

Audit & Governance Committee

Meeting of held on Thursday, 1 February 2024 at 6.30 pm in Council Chamber, Town Hall,
Katherine Street, Croydon, CR0 1NX

MINUTES

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

Also Present: Councillor Jason Cummings (Cabinet Member for Finance)

PART A

43/24 **Disclosure of Interests**

There were none.

44/24 **Minutes of the Previous Meeting**

The minutes of the meeting held on 30 November 2023 were approved as an accurate record.

45/24 **Urgent Business (if any)**

There were none.

46/24 **Audit and Governance Committee Action Log**

At the request of the Committee Jane West, Section 151 Officer, provided a verbal update on the status of the 2019/20 accounts, which had been due to the February meeting. It was advised the 2019/20 accounts had been close to completion in December 2023, however there had been an issue which required incorporation and adjustments to be made and had caused the delay. The council was awaiting the external auditor's final position on the issue and anticipated either an additional Audit and Governance Committee to be scheduled in February 2024 or the 14 March 2024 meeting would receive the final 2019/20 accounts at the latest.

The cost implications and frustration of the ongoing audit of the 2019/20 accounts were noted and the committee queried what support it could provide in resolving this. Councillor Cummings, Cabinet Member for Finance commented on the frustration around the issues which had arisen

and caused further delays and reminded the committee it could hold to the external auditors to account.

The consultation regarding the government's proposals to implement a backstop date for the auditing of local government accounts on 30 September 2024 was expected to open soon. These proposals would impact Croydon's ability to complete its backlog of accounts. The 2022/23 accounts would not be completed in time and discussions were ongoing with the external auditors regarding the feasibility of completing the 2021/22 accounts if the backstop was implemented. Officers advised they were unsure how the opening balances for 2023/24 would be ascertained if the previous year's accounts were not able to be completed. Croydon had written to the National Audit Office (NAO) noting the council's challenging position and had requested dispensation to allow the auditing of all previous year's accounts to be completed. The NAO had advised these comments were to be submitted when the consultation formally opened. Officers confirmed funds to cover the increased audit costs were held as a reserve. The public interest in the council's full completion of the accounts was noted and it was the council's intention to complete all years to have a full record. It was suggested that the Audit and Governance Committee may be able to support the council's response to the NAO consultation.

In response to questions from the committee around the resources available to complete the accounts, officers advised the Finance Team had a dedicated team working on the financial statements and auditor queries. There was pressure on Grant Thornton's resources however this was being discussed regularly and there was intent for the external auditors to retain the same team for Croydon.

The committee queried whether Croydon had engaged with the Department for Levelling up, Housing and Communities (DLUHC) on the backstop proposals. Officers advised they had, there were numerous government bodies involved in the national discussion including the Financial Reporting Council, CIPFA and the Local Government Association (LGA). Audit resources were a national issue, and all parties would need to agree to a way forward. Croydon was lobbying and in conversation with DLUHC regularly regarding its position on the backstop proposals.

47/24

Committee Work Programme and Assurance Mapping Document

Dave Phillips, Head of Internal Audit noted the inclusion of reporting cycles within the assurance mapping document as requested by the committee. Whilst officers would facilitate any updates, it was the intention for the committee to have ownership of the document going forward.

The Committee queried if the People and Culture Transformation Programme and Transformation Strategy should be included in the assurance mapping document. It was advised that the assurance

mapping would be developed further at the beginning of the next municipal year and would build in the governance arrangements for the Exit Strategy Action Plan which was still being developed. The committee intended to extend the assurance mapping to include the Exit Strategy Action Plan and Transformation Programmes once these were available.

The Committee noted the People and Culture Transformation Strategy update on the March meeting agenda and suggested that this could be a presentation on Transformation as a whole, including the design structures and risk.

A discrepancy between the action log and the work programme was raised and officers agreed to review the documents. The expanding work programme and the committee's responsibility to encourage a good pace of response from officers were discussed.

An update on the gas safety compliance was requested to be included on the March meeting agenda.

48/24

Annual Governance Statement (Update on Action Plan 2022/23)

Stephen Lawrence-Orumwense, Monitoring Officer introduced the report and Annual Governance Statement (AGS) action plan updates to the committee. Huw Rhys-Lewis, Interim Director of Commercial Investment & Capital, Paul Golland, Interim Chief Digital Officer & Director of Resident Access and Chris Dyson, Data Protection Manager were present to provide detailed updates and to answer the Committee's questions in relation to the Procurement and Contract Management and Information Management and actions.

There had been significant progress in completing the RIPI 2 recommendations and work was underway to ensure these actions were embedded in the council's practices. A session had taken place with stakeholder officers and presentations on the lessons learned and changes in practice would be shared across internal boards/forums to ensure continued discussion and awareness by responsible officers. The thematic overlaps between the RIPI2 actions and the Improvement Panel Exit Strategy recommendations were noted. An Exit Strategy Action Plan Tracker had been developed and the committee would receive reporting on the recommendations when targets were set.

Some actions included in the reports were ongoing and the committee asked how completed actions would be reviewed to ensure they were embedded and issues did not reoccur. It was advised that the council's internal audit function would be testing completed actions and part of this was to ascertain their implementation within business-as-usual practices. The audit plan would cover the issues flagged by RIPI 2 and provide the continuous assurance. The Committee requested the future internal audit test date to be included in the tracker for those actions marked complete.

Councillor Cummings commented that the scale of recommendations and actions included within the AGS were far larger than a council in normal position and there was work to be done to return to an acceptable level of monitoring and to ensure the council was not too backward looking.

Huw Rhys-Lewis, Interim Director of Commercial Investment & Capital advised the improvement work already undertaken had met the requirements of the RIPI 2 recommendations and the service was now focussed on the development of improvement plans for Procurement and Contract Management to satisfy the Improvement Panel Exit Strategy. The team had undertaken benchmarking with other local authorities and incorporated the government best practice guidance. The improvement plans were expected to be finalised by March 2024 and would be recommended to Council for approval. The plans incorporated and provided flexibility for the requirements anticipated under the new procurement act. Contract management improvements prioritised key contracts and commercial reviews had been implemented to measure the performance and identify any issues or changes required.

The committee asked what percentage of contracts were now procured through the improved process. 460 contracts had been identified by the deep dive undertaken in July 2023 and around 50% of these were deemed compliant. Since then, improvements were ongoing to improve compliance and had included the allocation of a dedicated procurement manager for each team. Non-compliant contracts were typically below £180,000 in value with an approximate total value of between £30 million and £40 million.

The committee queried the approach taken when the resolution of a non-compliant contract would cause significant disruption to the council and/or residents. Officers advised a pragmatic approach was taken, with the complexity and impact of each contract considered. In some cases, if this would affect the council's statutory responsibilities, this was registered until the contract was due for renewal (typically within 3-5 years) and it could be reprocured compliantly.

Cllr Cummings advised the committee of the quarterly procurement plan update and annual procurement plan which were reported via cabinet, were available online and could be distributed to committee rather than duplicating a process.

Officers agreed to summarise the output of the deep dive which had informed the improvement plans including the benchmarking data, with the committee. The improvement plan would also be shared once finalised.

Paul Golland, Interim Chief Digital Officer & Director of Resident Access presented an update on the Information Management action progress. Following intervention by the Information Commissioners Office (ICO)

improvement plans had been developed and shared with the ICO and resourcing had been allocated to clear the backlog of Freedom of Information (FOI) and Subject Access requests (SAR). The council was now achieving its target of 90% of requests serviced within the timescales. The ICO had provided positive feedback on the council's progress and it was expected the ICO's oversight of Croydon would end soon. The complexity and importance of rectifying the information management issues to ensure the council was meeting its legal obligations and offering transparent access to public information was noted.

Chris Dyson, Data Protection Manager advised the committee there was currently one outstanding FOI from the backlog, this was expected to be closed in the following week and should end the ICO's enforcement. The current caseload was 47 FOIs and 40 SARs, and both were reducing. Training courses were provided for staff each month and there had been good uptake of the mandatory online training for all new starters.

In response to questions officers advised reaching compliance had been the focus of Information Management resourcing. An Information Management strategy review was in development and an Internal Information Control Board had launched to proactively monitor and respond to breaches. The council was intending to move towards being a more paperless organisation and adopting new technologies to index and find information. The Information Management strategy recommendations would be included within the broader transformation programme.

The committee raised concerns about the recurrent Information Management performance issues, noting the performance data on the council's website was dated March 2023. The committee noted issues of appropriate resourcing, ineffective software and highlighted the importance of staff culture in providing timely responses to information requests. The committee asked whether Croydon was close to a position of best practice in this area. Officers advised there remained work to be done and the next phase of strategic review was in development. Over the last 18 months the focus of resources had been placed on achieving improvements to data transparency which had been to the detriment of other areas. Approval of the Information Management strategy in the coming months would enable improvement work to move on to other areas. The improvement in this area was positive with increased awareness across the council of the requirements to respond to FOI and SAR requests and the council's website should reflect this.

The committee queried if proactive actions could be taken to minimise the number of FOI/SAR requests received. It was advised part of the improvement plan work included the adoption of software which made previous requests publicly available to avoid work on duplicate requests. A rationalisation of the systems previously used had been completed and there was now one platform used to manage requests. Information requested was usually council information held by services and if not

personal or exempt, was technically public information however local authorities did not make all this available online.

Accessibility would be a key area for improvement. Cllr Cummings noted the issue of searches on the website not returning the most up to date information and advised updated FOI performance data was available online via the Mayor's Performance Report. There had been a change culturally regarding treatment of information, for example FOI requests had prompted the publication of information on the council's website rather than only responding to the request. The timeliness of information publication had improved, for example the Financial Period Monitoring Reports were published immediately following sign off ahead of Cabinet.

The committee queried whether new targets were set for areas where current actions were now completed. It was advised if the committee was satisfied that the action required had been taken it would no longer need to be identified as a governance issue or included on future AGS action trackers. The 2023/24 Annual Governance Statement would include a review of completed actions. The Exit Strategy Action Plan tracker included 177 actions and this would be a key area of focus for the committee going forward.

The committee RESOLVED, to; consider and comment on the Annual Government Statement (AGS) 2022/23 Action Plan Update which was attached as Appendix 1.

49/24

Risk Register Entry 'Deep Dive'

Malcom Davies introduced the risk register entry deep dive on risk PR0013 Sustainable Parking Income. Jayne Rusbatch, Head of Highways and Parking presented a deep dive presentation to the committee, available at Appendix 1 within the agenda pack.

The committee queried the basis upon which the risk had been downgraded from red to amber. Officers advised this was due to the increased sustainability of the 2023-24 budget and certainty around the income expected from ANPR cameras. It was noted that narrative explaining the effectiveness of control actions in future reports would provide the committee with assurance around risk downgrades.

Councillor Cummings advised parking income had become a high-profile item for the council due to the large variance in the 2022/23 budget due to budgeting failures rather than the operation of the department. This position had improved and 2023/34 performance aligned with the budget. It was agreed the risk register entry required rewording.

Clarification was requested on whether the £26 million expected income was on track and the impact of the council's recent Penalty Charge Notice (PCN) software issues. Nick Hibberd, Corporate Director of Sustainable

Communities, Regeneration & Economic Recovery advised the recent problem with printing had impacted 3100 PCN's where motorists had not received the first notice of contravention with the opportunity to pay a discounted rate. The council was cancelling those PCNs with an average income yield of £56 per PCN. This incident would be reflected in the next risk register entry update and future control measures. The royal mail delivery delays in Croydon were noted, officers advised the scale of the issue was small, but it was a problem all parking services encountered. It was confirmed that Croydon actively challenged PCN appeals.

The challenges to achieve a customer focused service when income was based upon penalties was raised and the committee queried if there were additional risks associated with this. The balance required between setting objectives and a correct budget policy was explained by officers. Examples of this were objectives to support the local economy achieved by setting parking charges at an appropriate level to encourage visitors and customer churn and school street safety objectives where there were regulations during school hours and penalty charges for contraventions.

The Committee RESOLVED to; note the contents of the risk presentation attached in Appendix 1.

50/24

Dedicated Schools Grant (DSG) Deficit Management Plan

Shelley Davies, Director of Education introduced the update report to the committee.

The committee asked if there was a risk that it would not be possible to rectify the deficit due to the borough's population growth and increased need. It was advised that the Safety Valve programme supported Croydon and other councils to reduce their cumulative deficits whilst achieving a balanced in year budget. The service had significantly reduced its overspend and made strategic plans to reduce spend including maximising in-borough provision.

The Committee RESOLVED, to note:

- a) The key performance targets set under the DfE Safety Valve agreement.
- b) The overall performance of the Deficit Recovery Plan against the target and challenges and risks of delivery.
- c) The impact on the accounting treatment of the DSG deficit as provided for in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003/3146, as amended by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 and the Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 2) Regulations 2022.
- d) Challenges faced by the service with the implementation of new Education system (Synergy) from Capita One.

Quarterly Whistleblowing Update

Stephen Lawrence-Orumwense, Monitoring Officer introduced the report to the committee.

The intention to increase awareness of the whistleblowing policy via internal communications was welcomed. The committee queried whether the 7 whistleblowing disclosures in the 6-month period covered by the report was usual in comparison the previous year's figures. It was advised there had been greater take up of the whistleblowing procedure amongst staff over the last year. The comparison data and benchmarking data would be included in future reporting. The additional avenues available to staff including the Guardian's Programme were noted.

In response to questions officers advised the ongoing investigation cited within the report was slightly delayed due to the complexity of case. Timescales would be included in the next whistleblowing report.

The committee queried what success looked like for whistleblowing and whether it was possible to also include the additional avenues available into the whistleblowing reporting. It was advised that upheld investigations resulting in changes in practice indicated success. The strength of the council's anti-fraud team and the receipt of direct referrals to the team resulted in less need for whistleblowing disclosures. It was noted that if staff utilised the whistleblowing process for issues such as 'covering up' when things had gone wrong, this would indicate a cultural issue within the organisation.

Officers agreed to include a paragraph on the other activities in this area within the whistleblowing annual report.

There had been a session on the Guardian's Programme delivered for Scrutiny and this recording was available.

The Committee RESOLVED, to; note the whistleblowing disclosures and the outcomes.

The meeting ended at 8.25 pm