

Appendix B

The Council's response to the Section 24 Statutory Recommendations Report from Grant Thornton

Recommendation	Comments	Accountable Officer
<p>Finalise the root and branch review of financial management in all service departments and in respect of corporate decisions as part of the Opening the Books exercise</p> <p>Agreed</p> <p>Partially complete</p> <p>To be completed during 2023</p>	<p>Full root and branch reviews of financial management in Adult Social Care and Children's, Young People and Education were completed by Worth Technical Solutions in 2022. Similar exercises will be commissioned during 2023 for Sustainable Communities, Regeneration and Economic Recovery, Housing, Assistant Chief Executives and the Resources Directorates.</p>	<p>Corporate Director of Resources and S151 Officer</p>
<p>Resolve the accounting arrangements in respect of Croydon Affordable Homes</p> <p>Agreed</p> <p>In progress</p> <p>To be completed by June 2023</p>	<p>Progress has been achieved recently through a joint workshop between the Council and Grant Thornton. It is a joint commitment to conclude the accounting arrangements for CAH by the end of June 2023.</p>	<p>Corporate Director of Resources and S151 Officer</p>
<p>Invest significant extra resource (when possible) in finance capacity, internal audit and risk management to ensure robust processes are brought into place to monitor progress and meet statutory financial obligations</p>	<p>Funding of £750k was set aside from Contingency for the Opening the Books exercise in 2022/23. There is currently £200k available to be rolled forward into 2023/24 which will be deployed in delivering improvements recommended from the Opening the Books reviews, which are being</p>	<p>Corporate Director of Resources and S151 Officer</p>

<p>Agreed</p> <p>To be progressed during 2023</p>	<p>monitored by the Audit and Governance Committee.</p> <p>The Director of Finance (Deputy S151) is carrying out a review of the finance staffing structure and will submit any necessary request for short term and/or long term growth funding for consideration through the Council's 2024-25 budget setting process.</p> <p>A major new project to improve the Oracle Enterprise Resource Planning system is currently being scoped. This will require significant investment but will deliver robust financial reporting and improved support for budget managers. The project will also focus on improving administrative processes across the Council, improving its efficiency and capacity. A funding request will be made for the project by June 2023. Capacity in Internal Audit and in Risk Management has been increased in the last twelve months. Risks are being managed through the JCAD ICT System, the use of which is being promoted through a network of Risk Champions across the Council. Managers are much more engaged and are adding and updating risks on a quarterly basis.</p>	
<p>Demonstrate clearly to Council tax payers how the additional Council tax for 2023/24 has been properly controlled and demonstrates improvements in value for money arrangements.</p> <p>Agreed</p> <p>To be progressed for June 2024</p>	<p>It has been agreed with Grant Thornton that the Council will produce a report by June 2024 detailing how the additional Council tax for 2023/24 has been properly controlled and demonstrates improvements in value for money arrangements</p>	<p>Corporate Director of Resources and S151 Officer</p>

<p>Develop an action plan to clear the three outstanding years of accounts and audit by June 2024</p> <p>Agreed</p> <p>To be progressed by April 2023</p>	<p>This is possible now the Council and Grant Thornton have agreed a new approach to the accounting for Croydon Affordable Homes and the Council has recently completed its review of the recharges to the Housing Revenue Account from the General Fund. A dependency will be Grant Thornton staff being available to complete the audit work.</p>	<p>Director of Finance and Deputy S151 Officer</p>
<p>Develop and enhance governance process for all key investment decisions and develop a Panel to address the accounting implication of all capital investments</p> <p>In progress</p> <p>To be completed by September 2023</p>	<p>This recommendation is aligned to the Capital Strategy Improvement Plan recommendations recently delivered by PWC. Improved governance through the Capital Internal Control Board is already in place. The Treasury Green Book Model is under development and will be trialled on the Regina Road Regeneration Project ready to be rolled out to future capital schemes. Apart from Regina Road, there are no other capital investments planned in the immediate future.</p>	<p>Director of Finance and Deputy S151 Officer</p>
<p>Enhance existing officer control activities by ensuring the Scrutiny and Governance Committee robustly challenges the monthly budgets report from officers from a governance and control perspective.</p> <p>Agreed</p> <p>Completed</p>	<p>Agreed for immediate implementation.</p>	<p>Director of Finance and Deputy S151 Officer</p>
<p>Ensure that the lessons learned from the former CEO's termination payments, as set out to Full Council in 2022 and set out in detail below, are applied to all future Chief Officer severance payments</p>	<p>The requirement of Statutory Guidance on Special Severance Payment is being adhered to.</p> <p>There have been changes made to the Pay Policy Statement to make it</p>	<p>Chief People Officer</p>

<p>Agreed</p> <p>Complete</p>	<p>clear that Special Severance Payments and severance packages of £100,000 and above should be approved by a vote of full Council. However, if the proposals are being made in the context of litigation and the making of the decision is urgent, General Purposes Committee (GPC) can approve such payments in accordance with the Council's constitution. Decisions will only be referred to the GPC for approval in limited and exceptional cases, where a decision is required urgently in the context of litigation.</p> <p>A robust written business case setting out the considerations for making a Special Severance Payment, along with appropriate written professional legal and financial advice, must be provided where approval for a Special Severance Payment is sought.</p> <p>In line with Statutory Guidance any settlement agreement between £20,000 and up to £100,000 has to be approved by the Executive Mayor and Chief Executive, with a full written business case demonstrating good value to the taxpayer, A settlement below £20,000 has the same requirements, approved by the Chief People Officer</p>	
<p>That proper records are kept of any conversations, discussions, or meetings of any potential settlement agreements with an employee.</p> <p>Agreed</p>	<p>Records are kept within the written business case to demonstrate the legal and financial best value case. Where members are involved in the decision-making process, a full written note will be taken and</p>	<p>Chief People Officer</p>

<p>Complete</p>	<p>retained by Democratic Services (see final action point below)</p>	
<p>That reasonable enquiries are made to establish all the facts, events, and circumstances that give rise to any proposed settlement agreement, including any wrongdoing by the parties involved.</p> <p>Agreed</p> <p>Complete</p>	<p>Appropriate legal and financial advice is taken and recorded to ensure all facts and events are considered as part of the best value written business case</p>	<p>Chief People Officer</p>
<p>That legal advice is sought on merits and chances of success of any potential claim against the Council and quantum of damages awarded. This should inform the decision on any potential settlement payment.</p> <p>Agreed</p> <p>Complete</p>	<p>As above, legal advice is sought and captured in the written business case to ensure best value for the taxpayer is satisfied</p>	<p>Chief People Officer</p>
<p>There is compliance with the governance arrangements relating to the decision-making on settlement payments.</p> <p>Agreed</p> <p>Complete</p>	<p>Addressed through the Pay Policy statement 2023/4 which sets out clearly the governance arrangements and compliance with the Statutory Guidance for Special Severance Payments</p>	<p>Chief People Officer</p>
<p>That officers and members who are the subject of the dispute are not involved in the decision-making relating to the proposed settlement agreement.</p> <p>Agreed</p> <p>Complete</p>	<p>Addressed in the Pay Policy Statement 2023/4</p>	<p>Chief People Officer</p>
<p>That Democratic Services attend both the open and exempt part of any committee meeting for approval of settlement payments. That proper minutes of the meeting are taken so that there is an understanding of the reasons for the decision and the deliberation by the committee.</p> <p>Agreed</p>	<p>Addressed in the Pay Policy Statement and in all meeting practice</p>	<p>Director of Legal Services (Monitoring Officer)</p>

Complete		
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