

REPORT TO:	General Purposes & Audit Committee 10 th June
SUBJECT:	Report in the Public Interest – Quarter 1 Update
LEAD OFFICER:	Asmat Hussain, Interim Executive Director of Resources and Monitoring Officer
CABINET MEMBER:	Cllr Hamida Ali, Leader of the Council
WARDS:	<i>All</i>
PUBLIC/EXEMPT:	Public

SUMMARY OF REPORT:

The report provides the Quarter 1 update of progress made responding to the Council's Report in the Public Interest. It gives a high level summary of actions taken to date informed by updates received across all services in the Council.

POLICY CONTEXT/AMBITIOUS FOR CROYDON:

This covering report provides an overview of the work that has been progressed to achieve the recommendations as set out in the Report in the Public Interest. It focuses on the actions that have been progressed since the update that went to Cabinet on the 12th April 2021. Specifically on the 24 actions that were set between April and May 2021 and the 30 progressed actions to be completed by the end of June 2021.

The Action Plan for the Report in the Public Interest has been incorporated into the Croydon Renewal Plans and represents one of the 11 programmes of work being delivered.

The action plan covers a wide range of areas including financial management, governance, staff training, assets and budget development all of which are core elements of any strategy to ensure services are delivered in a responsive manner with a focus on value for money for our residents.

FINANCIAL IMPACT:

This report will have no direct financial impact on the borough as its focus is on updating against the recommendations as accepted by the Council in November 2020. Some of the recommendations implemented will have an attached financial cost. This will be included in the costs of the overall improvement plan being developed for the Council and will be reported to Members when these are fully known. This will need to be contained within the existing approved budget for 2021/22.

The external auditor's costs have totalled £65,000 to date.

RECOMMENDATIONS:

General Purposes & Audit Committee (GPAC) is recommended to:

- 1.1 Note and agree the progress the Council has made in regard to achieving the recommendations set out by external auditor in the Report in the Public Interest (appendix 1) with 55 out of 99 actions complete;
- 1.2 Note the beginning of work to properly evidence what has been achieved so far and the intention to carry out an internal audit of actions delivered to provide full assurance to members and residents on the change achieved;
- 1.3 Note the Refreshed Action Plan, which incorporates recommendations made by GPAC as per 2nd December 2020 meeting. This was approved by Cabinet 12th April 2021 and reviewed by the Head of Internal Audit.

2. EXECUTIVE SUMMARY

- 2.1 On 23rd October 2020 the Council's external auditor, Grant Thornton, issued a Report in the Public Interest (RIPI) concerning the Council's financial position and related governance arrangements. In line with the statutory framework for the RIPI, the Council held an Extraordinary Council meeting on 19th November 2020 to discuss the report and the proposed action plan to address it.
- 2.2 The previous update, approved by Cabinet on the 12th April, provided a comprehensive progress update across all recommendations and also agreed the refreshed RIPI Action Plan having incorporated views from both the Scrutiny and Overview Committee (SOC) and General Purposes and Audit Committee (GPAC). This covering report represents the first quarterly Update on the RIPI response based on activity this financial year. It focuses on actions that were set to be complete by close of April and May 2021, as well as updating against actions set to be delivered by the end of June 2021.
- 2.3 This report also sets out the current approach to reporting for the remainder of this financial year. GPAC is to note the reporting schedule as agreed previously across GPAC, SOC, Cabinet and Council. Additionally, GPAC should note the ongoing discussions to review this reporting schedule to assess the best approach to provide effective updates to Council members as appropriate whilst limiting duplication. This is being aligned with the current review of the Council's current meeting governance.

3. HIGH LEVEL UPDATE ON THE ACTION PLAN

- 3.1 Statistics on the number of actions complete and outstanding are below. Full detail can be seen in appendix 1.

Number of actions	Number of actions completed	Number of actions outstanding
99	55	44

- 3.2 The Council has completed 55 Actions to date with 20 delivered since the April 12th Cabinet report. Further actions have been progressed as required however, the Council acknowledges that achieving the desired outcome (e.g. co-creating a working environment that respects and values all our staff and take positive action to ensure that this is the case” LBC 4 – IV) will be a long-term process and the Council is therefore committed to providing updates in further quarterly reports and keeping the actions open. A further 11 actions are set to be finalised by the end of June. Progress updates have been provided against all of these and all other outstanding actions (appendix 1).
- 3.3 Whilst good progress has been made, the Council cannot lose sight on the 44 actions that still need to be completed and has to continue to monitor actions delivered previously to ensure momentum is maintained and they have the impact expected. The Council will continue to drive to ensure actions are completed by deadline and any concerns escalated are mitigated against.
- 3.4 The table below sets out the actions identified as high priority by the external auditor with a RAG rating.

High Priority Action	Actions Completed/Total Actions	Rag
R1a Children’s Social Care	5/5 (was 1/5 per 12 th April Update)	Actions are now complete with monthly Finance, Performance & Risk reports scheduled for Cabinets going forward. The RAG rating has therefore been shifted to green following on from the April 12 th update.
R1b Adult Social Care	8/9 (was 4/9 per 12 th April Update)	The outstanding action relates to the offer and deliver of training to members. Whilst an initial training offer has been compiled, work is still ongoing to approve the training offer. The meeting to approve is expected to be arranged by the end of June at the latest. There is potential this will slip into amber therefore in the future due to the risk of delay.

R2 Adequacy of Council Reserves	2/4	<p>The outstanding actions relate to the offer and deliver of training to members. Whilst an initial training offer has been compiled, work is still ongoing to approve the training offer. The meeting to approve is expected to be arranged by the end of June at the latest.</p> <p>There is potential this will slip into amber therefore in the future due to the risk of delay.</p>
R3 Use of Transformation Funding	1/2 (was 0/2 per 12 th April Update)	<p>The outstanding action relates to the offer and deliver of training to members. Whilst an initial training offer has been compiled, work is still ongoing to approve the training offer. The meeting to approve is expected to be arranged by the end of June at the latest.</p> <p>There is potential this will slip into amber therefore in the future due to the risk of delay.</p>
R9 Budget Challenge/Rigour	5/5 – Marked complete in 12 th April Update	
R12 Revolving Investment Fund	3/3 – Marked complete in 12 th April Update	
R14 Treasury Management	2/2– Marked complete in 12 th April Update	
R18 Ongoing investment in Brick by Brick	1/1– Marked complete in 12 th April Update	
R20 Governance of subsidiaries	0/9	A task and finish group has now been established with Legal and Finance to work through the existing list of companies that the

		<p>Council has an interest in.</p> <p>The group has been operating since April 2021 and is undertaking work around the governance process, directorships, status and relationship with its third party companies as well as assist in elements of the wider asset management review.</p> <p>This recommendation will continue to be marked as amber. Work has progressed across all actions however, no actions have yet been fully delivered. (see 4.3 for further details)</p>
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3.5 To ensure aligned with the wider Croydon Renewal Plan activities the following criteria was utilised as developed by the PMO Steering Group.

Rag Definitions used:

Green - no known blockers to delivery

Amber - blockers to delivery with mitigations in place/planned

Red - blockers to delivery with no resolution identified

4. KEY MILESTONES ACHIEVED THIS UPDATE

4.1 A comprehensive summary of actions taken to date across all recommendations is contained within the refreshed action plan in appendix 1. This section provides some additional information on key achievements delivered since the April 12th Cabinet paper

4.2 At Cabinet on June 7th the Council will be presenting the first iteration of its monthly Corporate Finance, Performance and Risk report. These reports are being introduced to improve the corporate performance offer across the Council and provide updates on key performance indicators to monitor the delivery of actions against the Croydon Renewal Plan. The June 7th iteration will provide a final set of CRP measures, and targets set to date, as well as a further update on the work streams in place to produce a full set of corporate performance reports by September 2021.

4.3 RIPI recommendation 20, in particular, is a complex and resource intensive task. A working group has been established with representatives from finance and legal to review the Council's arrangement with its subsidiaries and companies it has an interest in. This group meets fortnightly and is currently established as a task and finish group with the aim of gathering information and recommending future governance arrangements. An initial review of Council registered companies has taken place to attain an understanding of the scope of work to be undertaken. A list of Council Companies has been created, which

is in the process of being assessed. This task involves various officers across service areas reporting to the working group in respect of companies they are involved with. In parallel to the auditing work, the working group is considering future governance arrangements including benchmarking and best practice. It is envisaged that the working group will need to continue its work for the foreseeable future before the governance arrangements, including training, can be commenced. Further updates will be offered each quarter.

- 4.4 The Cost of Care tool, referred to in recommendation 1b (VIII), was procured a few years ago to enable adult social care to review how change in activity and service models might effect the budget. It was utilised as part of the October 2020 budget development analysis to help adult social care in its forecast of activity and spend to support budget setting. In future years the tool is superseded by the budget development advice provided through the Local Government Association. A separate tool called CareCubed is in the process of being acquired. It is a benchmarking tool that allows adult social care to acquire an indicative cost of placing an individual aligned with their assessed care and support needs. This indicative amount is then used to aid contract negotiations with providers. The tool has successfully enabled savings in other Council's and will be tested in Croydon over the next 12 months. (Recommendation 1b),
- 4.5 A training offer for Councillors has been compiled with reference to the RIPI Action Plan to ensure all aspects have been picked up. Following approval at the relevant Council meeting, action will quickly be taken to schedule and deliver training over the course of this financial year. Work is ongoing to approve the training offer, this is expected to be arranged by the end of June at the latest. A further refreshed training programme for members will be prepared later in the year for 2022, to ensure members have a framework of learning to support Council decision-making.
- 4.6 The Council has revised the approach to transformation funding to ensure that it is compliant with regulations issued by MHCLG. The guidance requires Full Council to approve the council's scheme, which is being drafted in line with Statutory guidance. Bids for transformation funding have been requested from departments and are currently being assessed against the statutory guidance. Following assessment they will be presented to cabinet for approval (recommendation 4).
- 4.7 On March 26th the Council held a virtual Croydon Renewal Conference. The purpose of the sessions delivered on this day was to share with all staff the challenges facing the Council and the core priorities that were to be achieved by September 2021. In addition, the sessions established that achieving the improvement journey facing the Council was the responsibility of all staff and everyone had to contribute to the process and cultural changes necessary to drive the Council to where it needs to be. Further to the conference, the Interim CEO and Assistant Chief Executive have continued to engage with staff, through 14 staff roadshows attended by nearly 530 people, to allow them to give feedback on the direction of the organisation and share any concerns. An engagement strategy until October 2021 has been set out regarding the Croydon Renewal Plan to maintain momentum and ensure the Council

continues to be open with staff about its situation and progress (Recommendation LBC 4) .

4.8 Children’s Services have made progress managing the sustained financial challenge resulting from Croydon being a national point of entry for Unaccompanied Asylum Seeking Children. The service has met with central government partners including the Home Office, Department for Education and MHCLG to secure practical support to relieve the financial pressures. These discussions have delivered cost savings for Croydon including full cost recovery for the age assessment team and the Duty Team at Lunar House (approximately £595k per annum agreed over 2021-22). The Council has also lobbied London Boroughs successfully to extend the pan-London rota to offer same day placements to all newly arrived Children at Lunar House for a period of 3 months whilst a longer term solution is agreed with central government. A paper will be presented to Cabinet on June 7th providing a detailed update on the work carried out and setting out potential next steps (recommendation 6 and 7).

5. FUTURE UPDATES ON THE REPORT IN THE PUBLIC INTEREST

5.1 The RIPI action plan has been incorporated into the wider Croydon Renewal Plan and forms 1 of the 11 programmes of work aiming to support the Council’s financial recovery, improve governance arrangements and drive operational improvement. The Croydon Renewal Plan currently consists of nearly 400 recommendations which are to be delivered within the next 5 years.

5.2 Per the action plan (appendix 1), quarterly RIPI updates are to be provided to GPAC, SOC, Council and Cabinet. This update will be presented directly to GPAC on the 10th June, SOC on the 15th June and Full Council on the 5th July.

5.3 The dates for the remaining updates this financial year are in the table shown below

5.4

RIPI Update Report	SOC	Cabinet Date	Full Council	GPAC
Q.2 Update	7 th Sept	13 th Sept	11 th October	16 th Sept
Q.3 Update	8 th February	24 th January	31 st January	3 rd Feb
Q.4 Update	29 th March	21 st March	28 th March	3 rd March

5.5 The RIPI action plan is closely aligned with the Corporate Finance, Performance and Risk reporting. From June 2021, these are set to come to GPAC, SOC and Cabinet on a monthly basis.

5.6 It is recognised that the above schedule consists of levels of duplication and the Council is reviewing mechanisms and alternative reporting structures that will increase efficiency whilst providing adequate oversight to members on progress made delivering the action plan. Any such alternative approaches will need to

give due regard to the role of our external partners and the wider community.

- 5.7 The review of how both the RIPI and Corporate Finance, Performance and Risk Reporting will be reported across Council meetings will be finalised by August 2021 with the intention to implement a new approach by September 2021.

6. EVIDENCING CHANGE

- 6.1 An Internal audit of the actions marked complete in the RIPI action plan has commenced. Officers will be reviewing a sample of completed actions to give reasonable assurance that they have indeed been fully delivered. The first outcomes from this review will be shared via the Q.2 RIPI Update set to be reported in September.
- 6.2 Beyond simply ensuring that an action is completed the audit will be evaluating the effectiveness of the delivery and focusing in part on the culture change the RIPI recommendations were set to drive. The RIPI represents only part of the wider Croydon Renewal Improvement Plan and it is recognised that the Council will need to continually promote a good culture and change old working practices well beyond the action plan's completion to embed the changes needed.
- 6.3 The internal audit will be completed in stages, actions marked complete in the April 12th Cabinet Report have been initially provided for checking (appendix 2).

7. CONSULTATION

- 7.1 The action plan has been previously reviewed by both GPAC and the SOC who made recommendations to enhance what was being progressed. These changes were approved by Cabinet on 12th April 2021. Services have been directly engaged with to ensure updates were recorded accurately and contained the most up to date information.

8. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 8.1 To date, the external auditor's costs have totalled £65,000 as updated in the April 12th paper.
- 8.2 The Council is working to deliver the overarching improvement plan, of which the RIPI action plan forms a key part. Costs will be incurred delivering many of the actions contained within the plan and these will be presented to Members as the Council's Improvement Journey progresses. Any costs will need to be contained within existing budget provisions .

Approved by: Matthew Davis, Deputy 151 Officer

9. LEGAL CONSIDERATIONS

- 9.1 The Report in the Public Interest (“the Report”) dated 23 October 2020 was issued under the provisions of the Local Audit and Accountability Act 2014 (“the Act”). The Council must comply with the requirements of the Act in responding to the Report.
- 9.2 Under the provisions of paragraph 5(5) and (6) of Schedule 7 to the Act, the Council must decide within a period of one month whether the Report requires the authority to take any action or whether the recommendations are to be accepted. It must also decide what, if any, action is to be taken in response to the Report and its recommendations. The Report was considered at the Council meeting on 19 November when all of the Report’s recommendations R1 – R20 and additional recommendations LBC1 – LBC3 were agreed together with an Action Plan in response to each of the recommendations. A further recommendation LBC4 was added following additional consultation. Paragraph 7 goes on to provide that the authority’s functions under paragraph 5 are not to be the responsibility of the executive.
- 9.3 Paragraph 10(1) of the Act provides that after considering the Report and its response to it, the Council must notify the external auditor of its decisions, and publish a notice on its website containing a summary of those decisions which has been approved by the external auditor.
- 9.4 At the time of writing this report, all of the relevant requirements of the Act have been complied with.
- 9.5 Any additional legal considerations arising from individual workstreams will be assessed as projects and actions come forward.

Approved by: Sandra Herbert Head of Litigation and Corporate Law for and on behalf of the interim Director of Law and Governance and Deputy Monitoring Officer.

10. HUMAN RESOURCES IMPACT

- 10.1 There are no human resource impacts arising directly from the recommendations in this report. However, there will be impacts associated with the delivery of the improvement plan. The improvement plan is part of a range of measures relating to improving the Council’s financial position and it is inevitable that this will ultimately impact on the Council’s workforce, when the Council’s agreed Human Resources policies and procedures will be followed.
- 10.2 Human resources impacts will be appropriately reported to the relevant decision-making bodies as individual actions from the plan are implemented.

Approved by: Sue Moorman, Director of HR

11. EQUALITIES IMPACT

- 11.1 There are no equality impacts arising directly from the recommendations in this report. As such, an equality analysis has not been undertaken following the initial response to the external auditor's report. However, there will be impacts associated with the delivery of the improvement plan. The improvement plan is part of a range of measures relating to improving the Council's financial position and it is inevitable that this will ultimately impact on the Council's workforce and the communities it serves.
- 11.2 Consideration will be given as each of the individual actions included in the Action Plan are implemented as to whether they are relevant to equalities and will require an equalities impact assessment undertaken to ascertain the potential impact on vulnerable groups and groups that share protected characteristics.
- 11.3 Any improvements to governance that arise from the implementation of the recommendations in the action must pay due regard to ensuring that all residents in Croydon are able to understand the actions the Council takes in their name, the decisions it makes to spend resources on their behalf, and who is accountable for that action.
- 11.4 Close attention will need to be paid to ensure the Council is as transparent as possible and is as open and engaging with all its local communities through this process of improvement and afterwards in the new governance practices that are established.

Approved by: Yvonne Okiyo, Equalities Manager

12. ENVIRONMENTAL IMPACT

- 12.1 There are no positive or negative impacts on the environment as a result of any of the recommendations of this report.

13. CRIME AND DISORDER REDUCTION IMPACT

- 13.1 There are no implications in this report that would have an impact on crime prevention or reduction.

14. DATA PROTECTION IMPLICATIONS

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

NO

- 14.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

NO, as the report contains no sensitive/personal data

Approved by Asmat Hussain; Interim Executive Director of Resources

CONTACT OFFICER: Henry Butt, Strategic Support Officer to the CEO, 14767

APPENDICES TO THIS REPORT: Appendix 1 – RIPI Action Plan
Appendix 2 – RIPI Action Plan – Closed actions as of 12th April 2021 Cabinet report

BACKGROUND DOCUMENTS: None