

ACTION PLAN IN RESPONSE TO THE REPORT IN THE PUBLIC INTEREST

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

R1 – Cabinet papers for major projects	R7 – Record keeping arrangements
R2 – Contract execution & storage	R9 – Roles and responsibilities
R3 – Updating legal advice	R11 – Financial reporting on significant capital projects
R4 – Payments to third parties	

Note: Statutory recommendations are written recommendations to the Council made by the Auditor under section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report. Council must decide (i) if the recommendations are accepted and (ii) what, if any actions will be taken in response to them. This plan sets out the actions that the council proposes to take in response to all of the recommendations made in the report, including statutory recommendations.

Overall accountability for the action plan rests with Leader of the Council and the Chief Executive

Recommendation 1

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

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

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

Cabinet Member Accountability:

Improvement Work to Date

Since the last Report in the Public Interest, the Council has taken action to improve the processes surrounding the submission of reports to Cabinet. This has included lengthening the lead in process for the production of Cabinet reports; the introduction of a twelve month forward plan; early consideration of all cabinet papers at the Corporate Management Team; and holding the

Cabinet briefing / Informal Cabinet meetings earlier in the cycle prior to Cabinet papers being published. This allows for much earlier consideration of papers and more opportunity for assurance of, and challenge to, advice being presented to the Cabinet.

The Council's new interim Monitoring Officer has also introduced a new process to reduce the number of Cabinet and Committee reports being published late, which in turn allows Cabinet Members greater opportunity to fully consider recommendations and advice presented to them in Cabinet reports.

The Council has also included a new KPI for late publication of reports in its new Finance, Performance and Risk reports which are presented to Cabinet bi-monthly.

Action	Deadline	Accountability
1.1 A new report writers guide will be produced alongside a new report template for all Council reports to use regardless of which board or committee in will be presented in. This will explain the issues raised in the RIPI and why commentary is needed on the lawfulness of the council's arrangements	To be determined	Monitoring Officer
1.2 The template for reports will be amended to include a reference in the legal comments section to the need to ensure legal advice is recorded in the paper on the power to enter into a particular arrangement for a major project and the actions required to ensure it remains lawful,	To be determined	Monitoring Officer
1.3 The Capital Board will be asked to produce guidance on what constitutes a major project and this will be incorporated into the new report writers' guide. This section in the report will also draw out the need for officers and those delivering on the Council's behalf to ensure the council delivers value for money within all its major projects and secures economy, efficiency and effectiveness for the taxpayers and residents of Croydon in accordance with Section 3(1) of the Local Government Act 1999 and the duty of best value. The template will stress the importance of ensuring the report provides decision makers with full information and the requirement to update the decision making body when this information changes.	To be determined	Director of Commercial Investment

<p>1.4 Progress reports on the delivery of major projects to Cabinet will also incorporate an assurance section that the requirements are to ensure the arrangements are lawful and have been met e.g. contracts signed, land correctly transferred etc prior to committing the Council contractually. This will also be included in the new guide.</p>	<p>To be determined</p>	<p>Monitoring Officer Director of Commercial Investment</p>
<p>1.5 Once the new guide and the new report template has been produced, it will be brought to GPAC and the Ethics Committee for member consultation and agreement. Training will then be developed to ensure understanding of the new requirements by report writers.</p>	<p>To be determined</p>	<p>Monitoring Officer Director of Commercial Investment</p>
<p>1.6 The Council will make full use of its decision management software (Mod.Gov) to automate production of reports. This will have the benefit of allowing report authors to draw in expert advice earlier in the process and prevent reports from being changed after they have received legal and financial commentary.</p>	<p>To be determined</p>	<p>Monitoring Officer</p>

Recommendation 2

The Monitoring Officer should ensure that:

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

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

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

Cabinet Member Accountability:

Action	Deadline	Accountability
2.1 The Monitoring Officer will undertake a review of existing council processes for the signing of contracts, storage of signed contracts, and assurance on underpinning legal requirements prior to arrangements being entered into.	September 2022	Monitoring Officer Director of Commercial Investment
2.2 The Capital Board will be given a formal role going forward in the assurance of the contracts having been signed, that they are stored securely and all legal requirements have been met prior to approval to proceed with a major project. The terms of reference to be updated to reflect this.		
2.3 This review will be reported to the Statutory Officers' Board in the first instance and will include any recommendations on required changes to processes, thresholds and delegations. This review will then be brought to the General Purposes and Audit Committee for Member oversight and comment.		

Recommendation 3

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

Cabinet Member Accountability:

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

Recommendation 4		
The Section 151 Officer should ensure that prior to making payments to third parties that appropriate legal documentation is in place such as a properly executed contract or a properly executed loan agreement		
Cabinet Member Accountability:		
Action	Deadline	Accountability
4.1 The Section 151 officer will undertake a review of the Council's existing processes for ensuring payments to third parties meet the required governance controls such as a signed and dated loan agreement or contract. This review will make any recommendations that are necessary to ensure that there are proportionate thresholds, checks and balances on payments to third parties.	July 2022	Corporate Director of Resources
4.2 The Capital Board will incorporate this assurance check as part of their formal programme board oversight on the progress of major projects and will amend their terms of reference to reflect this additional role.		
4.3 The findings of this review will be reported to the Statutory Officers' meeting in the first instance, with any changes that are required to the Council's Constitution being reported to the Council via GPAC or Ethics committee.		

Recommendation 5		
The Monitoring Officer and Section 151 Officer should ensure that arrangements are in place to properly consider public procurement rules and UK obligations on subsidy control rules before entering into arrangements		
Cabinet Member Accountability:		
Action	Deadline	Accountability
5.1 The Council's Director of Commercial Investment will review the Council's existing arrangements for ensuring compliance with subsidy control legislation. This review will be reported to the Section 151 officer and Monitoring Officer and will highlight any risks in the Council's current arrangements. The review will also make recommendations and set out an action plan to mitigate and address any risks that are identified. The Capital Board may play a part in the assurance mechanism before entering into arrangements. If so, its terms of reference will be amended.	September 2022	Director of Commercial Investment

Recommendation 6		
The Chief Executive, Monitoring Officer and Section 151 Officer need to consider how to respond appropriately to challenge on decisions and be prepared to take corrective action where necessary		
Cabinet Member Accountability:		
Improvement Work to Date		
As part of the Croydon Renewal and Improvement Plan, a range of actions have been undertaken to improve the culture of the organisation in relation to openness, transparency, accountability and challenge. The various actions are all designed to facilitate constructive challenge and open dialogue from Members, residents, officers and each other. To date, this work has included:		
<ul style="list-style-type: none"> - Introducing a 'guardians' programme for staff, providing a safe space for staff across the organisation to raise concerns - New customer complaints handling process - Developing a new access to information protocol for Councillors - Introducing new codes of conduct for Members, Co-opted Members and Officers 		
Action	Deadline	Accountability
6.1 A new member enquiry / casework process and supporting software will be rolled out to allow more pro-active tracking, management and responses to member casework enquiries and also allow learning from the casework to be captured more effectively to improve services. This may result in policy decisions needing to be revisited.	July 2022	Assistant Chief Executive
6.2 A new system of internal control officer boards will be implemented following a review of core business meetings and forums. At the time of writing this report three have already been re/launched, namely the Health and Safety Committee; Equality, Diversity and Inclusion Board; and the Capital Board. The Corporate Resilience Board has been in operation throughout the pandemic.	July 2022	Director of Policy, Programmes & Performance

<p>6.3 A new Member / Officer working protocol will be developed and submitted to Council for adoption into the Council's Constitution.</p> <p><i>Please note that this action will also support 9.2</i></p>	<p>March 2022</p>	<p>Monitoring Officer</p>
<p>6.4 A new assurance framework will be developed and reported on annually to the General Purposes and Audit Committee</p>	<p>July 2022</p>	<p>Corporate Director of Resources</p>

Recommendation 7

The Chief Executive should improve record keeping arrangements so that:

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

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

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

Cabinet Member Accountability:

Action	Deadline	Accountability
7.1 A review will be undertaken by the Council's Information Management Team of record keeping across the Council for key decisions, delegated decisions and Cabinet decisions in general and record keeping of formal internal control boards. The review will make any necessary recommendations regarding proposed future systems of control, in particular to ensure required or agreed future reporting requirements are adhered to through the forward plan and these will be reported to GPAC and Cabinet.	September 2022	Assistant Chief Executive
7.2 This review to provide assurance that the Council is operating in accordance with the relevant legislation including the good practice recommendations in the Information Commissioner's Office "S46 Code of Practice – Records Management" issued under section 46 of the Freedom of Information Act 2000.	December 2022	Assistant Chief Executive

Recommendation 8

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

Cabinet Member Accountability:**Improvement Work to Date**

Actions already taken by the Council to strengthen the governance arrangements for strategic and major projects and programmes include:

- Appointment of a new Commercial Investment Director;
- Establishment of a Croydon Companies Supervision and Monitoring Panel (officer only) to have oversight of all Council owned companies
- Establishment of a Brick by Brick Shareholder Cabinet Advisory Board (Member only);
- Established a new programme office that includes a remit to work on the capital programme
- Agreement of new terms of reference for the Capital Board with a focus on good planning, governance and delivery
- Where warranted, non-executive and / or independent chairing and leadership has been sought, including independent chairs for the Council's General Purposes and Audit Committee, Housing Improvement Board, Children's Improvement Board and the Croydon Adult Safeguarding Board.

Action	Deadline	Accountability
8.1 The Croydon Companies Supervision and Monitoring Panel be tasked with considering what additional measures, if necessary, need to be introduced to support and clarify the roles and responsibilities of any person appointed by the Council to be a director of a Council owned company. This review to incorporate an undertaking to abide by the code of conduct and standards of public life (commonly known as the Nolan principles). <i>Please note that this action will also support 9.4</i>	May 2022	Director of Commercial Investment

8.2 The Council has had guidance notes agreed on the role of a non-executive appointee on behalf of the Council but these will now be reviewed and brought back to Ethics Committee for approval.	To be determined	Monitoring Officer
8.3 Mandatory training will be provided on a regular and timely basis to all Council owned company directors. Attendance at this training is part of the requirements to remain a Council appointed Director.	To be determined	Monitoring Officer
8.4 The terms of reference for the Council's new internal control boards will be reviewed to ensure that there is clarity on how the work undertaken by these boards flows into member meetings and formal member briefings as appropriate.	To be determined	Director of Policy, Programmes & Performance

Recommendation 9		
The Chief Executive should work with the Leader to continue to embed		
R9.1 a clearly understood distinction between the different roles and responsibilities of Members, officers and representatives akin to Brick by Brick		
R9.2 clear responsibilities for officers and Portfolio Holders in challenging reports presented to Cabinet and other committees for balance, accuracy and consistency with their knowledge		
Cabinet Member Accountability:		
Improvement Work to Date		
The Council has agreed a new code of conduct and guidance for Members and a new code of conduct for officers. This is being supplemented by tailored learning and development activity as part of the May 2022 Member Induction Programme, in new officer induction programmes and the corporate culture change programme.		
Action	Deadline	Accountability
9.1 Review role descriptions for members and a revised member handbook is being developed. This work will be brought to the Ethics Committee for approval.	May 2022	Monitoring Officer
9.2 A new Member / Officer working protocol will be developed and submitted to Council for adoption into the Council's Constitution. This protocol will clarify responsibility for providing effective advice and challenge. <i>Please note that this action will also support 6.3</i>	May 2022	Monitoring Officer
9.3 The Croydon Companies Supervision and Monitoring Panel be tasked with considering what additional measures, if necessary, need to be introduced to support and clarify the roles and	May 2022	Director of Commercial Investment

responsibilities of any person appointed by the Council to be a director of a Council owned company.		
<p>9.4 The Croydon Companies Supervision and Monitoring Panel be tasked with considering what additional measures, if necessary, need to be introduced to support and clarify the roles and responsibilities of any person appointed by the Council to be a director of a Council owned company. This review to incorporate an undertaking to abide by the code of conduct and standards of public life (commonly known as the Nolan principles).</p> <p><i>Please note that this action will also support 8.1</i></p>	May 2022	Director of Commercial Investment

Recommendation 10		
The Chief Executive should review the terms of reference for officer and member/officer boards that oversee significant projects and capital/revenue expenditure and clarify the escalation routes for significant additional expenditure in excess of the budget		
Cabinet Member Accountability:		
Improvement Work to Date		
<p>The July 2021 Council meeting noted the work underway to redesign the Council's internal control system. Two new officer Boards have been created and launched, with further Boards about to start operating, and also a new Cabinet Advisory Board to oversee the work on Brick by Brick and other large commercial shareholder interests the Council has. This redesign has clarified the purpose of existing meetings and forums and has produced a new template for the terms of reference to ensure clarity on accountability of that Board and reporting mechanisms into member meetings and formal member briefings.</p> <p>Since June 2021 the Cabinet has been receiving a monthly update on the council's general fund, housing revenue account and capital expenditure.</p>		
Action	Deadline	Accountability
10.1 The Capital Board will review its terms of reference to develop an effective role in regard to its oversight of the delivery of major projects and clarify the escalation routes for significant overspends.	May 2022	Director of Commercial Investment
10.2 The format of the monthly cabinet update on general fund, HRA and capital expenditure will be reviewed in general to ensure it is incorporating the best practice of high performing councils in budget reporting to members. This review will also pay specific regard to the reporting on risks and opportunities, over and underspends on the delivery of significant projects either revenue or capital expenditure and either general fund, parking places reserve account or housing revenue account related.	May 2022 P1 Report	Corporate Director of Resources

10.3 The Internal Control Board terms of reference template will be reviewed for all boards to ensure clarity on responsibilities for risks in regard to its responsibilities, workload and escalation routes.	July 2022	Director of Policy, Programmes & Performance
10.4 The current monthly budget assurance meetings chaired by the Chief Executive and Corporate Director of Resources will be reviewed to assess effectiveness after its first year of operation.	April 2022	Director of Policy, Programmes & Performance

Recommendation 11

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

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

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

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

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

Cabinet Member Accountability:

Action	Deadline	Accountability
11.1 The Corporate Director of Resources will oversee the review work to be undertaken by the Director of Commercial Investment in regard to improving the role of the Capital Board in meeting a number of these recommendations. That review will incorporate the recommendations above.	May / June 2022	Corporate Director of Resources
11.2 The review of the monthly budget report format will also take into account these recommendations and report to GPAC, Scrutiny and finally Cabinet taking into account members' views.	To be determined	Corporate Director of Resources

Recommendation 12		
The Chief Executive should put in place arrangements to consider inherent conflicts of interest for executive officers		
Cabinet Member Accountability:		
Action	Deadline	Accountability
12.1 A new code of conduct for all officers is currently in development which will incorporate best practice in regard to the declaration of interests and arrangements for managing any.	May 2022	Monitoring Officer
12.2 An annual review of declarations for all officers will be undertaken each May. This will update a formal register of all declarations to be published on the council website.	May annually	Head of Internal Audit
12.3 CMT, DMTs and all internal governance boards will have declarations of interest added as a standing item to their agendas.	May 2022	Director of Policy, Programmes & Performance
12.4 The Statutory Officers' Board will amend its terms of reference to include the formal review of any officer conflicts of interest and the agreement of arrangements for managing them.	May 2022	Chief Executive