

REPORT TO:	General Purposes & Audit Committee 16 th September 2021
SUBJECT:	Report in the Public Interest – Quarter 2 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 2 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 7th 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 responsively 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

Any costs incurred previously or in the future to deliver the action plan have or will have gone through the Council's existing controls to ensure the spend is essential and represents good value for Croydon. Any costs will need to be contained within the existing approved budget for 2021/2022 to ensure Members are sighted.

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 on 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 62 out of 99 actions complete;
- 1.2 Note the outcome of the first tranche of work to properly evidence what has been achieved so far following the initial internal audit of actions delivered to provide full assurance to members and residents on the changes achieved;
- 1.3 Agree the Refreshed Action Plan including actions marked complete, progress updates against open actions and identification of actions to be embedded going forward as business as usual;
- 1.4 Agree that the Q.2 Report is to go to Full Council on December 13th 2021 in order that progress on the action plan be properly noted by all members.

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 April 12th update, approved by Cabinet, 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 was then updated with the first quarterly update which went to Cabinet on the 7th June, GPAC on the 10th June and SOC on the 15th June. This report noted that the Council had completed 55/99 actions in the RIPI Action Plan and provided progress updates against all remaining actions.
- 2.3 This covering report represents the second 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 June, July and August 2021, as well as updating against actions set to be delivered by the end of September 2021.
- 2.4 Section 5 of this report provides feedback on the outcome of the Internal Audit to date focusing on the 35 actions marked complete in the April 12th Cabinet report. It notes where some concerns have been identified in that round of reporting and outlines the mitigating actions that are being undertaken to resolve these.

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	62	37

3.2 The Council has delivered 62 actions to date with 10 completed since the June 7th Cabinet Quarter 1 Update. Progress updates have been provided against a further 33 actions. The Council has re-opened 3 actions (see 3.6 section 5).

3.3 The Action Plan recognises that not every action can be marked “complete” and left. In some cases, actions will need to be embedded into business as usual (BAU) processes before being marked complete. Additionally, a number of the actions are representative of aspects of systemic and cultural shifts that will need to be continued going forward to embed sustained positive change and good practice. Some of these actions will remain open as the Council acknowledges that achieving the desired outcome will be a long-term process (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). The Council is therefore committed to providing updates in further quarterly reports against these.

3.4 A further 2 actions are set to be finalised by the end of September. Progress updates are provided against all of these and all other outstanding actions in Appendix 1.

3.5 On review, recommendation LBC 2 – ii has been re-opened as whilst progress was made the full review and connected training stated in the action plan has not yet been fully delivered.

3.6 The Council recognises it must continue to push to deliver and progress the 37 outstanding actions to ensure momentum is not lost and that the Council’s response to the RIPI achieves the critical organisational change necessary.

3.7 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 Marked complete in 7 th June Quarter 1 Update	

R1b Adult Social Care	9/9 (was 8/9 per Q1 Update)	The outstanding action on training on the ASC Budget has now been completed. This was handled via a briefing to Members of the Health & Social Care Sub-Committee in June 2021.
R2 Adequacy of Council Reserves	2/4	The aspects of this recommendation as set by the External Auditor have been completed. The 2 outstanding actions relate to Member training and assuring SOC on budget delivery. These have both been progressed with updates promised in future quarterly reports.
R3 Use of Transformation Funding	1/2	The aspects of this recommendation as set by the External Auditor have been completed. The outstanding action relates to the offer and delivery of training to members. A training offer has been approved by the Member & Learning Development Committee on the 13 th July.
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	4/9 (was 0/9 in June Quarter 1 Update)	<p>Following Cabinet approval of the July 26th “Governance of Croydon Council Companies” Paper, The Croydon Companies’ Supervision and Monitoring Panel (CCSMP) has been set up. Its role is to ensure the Council’s strategic and good governance objectives are met across the Council’s subsidiaries.</p> <p>Through the introduction of this Panel, several actions have been completed that relate to ensuring good governance mechanisms to monitor and regulate the handling of Council companies have been introduced. The group will continue to deliver against these actions as BAU.</p> <p>The outstanding actions related to constitutional changes and training have been progressed, details of which can be seen in Appendix 1 and in section 4 below.</p>

3.8 To ensure alignment with the wider Croydon Renewal Plan activities the following criteria were utilised as developed by the PMO Steering Group.

Rag Definitions used:

Green - no known challenges to delivery

Amber – Challenges to delivery identified with mitigations in place/planned

Red - Challenges to delivery identified 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 Quarter 1 Update in June.

4.2 At the July 26th Cabinet, recommendations were given on the Governance of Croydon’s Companies. These recommendations were informed by the actions of a working group who had engaged with relevant officers and directors of company boards. It was agreed by Cabinet to introduce the CCSMP to ensure

the Council's strategic and good governance objectives and values are met across the Council's subsidiaries. Alongside the Panel itself, approval was given for an attached Terms of Reference to inform the running of the group and embed principles of good governance. In doing so, the Council has put in place appropriate governance mechanisms to achieve the remaining outstanding actions as set out in Recommendation 20, including a provisional process to bring regular updates to Cabinet.

- 4.3 The Council has been working with the Centre for Governance and Scrutiny to develop new ways of working for scrutiny in response to the Scrutiny Improvement Review and recommendations relating to scrutiny in the RIPI. On 7th September, the SOC is set to agree new systems to bring focus and prioritisation to their work. This approach will be supported by member and officer training and a more targeted system for sharing information with councillors.
- 4.4 An outline training programme for all members was approved by the Members Learning & Development Panel on July 13th 2021. In developing this programme the Council considered the RIPI Action Plan to ensure all topics were included. Work is now being progressed to properly schedule and develop the training sessions with the view of delivery by March 2022 for all outstanding items. Work is also underway to plan a full induction training programme for Members elected in May 2022.
- 4.5 Alongside embedding the Guardians Programme detailed in the previous update, the Council has implemented a series of monthly Tea Talks to provide staff a means to share experiences and discuss sensitive issues in a safe space. Following the conference and additional staff roadshows held Spring 2021, further engagement events with staff are expected for Autumn 2021 to provide an update on the Croydon Renewal Plan and underline and continue to promote positive systemic and cultural changes. The Council is committed to creating a positive culture for all and continues to recognise it will take time to build staff trust and confidence.
- 4.6 At July 12th Cabinet, recommendations were approved to reject a purchase offer for Brick by Brick (BBB) and agree a modified build out scenario of 23 sites. Alongside this, important governance arrangements were agreed to ensure the Council maintains clear oversight of progress made. The Council will receive updates on BBB's financial position, sales, contractual issues and other relevant matters monthly. Summary updates on these will go to Cabinet on a quarterly basis with the first scheduled provisionally for November 2021.

5. **PROGRESS UPDATE ON INTERNAL AUDIT**

- 5.1 To provide additional assurance on the delivery of the RIPI Action Plan as reported, Internal Audit was requested to review completed actions to confirm these had been actioned as reported and that, where appropriate, these now formed part of the Council's governance framework (appendix 2). For the initial review, the 35 actions marked complete as at the 12th April 2021 Cabinet report, were reviewed.

- 5.2 Internal Audit assurance was obtained through a combination of corroborative enquiry, examination of relevant documents (including meeting minutes) and interrogation of computer applications.
- 5.3 Internal Audit have confirmed that all reported completed actions were complete and where appropriate, these now formed part of the Council's governance framework, except for:
- 3 actions, which although significantly progressed were not fully actioned
 - 1 action, which was still in progress.
- 5.4 Detail of the actions not fully completed can be seen in Appendix 2. Where relevant, scheduling on the Forward Plan has now taken place to ensure items go to all meetings as required. These items have been left marked as complete. 2 actions (13ii and 11iv) have been re-opened to allow for future updates.
- 5.5 Following their review, Internal Audit have noted that the high priority actions marked complete have been delivered as stated with no further comment or amendments suggested.
- 5.6 Internal Audit will continue to review evidence of progress captured in the RIPI action plan to give reasonable assurance that actions have been completed as expected and communicated. The RIPI Quarter 3 Update is aiming to share Internal Audit findings for actions marked complete as of this Quarter 2 Update.

6. FUTURE UPDATES ON THE REPORT IN THE PUBLIC INTEREST

- 6.1 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 4-5 years.
- 6.2 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 SOC on the 7th September, GPAC on the 16th September, Cabinet on the 18th October and Full Council on the 13th December.
- 6.3 The dates for the remaining updates this financial year are in the table shown below

RIPI Update Report	SOC	Cabinet Date	Full Council	GPAC
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

- 6.4 The previous Quarter 1 Update referred to the intention to review the RIPI's reporting to minimise duplication across the 4 meetings. Following review, it has been determined to continue reporting across GPAC, SOC, Cabinet and Full Council to ensure that all Members have opportunity to be briefed on the

Council's RIPI Action Plan delivery progress and provide a chance for all Members to query the updates provided.

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 Cabinet paper and June Quarter 1 Update.
- 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: Richard Ennis, Interim Director of Finance, Investment and Risk and S151 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 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 was 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 Deputy Monitoring Officer

10. HUMAN RESOURCES IMPACT

10.1 No human resource impacts are 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: Gillian Bevan, Head 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: Grace Addy, Head of Learning and Organisational Development

14. ENVIRONMENTAL IMPACT

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

15. CRIME AND DISORDER REDUCTION IMPACT

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

16. DATA PROTECTION IMPLICATIONS

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

NO

16.2 **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 – Internal Audit Results
BACKGROUND DOCUMENTS:	None