latest national exercise has to date identified £170k of cashable 'outcomes'.

3.8   A good example of this type of report is the 'Council Tax Reduction Scheme to Council Tax Reduction Scheme report' which is designed to identify individuals that are claiming council tax reduction from more than one local authority simultaneously. To date this matching exercise with other Local Authorities has enabled the recovery of more than £40K in council tax revenues for Croydon.

3.9   The second workstream and a more recent development is Croydon joining the NFI 'Fraud Hub'. This enables the type of data matching outlined above to be conducted by Croydon 'on demand' rather than waiting for an 'every other year' national exercise and therefore becomes more proactive by preventing fraud, rather than identifying and reacting to fraud that may have already taken place.

3.10 Fraud Hub initial efforts are concentrating on routine mortality screening using the General Registrars Office '*Disclosure of Death Registration Information*' (DDRI) report available via Fraud Hub. This report is refreshed fortnightly and can then be matched against relevant council systems to identify instances where individuals have died but, for whatever reason, the information has not been passed onto the relevant council service(s).

3.11 A starting point for mortality screening has been the Council's pensions service and initial results have been successful in picking up instances where individuals have died but the pensions service had not been informed. Receipt of a fortnightly report via fraud hub will enable the pension service to act promptly in suspending pensions where appropriate and prevent overpayment of pensions which can be difficult to recover.

3.11 Future Fraud Hub developments include routine mortality screening against Blue Badge holders, which is now quite far advanced and housing tenancies now in development.
.

4. INVESTIGATIONS

4.1 Fraud investigations relate to a broad section of service areas within the Council including:
- Environmental enforcement
- Housing
- Parking
- Trading Standards - trademark and rogue trader cases
- Planning – enforcement cases
- Licensing
- Internal cases
- Safeguarding cases
- Revenues & Benefits
- Financial investigations

Details of trends in investigations and performance to date are set out in Appendix 1

5. LOCAL GOVERNMENT TRANSPARENCY CODE

5.1 Members will be aware of the Local Government Transparency Code 2015 which requires Councils to publish data about various areas of their activities. Included in the 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 are for the last full year from 1 April to 31 March 2023:

Number of occasions the Council has used powers under the Prevention of Social Housing Fraud Act	8
Total number of employees undertaking investigations and prosecutions relating to fraud	5
Total number of full-time equivalent employees undertaking investigations and prosecutions of fraud	5
Total number of employees undertaking investigations and prosecutions of fraud who are professionally accredited counter fraud specialists	5
Total number of full-time equivalent employees undertaking investigations of and prosecutions who are professionally accredited counter fraud specialists	5

6.   FINANCIAL AND RISK ASSESSMENTS

6.1   The net budget for the antifraud service is £0.366m for 2022-23 including £0.189m HRA contribution and the service is currently delivering within budget.

6.2   There are no further financial implications than those already detailed within the report.

6.3   Comments approved by Lesley Shields, Head of Finance for Assistant Chief Executive and Resources on behalf of the Director of Finance (19.9.2023).

7.   LEGAL IMPLICATIONS

7.1   The Corporate Director of Resources and Chief Finance Officer has a statutory responsibility under Regulation 4 of the Accounts and Audit Regulations 2015 to determine the Council's financial control systems, and those systems must include measures "to enable the prevention and the detection of inaccuracies and fraud". In addition, under Section 151 of the Local Government Act 1972 the Council must make arrangements for the proper administration of its financial affairs.

7.2   The Council also has a duty under Section 17 of the Crime and Disorder Act 1998 to exercise its functions with due regard to the need to do all that it reasonably can to prevent crime and disorder in its area.

7.3   Separately, the Council as a best value authority "must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness" (Section 3 Local Government Act (LGA) 1999). The best value duty applies to all functions of the Council. The Council is the subject of Directions from the Secretary of State requiring service improvement and transformation. The work of the Corporate Anti-Fraud Team is key to the delivery of good quality and responsive services to residents and meeting the Council's best value duty.

(Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Director of Legal Services and Monitoring Officer (21/9/2023)

8.   HUMAN RESOURCES IMPACT

8.1   There are no immediate HR implications arising from the content of this report. Should any matters arise these will be managed as appropriate through the Council's HR policies and procedures.

(Approved by: Gillian Bevan, Head of HR – Resources and Assistant Chief Executives Office on behalf of Dean Shoesmith, Chief People Officer)

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   There are no equality implications in this report. An EQIA has been carried out on the Anti Fraud policy and will be revised in due course
Approved : Denise McCausland Equalities Programme Manager.

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: Jane West, Corporate Director of Resources & S.151)

CONTACT OFFICER: Malcolm Davies (Head of Anti-Fraud, Risk & Insurance)

Appendices

Appendix 1 Corporate Anti-Fraud Performance and Trends April to September 2023

Appendix 1

Corporate Anti-Fraud Team Update April to September 2023

The tables below detail CAFT activity for the period April to September 2023. The shared service has recently changed the way it reports, as part of implementing a new fraud case management system. This has improved reporting capability and in particular made it possible to report trends in a more graphical/visual way, as below. The intention in future years is to compare performance with the previous year by overlays on the graphs presented.

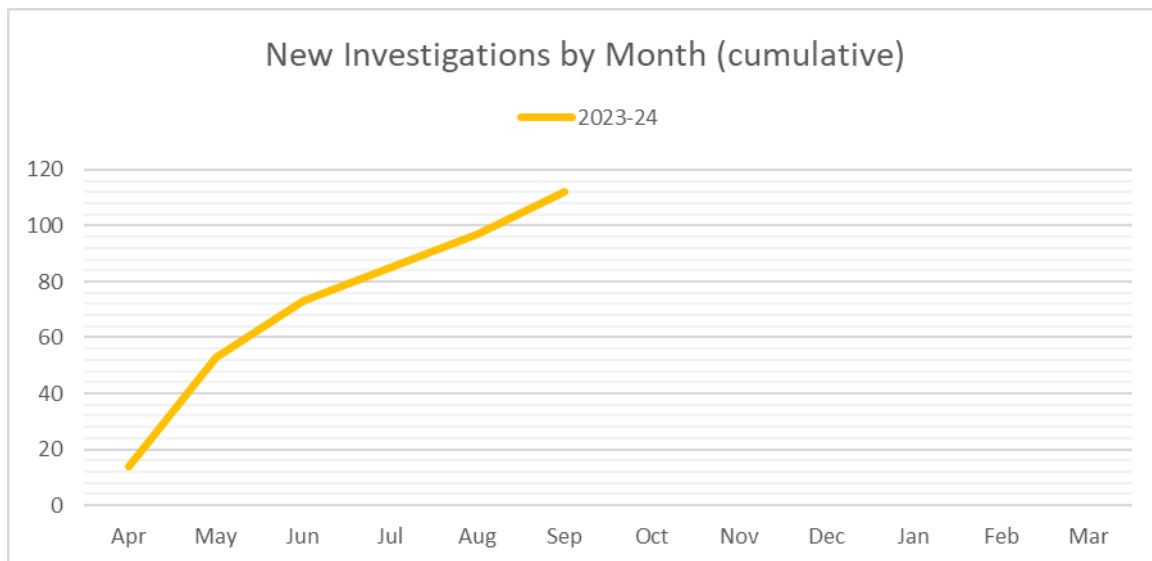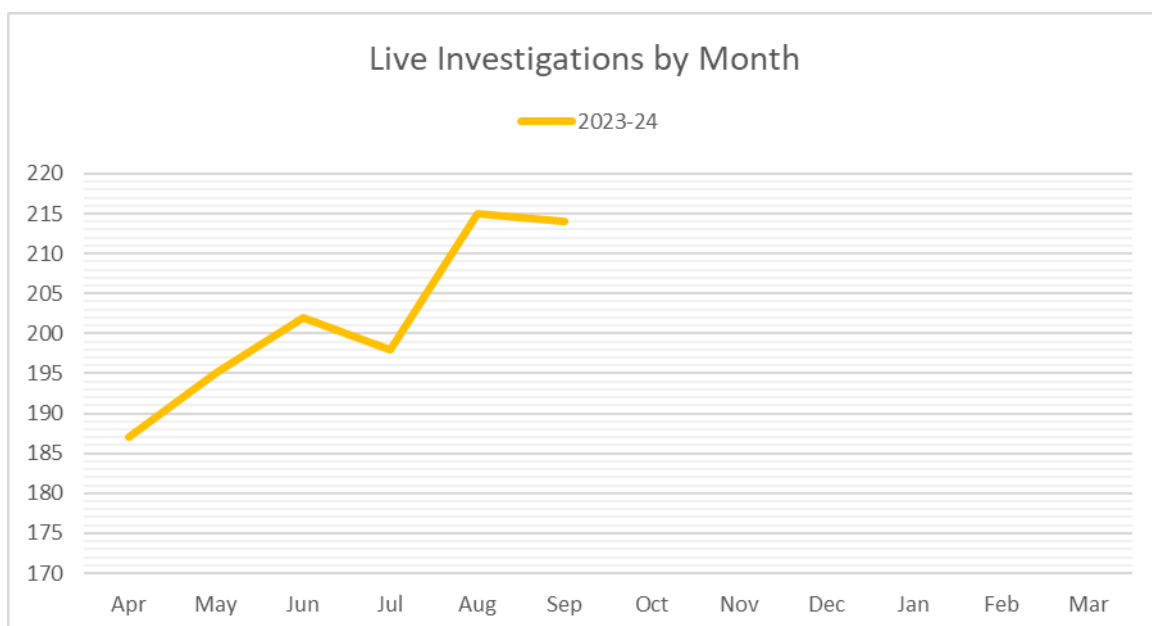**Chart 1: New CAFT Investigations 2023-24**

New Investigations by Month (cumulative)

Chart 2: Live CAFT Investigations 2023-24

Live Investigations by Month

Chart 3: Closed CAFT Investigations 2023-24

Closed Investigations by Month (cumulative)

— 2023-24

[Line chart showing cumulative closed investigations rising from about 11 in Apr to 91 in Sep, plateauing around 61 in Jul–Aug. Y-axis 0–100, X-axis Apr–Mar]
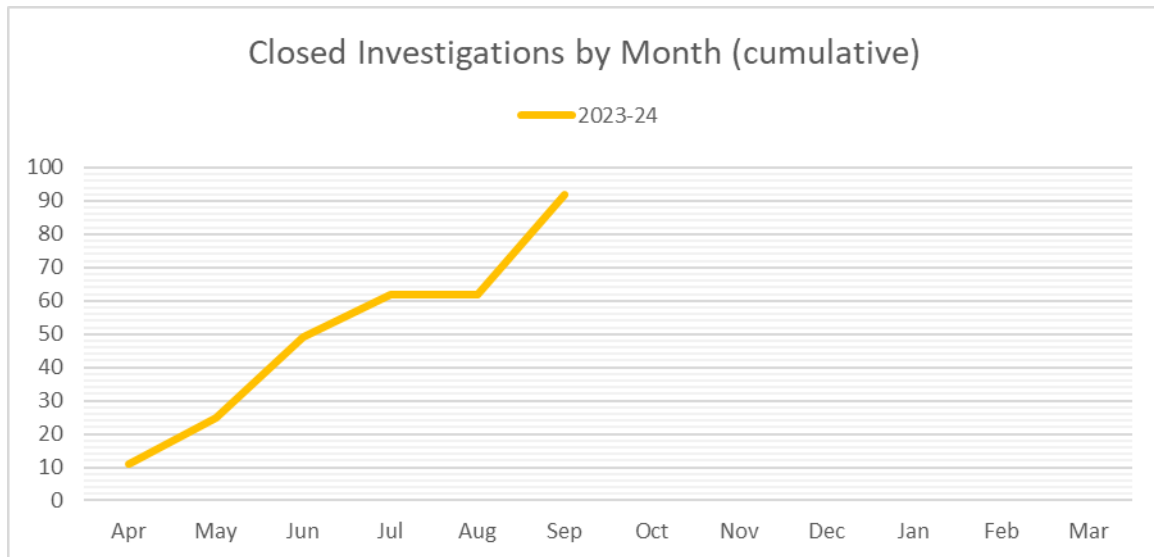
Chart 4: Recommendations to serve notices to quit sent to Legal/Housing 2023-24

Tenancy Recommendations

[Line chart showing tenancy recommendations rising from 3 in Apr to 20 in Sep. Y-axis 0–25, X-axis Apr–Mar]
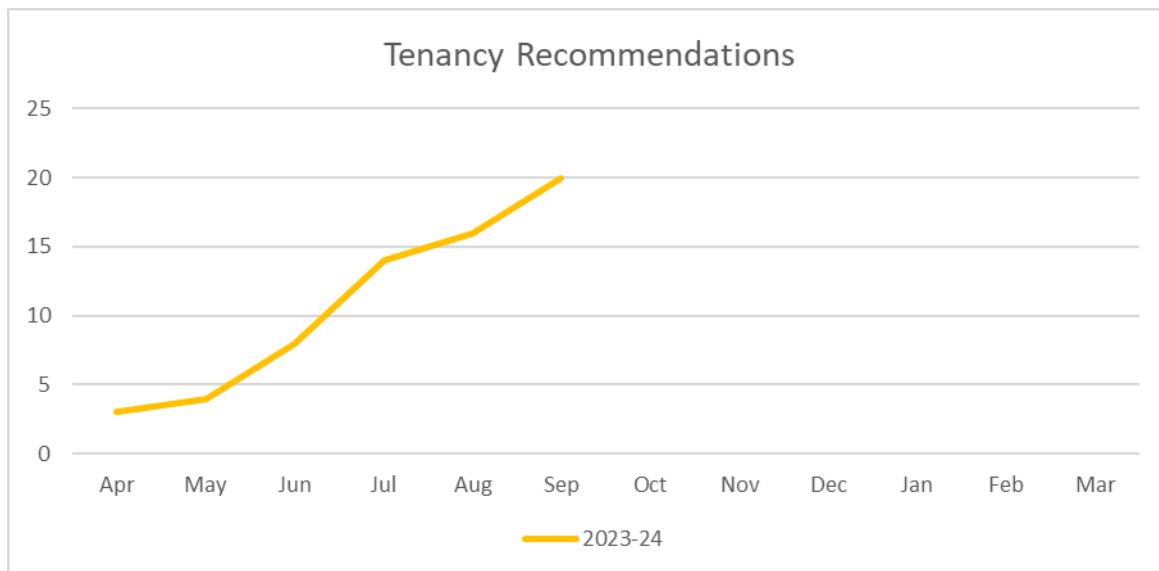
— 2023-24

Chart 5: Tenancy recoveries 2023-24

Tenancy Recoveries

[Line chart showing tenancy recoveries rising from 1 in Apr to 18 in Sep. Y-axis 0–20, X-axis Apr–Mar]
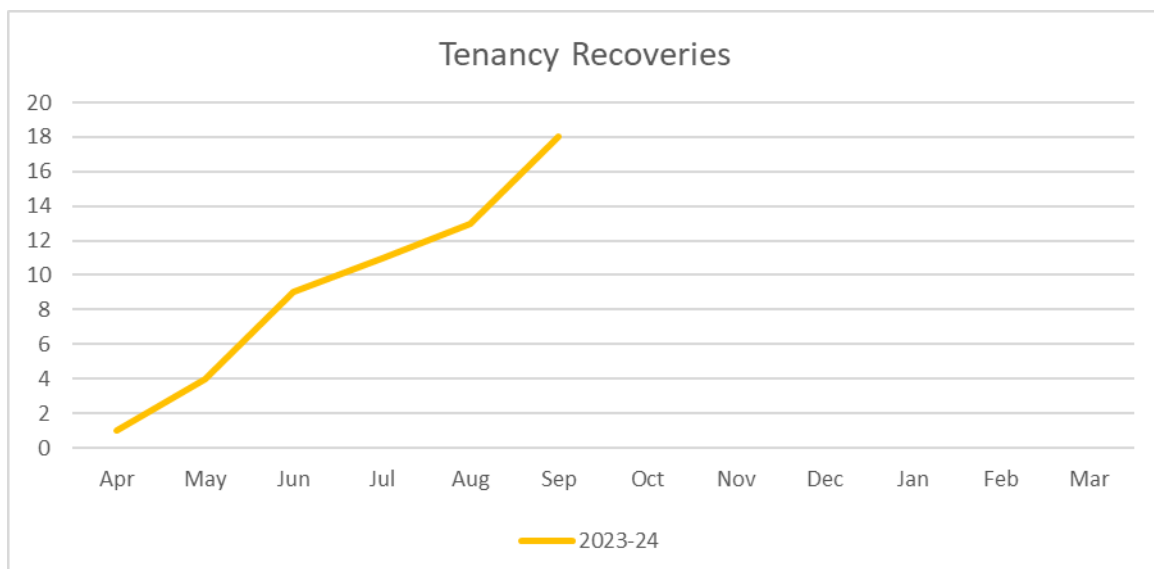
— 2023-24

Chart 6: Closed investigations with financial savings 2023-24*

CAFT Financial Outcomes *
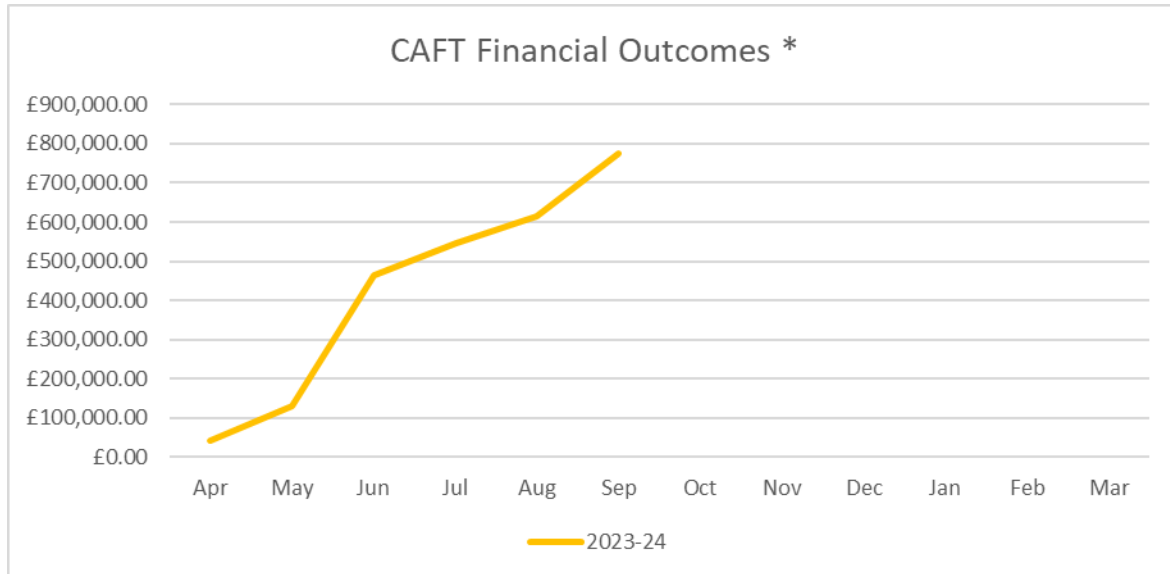
*Tenancies recovered attract a value of £32,000 per recovery. This is based on a local calculation adopted by the London Borough Fraud Investigators Group. Other financial savings include Right to Buy preventions, Council Tax overpayments and Direct Payment overpayments etc.

Chart 7: Internal fraud investigations finalised by outcome 2023-24

CAFT Financial Outcomes *

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