

## ARCHIVED ACTION PLAN IN RESPONSE TO THE REPORT IN PUBLIC INTEREST

## Appendix 2

1. The Council has fully accepted all recommendations made by the external auditor (R1-R20)
2. The Council has added additional recommendations LBC1-4
3. There are 9 high priority recommendations from the external auditor for the Council to urgently address:

<b>High Priority Actions</b>	<b>High Priority Actions</b>
R1a Children's Social Care	R12 Revolving Investment Fund
R1b Adult Social Care	R14 Treasury Management
R2 Adequacy of Council Reserves	R18 Ongoing investment in Brick by Brick
R3 Use of Transformation Funding	R20 Governance of subsidiaries
R9 Budget Challenge/Rigour	

This document contains all actions marked complete and therefore archived as per the April 2021 RIPI Cabinet update.

**Overall accountability for the action plan rests with the Interim Chief Executive**

<b>Recommendation 1a – HIGH PRIORITY</b>				
The Executive Director Children Families and Education needs to address the underlying causes of social care overspends in children’s social care and take effective action to manage both the demand and the resulting cost pressures.				
<b>Cabinet Member Accountability:</b> Councillor Flemming, Cabinet Member for Children, Young People and Learning				
<b>Action</b>	<b>Original Deadline</b>	<b>Progress made to date</b>	<b>Updated Deadline</b>	<b>Accountability</b>
IV) Secure independent external challenge through the Partners in Practice programme to enable valid judgements to be made about the correct level of funding to meet the needs of Croydon’s children in care.	January 2021	Report from LB Camden received under Partners in Practice Programme – December 2020  Independent Financial Adviser commissioned by the DFE to provide expert challenge and support commenced on 22/2/21 for a period of 9 months.	Ongoing support until November 2021 - Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Executive Director, Children Families and Education

**Recommendation 1b – HIGH PRIORITY**  
 The Executive Director Health, Wellbeing and Adults needs to address the underlying causes of social care overspends in adults social care and take effective action to manage both the demand and the resulting cost pressures.

**Cabinet Member Accountability:** Councillor Campbell, Cabinet Member for Families, Health and Social Care

Action	Original Deadline	Progress made to date	Updated Deadline	Accountability
i) Commission a diagnostic of spend and opportunities to be carried out by the Local Government Association (LGA) National Care & Health Improvement Adviser Finance and Risks to inform future shape of transformation opportunities.	<b>COMPLETED</b> October 2020	This was carried out and used during November 2020 to inform development of the Adult Social Care Improvement Plan	Marked complete in April 12 <sup>th</sup> Cabinet report	Executive Director Adult Social Care
ii) Review the current service delivery models of adult social care and gateway services to right size the budget and delivery model to benchmark with comparator Councils in relation to population and service outcomes.	December 2020	Data has been collected which provides benchmarking of Croydon ASC care spend vs other Councils, this was factored in to the Adult Social Care Improvement Plan.  Budget modelling has been agreed for ASC for 21/22 budget. Service modelling forms part of adult's improvement plan.	Marked complete in April 12 <sup>th</sup> Cabinet report	Executive Director Adult Social Care
iii) To create a placements board to challenge the Council on current cost of placements, managing demand for new placements and ensuring value for money in procurement of placements	January 2021	Placements boards have been implemented in the Council to challenge placements and reduce expenditure.  Daily challenge panel has been in place since S114. All spend is then promoted to the Spend Control Panel, as agreed with then S151 Officer.	Marked complete in April 12 <sup>th</sup> Cabinet report	Executive Director Adult Social Care

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		<p>Placements programme is in place with an agreed scope. Funding also agreed for Care Cubed placements tool agreed at ELT on 8 March 21.</p>		
<p>iv) Use the output from the diagnostic review to remodel financial implications to help shape the Medium Term Financial Strategy (MTFS)</p>	<p>December 2020</p>	<p>Diagnostic review and benchmarking data has been used to shape the Adult Social Care Improvement plan.</p> <p>Croydon Adults Improvement plan has been fully developed and aligned to budget as signed off at March Cabinet. LBC delivery tracker being updated fortnightly.</p>	<p>Marked complete in April 12<sup>th</sup> Cabinet report</p>	<p>Director of Finance, Investment &amp; Risk</p>

**Recommendation 2 – HIGH PRIORITY**  
 The Council (including Cabinet and Scrutiny and Overview Committee) should challenge the adequacy of the reserves assessment which should include a risk assessment before approving the budget.

**Cabinet Member Accountability:** Councillor King, Cabinet Member for Croydon Renewal

Action	Original Deadline	Progress made to date	Updated Deadline	Accountability
i) Develop a reserves strategy as part of the Medium Term Financial Strategy (MTFS) and present it for approval with the Budget reports to Cabinet and Full Council. This needs to incorporate a clear assessment of risks and liabilities that demonstrate all current and future exposure has been thought through and factored into the recommendations. Strategy to map the financial governance process around agreeing additions to reserves to be included to reduce risk of duplication and that there were no gaps in approach.	February/March 2021	The MTFS and 21/22 Budget agreed on 8 <sup>th</sup> March contains a clear strategy for growing the reserves base up to a level which by 23/24 would give a general fund reserve in excess of £60 million	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment and Risk
ii) In considering future budget reports, Cabinet will assure itself that all risks and liabilities have been properly considered by requesting that the Scrutiny & Overview Committee and the General Purposes and Audit Committee review the adequacy of the strategy and its relationship to the MTFS prior to Cabinet taking a decision.	February/March 2021	From April 2021 Financial Monitoring reports will be provided to Cabinet on a monthly basis to ensure Members have increased oversight on any emerging pressures or movements.  The 21/22 Budget was reported to Scrutiny on 16 <sup>th</sup> February 2021 and comments were verbally reported to cabinet on 8 <sup>th</sup> March 2021.  Future year’s timescales will need to include time for both this and reference to GPAC and Scrutiny	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment and Risk

<b>Recommendation 5</b> The General Purposes and Audit Committee should receive reports on the actions being taken to address the Dedicated Schools Grant deficit and challenge whether sufficient progress is being made.				
<b>Cabinet Member Accountability:</b> Councillor Flemming, Cabinet Member for Children, Young People and Learning				
Action	Original Deadline	Progress made to date	Updated Deadline	Accountability
i) The Dedicated Schools Grant recovery plan should be presented to General Purposes and Audit Committee and Scrutiny and Overview Committee for review and agreement to ensure that it is adequate to meet objectives and timelines that have been set.	February 2021	Reviewed at GPAC 4 March 2021	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Education
ii) Special Educational Needs Finance Board to be established and chaired by the interim Director of Education to oversee the delivery of the Dedicated Schools Grant recovery plan.	<b>COMPLETED</b> October 2020	Initial meetings held with further meetings to be scheduled to update on the progress of the DSG recovery plan.	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Education
iii) Training to be provided to members to ensure the committee possess a working understand of education funding and budgets	New Recommendation	DSG training has been delivered to members of Scrutiny Committee, Labour Group and Conservative Group	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Education /Head of Learning &OD

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**Recommendation 6**  
 The Executive Director Children, Families and Education needs to review the services provided to UASC and to identify options to meet their needs within the grant funding provided by the Home Office.

**Cabinet Member Accountability:** Councillor Flemming, Cabinet Member for Children, Young People and Learning

Action	Original Deadline	Progress made to date	Updated Deadline	Accountability
i) Complete a forensic review of grant income against the total expenditure for unaccompanied asylum seeking children and care leavers over the past 3 years, including the co-ordination of pan-London arrangements	December 2021	Review completed and is informing Council's approach to UASC support offer.	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Head of Finance, Children, Families and Education

**Recommendation 7**  
 The Executive Director Children, Families and Education needs to identify the capacity threshold for the numbers of UASC that it has the capacity to deliver safe UASC services to.

**Cabinet Member Accountability:** Councillor Flemming, Cabinet Member for Children, Young People and Learning

Action	Original Deadline	Progress made to date	Updated Deadline	Accountability
i) Draw on the analysis and review at 6 (i) to develop options to establish a capacity threshold for Croydon for unaccompanied asylum seeking children that is commensurate with other Local Authorities and in line with the nationally agreed standards and funding.	December 2020	The voluntary national rate is the equivalent of 0.07% of the child population. In Croydon that equates to 66 children. This underpins the forensic review and modelling completed in 6i	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Executive Director, Children Families and Education

<b>Recommendation 9 – HIGH PRIORITY</b>				
The Council (including Cabinet and Scrutiny and Overview Committee) need to show greater rigor in challenging underlying assumptions before approving the budget including understanding the track record of savings delivery.				
<b>Cabinet Member Accountability:</b> Councillor King, Cabinet Member for Croydon Renewal/ Callton Young, Cabinet Member for Resources and Financial Governance				
<b>Action</b>	<b>Original Deadline</b>	<b>Progress made to date</b>	<b>Updated Deadline</b>	<b>Accountability</b>
i) To support the Annual Budget setting process Budget Development Meetings will be held for each department and will be attended by Executive Directors, Corporate Leadership Team and Members with accountability for their service area and staff who are responsible for service delivery that understand what impact growth and savings plans will have on the services. To support this process Members will be provided with a clear set of proposals that demonstrate cost pressures (growth) and savings opportunities with narrative and comparators on budget and outcomes delivered to describe the impact of the decisions that are required to be taken.	October / November 2020 -	Proposals were provided to members with a formal decision in November Cabinet. Saving opportunities for 21/22 were set out across all services and have been incorporated into delivery of Croydon Renewal Plan.  The Council recognises further savings will be necessary to achieve a sustainable budget in the long term. Discussions for further savings next year will be scheduled starting from April 2021.	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment & Risk
ii) To support the budget exercise the Council will seek external support to test the draft budget proposals, seek ideas and good practice and will take the same approach by seeking support for the scrutiny process.	December 2020	Various support from external sources has been utilised to date to offer capacity and advice. This includes the LGA, Council peers and CIPFA. The Council will continue to use such opportunities moving forward.	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment & Risk
iii) Develop a budget savings tracker that profiles savings by month to enable Members to track that savings are on target. This will need to correlate with the finance, performance and risk reporting that Council will introduce.	January 2021	An in year savings tracker has been developed to monitor identified savings and escalate any delivery challenges. In year savings are rag	Marked complete in April 12 <sup>th</sup>	Interim Director of Finance, Investment & Risk

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		rated based on confidence in delivery.	Cabinet report	
iv) To increase understanding of the choices Cabinet Members are making with regards to the emerging budget and to effectively challenge budget assumptions, Scrutiny and Overview Committee Members to receive regular briefings on the progress of budget setting.	January 2021	<p>Budget Discussions were conducted across January and February 2021. This included focused discussion on the 21/22 budget for specific directorates. Discussion took place at Children and Young People Sub-Committee, Health &amp; Social Care Sub-Committee, at Scrutiny, Streets, Environment &amp; Homes sub-committee and finally the Scrutiny &amp; Overview Committee.</p> <p>The Council will continue to keep Scrutiny committees sighted on budget matters.</p>	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment & Risk
v) To review the budget setting-timetable to ensure that the Scrutiny & Overview Committee has the time to digest and review the budget proposals and underlying assumptions and for Cabinet to respond fully to any challenge or comments and for Cabinet to be able to consider changing its proposals.	April 2021	<p>The Council is taking action to ensure budget discussions happen at an earlier date and more opportunities are offered to members to offer input into the budget and review its management. These actions include finalisation of Council meetings forward plan up until April 2022 with dates marked for policy discussions and monthly financial performance updates at Cabinet.</p> <p>Additionally, budget developments meetings will begin in Spring 2021 as opposed to Autumn meaning savings will be identified and shared with members earlier in year.</p>	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment & Risk

<b>Recommendation 11</b>				
The s151 officer needs to revisit the Growth Zone assumptions following the pandemic and make recommendations to Cabinet and Council for the continued investment in the scheme.				
<b>Cabinet Member Accountability:</b> Councillor King, Cabinet Member for Croydon Renewal				
<b>Action</b>	<b>Original Deadline</b>	<b>Progress made to date</b>	<b>Updated Deadline</b>	<b>Accountability</b>
i) The Council have commissioned PwC to undertake a strategic review of the Growth Zone with completion expected November 2020. The report with recommendations on a way forward will be discussed with Cabinet and agreed by Members.	December 2020	PwC report to cabinet made recommendations on future of GZ. These are now being implemented	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment & Risk
iii) Cabinet paper with revised profile and recommendations to be issued March 2021.	March 2021	See 11ii	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment & Risk
iv) The Council needs a mechanism in place to review projects to use the learning to inform any future work. This should be extended across all areas of the Council, with learning retained centrally as a corporate resources.	New recommendation	Project closure process in place as part of the governance of all projects.	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment & Risk

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**Recommendation 12 – HIGH PRIORITY**  
 The s151 officer should review the financial rationale and associated risks and make recommendations to Cabinet and Council on whether the Revolving Investment Fund should continue.

**Cabinet Member Accountability:** Councillor King, Cabinet Member for Croydon Renewal

Action	Original Deadline	Progress made to date	Updated Deadline	Accountability
i) The Council have commissioned PwC to undertake a strategic review of the Revolving Investment Fund with completion expected in November 2020. The report with recommendations on a way forward will be discussed with Cabinet and agreed by Members.	December 2020	Report by PwC on governance & strategic review delivered in November 2020 to Cabinet.  Treasury Management strategy updated 1st March 2021 limits new lending under the RIF to BBB working capital loans only	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment & Risk
ii) Recommendations to be presented alongside budget review in Feb 2021 to Cabinet, General Purposes and Audit Committee and Scrutiny and Overview	February 2021	See recommendation 12i	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment & Risk
iii) Cabinet paper with recommendations to be issued March 2021.	March 2021	See recommendation 12i	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment & Risk

**Recommendation 13**  
 The s151 officer should review the purchase of Croydon Park Hotel to identify lessons learned to strengthen future due diligence arrangements.

**Cabinet Member Accountability:** Councillor King, Cabinet Member for Croydon Renewal

Action	Original Deadline	Progress made to date	Updated Deadline	Accountability
i) The Council have commissioned PWC to undertake a strategic review of assets that have been purchased with completion expected in November 2020. The report with recommendations on a way forward will be discussed with Cabinet and agreed by Members.	December 2020	On February 18 <sup>th</sup> Cabinet agreed the approach set out in the Interim Assets Strategy. This included, in the appendices, options for an approach on the future of Croydon Park Hotel. An update with a decision on the future of Croydon Park Hotel is provisionally scheduled for September 2021.	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment & Risk
iii) Review and re-write the asset investment strategy that was approved by Cabinet in October 2018 incorporating advice from each of the Strategic Reviews. The review will explicitly consider best practice from the sector and lessons learned from other local authorities, the external auditor and the National Audit Office on effective investment practice.	March 2021	Interim Asset Strategy has been approved at February 18 <sup>th</sup> Cabinet to fast track income generation and achieve “quick wins.”  A 3 year 21-24 Asset Strategy is being developed provisionally set for January 2022 Cabinet.	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment & Risk / Executive Director of Place
iv) Cabinet paper with recommendations to be issued March 2021. Update to be provided at Scrutiny on 9 <sup>th</sup> February	March 2021	The Interim Assets Disposal Strategy, was discussed at both Cabinet and Scrutiny & Overview Committee in February.	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment & Risk

**Recommendation 14 – HIGH PRIORITY**  
 The Cabinet and Council needs to re-consider the Treasury Management Strategy for ongoing affordability of the borrowing strategy, the associated risks and identify whether alternative options can reduce the financial burden.

**Cabinet Member Accountability:** Councillor Young, Cabinet Member for Resources and Financial Governance and Councillor King, Cabinet Member for Croydon Renewal

Action	Original Deadline	Progress made to date	Updated Deadline	Accountability
i) The Treasury Management Strategy will be reviewed as part of the budget setting for 2021/22 and will take into consideration the outcome of the strategic reviews to factor in the overall financial position and best practice from other local authorities. The report with recommendations on a way forward will be discussed with Cabinet and agreed by Members.	February 2021	Treasury Management strategy updated and agreed by Council on 8 <sup>th</sup> March 2021	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment & Risk
ii) The outcome of the strategic reviews that the Council have commissioned will inform the Treasury Management Strategy for 21/22 onwards and any changes in governance that may be required.	February 2021	See recommendation 14i	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment & Risk

**Recommendation 15**  
 The Chief Executive should arrange detailed Treasury Management training to assist Members to better understand and challenge the long-term financial implications of matters reported within the Treasury Management Strategy.

**Cabinet Member Accountability:** Councillor Young Cabinet Member for Resources and Financial Governance

Action	Original Deadline	Progress made to date	Updated Deadline	Accountability
i) Members to attend training sessions facilitated by the Local Government Association to cover treasury management to enable better and effective financial leadership.	January 2021	Treasury management training was offered to all members on the 3 <sup>rd</sup> March 2021.  Session was recorded and will be distributed to all Members and all budget managers.	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Chief Executive

**Recommendation 16**  
 The s151 officer should revisit the Minimum Revenue Provision policy to demonstrate that a prudent approach is being taken.

**Cabinet Member Accountability:** Councillor King Cabinet Member for Croydon Renewal

Action	Original Deadline	Progress made to date	Updated Deadline	Accountability
i) Link Asset Management has been commissioned to carry out a review of the Minimum Revenue Position policy. The report with recommendations will be discussed with General Purposes and Audit Committee and then on to Cabinet.	December 2020	Minimum Revenue Provision Policy Statement 2020/21 went to Cabinet 1 <sup>st</sup> March as part of the Treasury Management Strategy.	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment & Risk

**Recommendation 17**  
 The Cabinet and Council should reconsider the financial business case for continuing to invest in Brick by Brick before agreeing any further borrowing.

**Cabinet Member Accountability:** Councillor Hamida Ali, Leader of the Council

Action	Original Deadline	Progress made to date	Updated Deadline	Accountability
ii) Council to review the risks relating to Brick by Brick to ensure they are appropriately listed on the risk register	New Recommendation	The Risks for Brick by Brick have been reviewed and are as follows per the Corporate Risk Register: <ol style="list-style-type: none"> <li>1. Investigation or ownership taken on all activities that the Council undertakes by the Executive Leadership Team, Cabinet and all Scrutiny Committees (including GPAC).</li> <li>2. There is no effective challenge, review, investigation or ownership taken on all activities that the Council undertakes by the Executive Leadership Team, Cabinet and all Scrutiny Committees (including GPAC).</li> </ol> **These risks specifically relate to financial strategy, treasury management strategy (including borrowing), capital investment strategies and appropriateness of continuing investment and association with BBB**	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Director of Finance, Investment & Risk

**Recommendation 18 – HIGH PRIORITY**  
 The Cabinet and Council should review and reconsider the ongoing financial rationale for the Council in the equity investment arrangement with Brick by Brick.

**Cabinet Member Accountability:** Councillor King Cabinet Member for Croydon Renewal

Action	Original Deadline	Progress made to date	Updated Deadline	Accountability
i) PwC has been commissioned to undertake a strategic review of Brick by Brick. The report and recommendations will consider the ongoing financial rationale and equity invested and will detail options for the Council that will be considered by the Scrutiny & Overview Committee Cabinet prior to being presented to Cabinet.	December 2020	<p>This paper went to Scrutiny &amp; Overview Committee and Cabinet in February 2021.</p> <p>The Cabinet paper noted that the Council has never made any equity payments, as planned, and is not in the financial position to do so. It was noted BBB sales proceeds were meant to be placed in an account for the Council to apply interest repayment and, if excess, to substantive loan repayment. Unfortunately, this process has not occurred and instead sale proceeds were retained by BBB effectively replacing the Council's equity share.</p> <p>The Council needs to review existing arrangement, change the current agreements or replace it with fresh loans.</p> <p>It is recommended that the current arrangements continue but in a modified way to give Brick by Brick capacity to have working capital to ensure that funds are available to build out units on site</p>	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Chief Executive

<b>LBC Recommendation 3</b>				
Ensuring that Members are appropriately trained across all aspects of the Council's financial duties and responsibilities				
<b>Cabinet Member Accountability:</b> Councillor Young, Cabinet Member for Resources and Financial Governance				
<b>Action</b>	<b>Original Deadline</b>	<b>Progress made to date</b>	<b>Updated Deadline</b>	<b>Accountability</b>
ii) Further work on Cabinet development will be undertaken to support members to explore priorities for the new Cabinet, agree how the Members will work together to make the most of shared skills and consider individual and collective leadership styles and ways of working.	January 2021	LGA have carried out a facilitated session for Cabinet members	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Executive Director of Resources

**LBC Recommendation 4**  
 The Council develops an improvement programme that has the necessary elements for it to function effectively and within its financial resource.

Cabinet Member Accountability: Councillor Hamida Ali, Leader of the Council

Action	Original Deadline	Progress made to date	Updated Deadline	Accountability
VII) Ensure the actions contained in this plan are supported by a corporate programme office that can provide assurance to Members.	Complete	A PMO office has been established dedicated to coordinating and supporting the delivery of key improvement actions across the Council. This includes recommendations in the MHCLG Rapid Review, the RIPI and the Croydon Renewal Plan.	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Executive Director of Resources
IX) Corporate level sponsorship to be allocated to all projects to ensure clarity of responsibility for delivery.	New Recommendation	ELT members already allocated across all actions. Further project managers to be identified to deliver the recommendations.	Marked complete in April 12 <sup>th</sup> Cabinet report	Interim Chief Executive