

Appendix 1 Annual Governance Statement 2021/22 Action Plan

No.	Governance Issue	Action	Accountable	Responsible	Status update
1	<p>Improve arrangements for management of capital projects and programmes</p>	<p>Review capital programme, establish monthly capital monitoring and strengthen capital project management.</p>	<p>Corporate Director of Resources</p>	<p>Allister Bannin, Director of Finance (Deputy S151 Officer)</p>	<p>The capital programme is reviewed by the Capital Internal Control Board on a monthly basis, providing robust challenge to project managers on project delivery. Capital delivery is reported on a monthly basis to Cabinet through the Financial Performance Report.</p> <p>For 2023/24, as part of the budget setting process, a new best practice Capital Strategy Improvement Plan was prepared and approved by Full Council. This set out the overall capital strategy and capital programme plans. It also set out clearly the governance of the capital programme including, roles and responsibilities, funding and financing, decision making process, risk management and escalation approach, and management and monitoring processes. Link to Capital Strategy 2022-23 to 2026-27: Report and Appendices B to D - Capital ...Capital Strategy 2023.24 and 26-27.pdf (croydon.gov.uk). Capital Board will look to further improve the governance of the capital programme during 2023-24 taking on board what best practice can be incorporated within the resource constraints given the Council's financial position.</p> <p>Verto 365 is enterprise project and programme management software that has been purchased by the Council following an open procurement exercise that took place in 2022. Verto 365 is in use in many other local authorities in the UK. The contract was signed in January 2023 and the software is now in the process of being rolled out in phases ('Sprints') across the organisation. The Capital Programme should be built into the system by the close of July 2023, which will enable the Capital Internal Control Board to oversee the delivery of the Capital Programme in a much more consistent and informed way.</p>

2	Ongoing review of Constitution to align with new Executive Mayoral arrangement	Establish arrangements for ongoing review of the Constitution.	Corporate Director of Resources	Stephen Lawrence-Orumwense	Member Constitutional Working Group established and report to the General Purposes Committee. There is an agreed programme for the review of the Constitution. The Council Procedure Rules reviewed, amended and agreed at Full Council in March 23. Other reviews in the pipeline including Contract Regulations, Financial Regulations, Pensions, Planning and Health & Wellbeing Committee.
3	Improvement in awareness and practice in finance management	Implement CIPFA maturity model. Finance training for non-finance managers.	Corporate Director of Resources	Allister Bannin, Director of Finance (Deputy S151 Officer)	CIPFA has been carrying out a Financial Management (FM) Review to improve alignment with best practice of the CIPFA FM Model. The review commenced in October 2022 and workshops with senior finance officers concluded in April 2023. Draft recommendations have been provided to the council and an action plan to implement the improvements is being developed. CIPFA delivered a programme of training to revenue budget holders during 2022. The council is considering the training required for capital budget holders and project leads.
4	Strengthen governance framework	Establish and implement internal control boards across directorates and functions.	Director of Policy, Programmes & Performance	Reece Bowman	The following Internal Control Boards (ICB) have been implemented and remain under continuous review: <ul style="list-style-type: none"> • Information Management & Transparency • Resident Voice & Improvement • Equality, Diversity & Inclusion • Finance, Risk & Assurance • Corporate Resilience • Health & Safety • Transformation • Performance • Workforce • Capital • Digital Administrative support is provided by the Corporate PMO, and each ICB submits the minutes of its proceedings to Corporate Management Team (CMT).
		Ensure directorate schemes of management (i.e., delegation) are kept routinely updated.	Corporate Directors	Corporate Directors & Stephen Lawrence-Orumwense	There is an ongoing review of the Directorate Schemes of Delegation which is being led by Legal Services.
5	Review and improve arrangements for health and safety	Review of effectiveness of health and safety arrangements	Corporate Director of SCRER	Nick Hibberd	

6	<p>Improve arrangements for information management</p>	<p>Provide assurance that the Council is operating in accordance with best practice and relevant legislation to include Publication Schemes, Open Data, Data Storage Security, Subject Access Request and Freedom of Information</p>	<p>Assistant Chief Executive</p>	<p>Paul Golland</p>	<p><u>Publication Scheme and Open Data pages</u> The Council has a publication scheme which is a guide to the kind of information the Council routinely makes available. Croydon are compliant with the ICO's model publication scheme in that the basic requirements are being met. Croydon's publication scheme contains information for the following:</p> <ul style="list-style-type: none"> • Who we are and what we do • What our priorities are and how we are doing • Lists and Registers • What we spend and how we spend it (over £500) • How we make decisions • Our policies and procedures • Services provided by the council <p>Croydon also have a disclosure log for all disclosable FOIs (Freedom of Information requests) The disclosure log is added to daily.</p> <p><u>Subject Access requests/Freedom of Information requests</u> Significant improvements in our SAR (Subject Access Requests) performance have been made in the following areas:</p> <ul style="list-style-type: none"> • Resource – additional FTE and dedicated Data Protection Officer • Training for the Central Information Team • Governance – creation new Information Management Internal Control Board that meets monthly to review Council's information governance arrangements. • Process – new system in place since August 2022 for processing all SARs/FOIs. • Reporting – clear lines of reporting have been defined with regular updates to CMT and IM ICB. weekly reports delivered to the wider organisation. <p>For more details please refer to the FOI/SAR improvement plan.</p> <p>The Freedom of Information policy is currently being drafted for agreement at the next ICB meeting.</p>
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					FOI SAR Improvement Plan - February 2023(1).pdf (Attached as Appendix 1A)
7.	Maintain and improve arrangements for member support and better member/officers' relations	Ensure that the Council maintains a culture that enables effective governance by periodically reviewing and monitoring how members and officers work with each other and considering where improvements might be made.		Stephen Lawrence-Orumwense	<p>Whilst Members received training on the Member Officer Relations protocol (which outlines the roles and responsibilities of each function/positions, the principles of how members and officers should work together, the expectations of both parties and escalation / complaints process where and if issues arise) as part of the induction programme, a key recommendations from an Internal Audit review, completed Jan 2023, of the Member / Officer Relationship Protocol and wider member training programme, was that the Corporate Induction should better encompass training and communication on the Member / Officer Relationship Protocol to staff. This is being reflected in a review of the corporate induction programme.</p> <p>Worth noting, to help improve communication and information provision in general, a quarterly Democratic Services Member newsletter was introduced mid-2022, giving members reminders to review and disclose interests at meetings, review their registers of interest, access committee reports and up and coming training events organised by the Council or partner organisations, and giving useful on information on other issues, like facilities, equipment and IT guidance.</p>
		Implementation of member induction programme and training, linked to scrutiny improvements, financial awareness, treasury management and budget scrutiny. Also, Officer e-learning module.	Corporate Director of Resources	Stephen Lawrence-Orumwense & Simon Trevaskis	<p>The Member Induction and Training Programme for 2022/23 has successfully delivered training on 28 different topics. The design of the programme was based around the RIPs, Scrutiny Improvement Review and good practice from other authorities. These sessions have included 'Introduction to Local Government Finance & Risk', 'Anti-Fraud & Whistleblowing' and 'Budget Scrutiny'. Sessions that were planned for 2022/23 that have not been held have been carried over into the Training Programme for 2023/24, with repeated sessions of the core and Committee specific training modules. Training has been delivered by a mix of LGA, CfPS, NHS and Croydon Council Colleagues. Councillors also have access to Croydon Learning where they are able to undertake e-learning modules in a number of topics such as Equality & Diversity and GDPR.</p> <p>A Learning and Development Panel (compiling of Members and Officers) has met three times during 2022/23 to monitor</p>

					the delivery of the programme and to suggest amendments. The Panel will meet again in April 2023 to finalise the Training Programme for 2023/24 and to suggest any additional sessions they would like to see repeated.
8.	Officer Induction Programme	Establish and maintain an officer induction and performance management programme.	Assistant Chief Executive	Dean Shoesmith	The corporate induction programme is under review to incorporate the Mayor's vision and Plan. A presentation of the new induction programme with revised content is scheduled for CMT consideration and approval.
9.	Continue to embed good practice in procurement and contract management.	Address areas for improvement in procurement and contracting identified by Internal Audit.	Corporate Director of Resources	Huw Rhys Lewis Director Commercial Investment and Capital	
10.	Improve Scrutiny function.	Adoption and implementation of scrutiny improvement programme, including budget scrutiny.	Corporate Director of Resources	Stephen Lawrence-Orumwense	<p>A Scrutiny Protocol is at final draft stage, which sets the foundations of the working relationship, expectations, processes and procures, between the Scrutiny Function and the Executive. It is envisaged after informal agreement by the Executive and Scrutiny Members, the document will go to Cabinet/Scrutiny Committee and onto Council.</p> <p>Two training sessions were delivered to Members on Budget Scrutiny, and these were delivered by the Centre for Governance and Scrutiny. Scrutiny and Overview co-ordinated Budget Scrutiny across the Sub-Committees, with each looking at specific budget proposals within their remits, and three Scrutiny and Overview meetings focussing on specific elements of the budget.</p> <p>An improved and clarified process for recommendations to Cabinet has been implemented, with recommendations now split into individual appendices by associated report/item; this has led to better accountability for providing responses by the relevant Directorates and Corporate Directors and public transparency.</p> <p>Upon establishment by Scrutiny & Overview Committee, scrutiny and service based officers have provided support and evidence/responses to additional requests from a</p>

					Housing specific sub-committee, which is additional sub-committee running until the end of 2022-23 municipal year.
		A more effective role for scrutiny in the pre-decision scrutiny process.	Corporate Director of Resources	Stephen Lawrence-Orumwense	It has been agreed that the Scrutiny Committee will take a more robust role in the pre-decision scrutiny process. In 22/23, there has been pre-decision scrutiny. For example, Responsive Repair Contracts, People & Cultural Transformation Strategy.
11.	Housing Improvement	Establish, maintain, and implement a programme to deliver on improvement in the housing function and housing standards.	Corporate Director of Housing	Susmita Sen	Housing Transformation Programme approved by Cabinet (December 2022) and endorsed by Independent Housing Improvement Board (HIB). Programme being implemented and is monitored monthly by steering board with updates to HIB and Improvements & Assurance Panel and Cabinet on a regular basis. The Plan can be found here: https://sway.office.com/igly03GYO8ud7bso?ref=Link (Attached as Appendix 1B).
12.	Implement the recommendations arising from the Report in the Public Interest relating to the refurbishment of Fairfield Hall.	To develop, maintain and implement an action plan in response to the recommendations. Also, to ensure, learning arising continues to be embedded across the organisation.	Corporate Director of Resources	Stephen Lawrence-Orumwense	See below the Action Plan in response to the External Auditors recommendations. There has been significant progress with implementing the recommendations.

ACTION PLAN IN RESPONSE TO THE SECOND 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
R2 – Contract execution & storage
R3 – Updating legal advice
R4 – Payments to third parties

R7 – Record keeping arrangements
R9 – Roles and responsibilities
R11 – Financial reporting on significant capital projects
R12 – Executive officers declaration of interest

Green – Completed

Amber – Progressing

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

Response / Improvement Work to Date

Generally, the Council has taken action to improve the processes surrounding the submission and contents of reports to Cabinet. There is improved forward planning. Authors of reports must ensure comments are received from statutory officers and legal powers and risks are sufficient addressed. There is early consideration of all cabinet papers at the Corporate Management Team (CMT) and Mayor Advisory Board (MAB). The Chief Executive, Section 151 and Monitoring Officer are in attendance and do ensure the issue raised in R1 are always addressed. The process allows for much earlier consideration of papers and more opportunity for assurance of, and challenge to, advice being presented to the Cabinet. The Monitoring Officer has in place final report clearance meetings before publication with Legal and Democratic Services Heads of Service to ensure that legal powers and risks are adequately covered in Cabinet reports.

Currently, as part of the budget monitoring process, the spend on Capital Projects are reported monthly and reviewed at Capital Board, CMT and then Cabinet.

For 2023/24, as part of the budget setting process, a new Capital Strategy was approved. This set out a capital programme much reduced in scale and cost compared to previous years. The focus of the Capital Strategy in the short and medium term is delivery of an effective Asset Management Plan and an ambitious Asset Disposal Strategy including reducing the number of buildings held by the Council.

Action Plan

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

Deadline

September 2022

Accountability

**Monitoring
Officer**

Comments

In October 22 a new officer report template and guidance that addresses the issue raised in R1 has been produced. Between October 22 and January 23, the Head of Democratic Services, Monitoring Officer and Deputy Monitoring Officer assisted by colleagues from Finance, Equalities and Procurement has provided training to Officer on the new template that includes guidance on risk and legal powers. A copy of the Presentation Slides is attached.

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

Monitoring Officer

Comments

This is contained in the current and new report guidance. Also, reports are reviewed by the Monitoring Officers and his Deputies to ensure legal powers for and lawfulness of decisions.

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.

December 2022

Director of Commercial Investment

Comments

For 2023/24, as part of the budget setting process, a new best practice Capital Strategy Improvement Plan was prepared and approved by Full Council. This set out the overall capital strategy and capital programme plans. It also set out clearly the governance of the capital programme including, roles and responsibilities, funding and financing, decision making process, risk management and escalation approach, and management and monitoring processes. Link to Capital Strategy 2022-23 to 2026-27: [Report and Appendices B to D - Capital ...Capital Strategy 2023.24 and 26-27.pdf](#)

croydon.gov.uk). Capital Board will look to further improve the governance of the capital programme during 2023-24 taking on board what best practice can be incorporated within the resource constraints given the Council's financial position. The new standard Committee Report template includes all the essential requirements including information that will assist Members to make an informed decision.

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. These reports will also be available to the Scrutiny and Overview Committee in order to enable them to fully scrutinise the delivery of major projects based on the same full suite of information that is available to the Cabinet Members. These requirements will also be included in the new guide.

December 2022

**Monitoring
Officer**

**Director of
Commercial
Investment**

Comments

At the monthly meetings of the Capital Internal Control Board, the financial performance of the capital programme is reviewed. The board reviews the progress made with delivery of capital projects including consideration of risks, financing and contracts completion and compliance issues.

The Council's Constitution contains the procurement safeguards referred to below including legality and executed contract before commencement of obligations.

Expenditure delivery on capital projects is included in the monthly Financial Performance Report to Cabinet. In 2023/24, the monthly reports will include information on project activity as well as financial spend. These reports will be available for Scrutiny and Overview Committee to review.

1.5 Once the new guide and the new report template has been produced, it will be brought to the Audit and Governance Committee for member consultation and agreement. Training will then be developed to ensure understanding of the new requirements by report writers.

December 2022

**Monitoring
Officer**

Comments

In September 2022, the new report template and guidance was taken to Audit and Governance Committee. As indicated above, officer training on the new template was provided in December 22 and January 23.

**Director of
Commercial
Investment**

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.

July 2023

**Monitoring
Officer**

Comments

The plan now is to use Share Point in Microsoft Teams. This will be rolled out as part of the new report writing template and guidance. Monitoring Officer to work with the Head of Democratic Services to agree an action plan to roll this out. A test pilot will be arranged with a Directorate to consider viability.

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

Response

Action Plan

**Deadline
July 2023**

**Accountability
Monitoring Officer**

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. The Council will also take further action to enhance and ensure compliance with these processes.

**Director of
Commercial
Investment**

Comments

A review has been undertaken, the details of which are set out below.

Current protections/ processes

Contracts falling within the Tenders and Contracts Regulations (TCRs)

There are currently protections with the TCRs for procured contracts as follows:

4. Officer Responsibilities

4.1 Officers involved in the commissioning and procurement process must comply with:

- *These Regulations;*
- *All UK and European Union binding legal requirements;*

...

4.2 Officers must:

a. Have proper regard for all necessary legal, financial and professional advice;

...

o. Enter all purchase order information onto the Council's financial system prior to any goods or services being provided. Raising purchase orders, and any permitted exceptions, must be conducted in accordance with the Council's P2P Guidance documentation;

...

q. The contract manager should ensure the safe keeping of contract documentation in line with Croydon's document retention policy and uploaded onto the Council's contract management system;

5. Director Responsibilities

5.1 Directors must:

a. Ensure that these Regulations are followed and enforced within their areas of responsibility;

b. Make the staff aware of the requirements of these regulations;

...

g. Monitor compliance and investigate any non-compliance with the regulations and report any findings to the Director of Commercial Investment as Chair of the Contracts and Commissioning Board;

...

j. Ensure their contract managers have kept contract documentation in line with Croydon's document retention policy and uploaded onto the Council's contract management system.

29. Contract Pre-conditions and Preliminaries

29.1 A Director must not authorise or permit a contractor to enter on any land or buildings belonging to the Council or to proceed with the Contract or start work on site until a written order to proceed with the Contract has been issued and the following actions are completed:

a. the contractor has provided proof of insurance;

b. the contractor has completed and returned to the Council the contract documents unless the Director can satisfy the Director of Legal Services and the Chair of CCB that the Council's position is otherwise adequately secured;

c. where appropriate the performance bond is duly completed;

d. all procedures have been completed to the satisfaction of the Director of Legal Services.

33. Contract Storage

33.1 The Director responsible for the service area must ensure that all signed/ sealed Contracts established in accordance with these Regulations are scanned and the scanned copy or a true electronic copy (with signature/ sealed pages scanned accompanying it) is stored on the Council's Contract Management system and that the original copy of the contract has been received by the Deeds team in Croydon Legal Services.

Although these protections are in the constitution, there is the need to ensure they are complied with. In relation to any non-compliance, Contracts & Commissioning Board /Procurement Board are implementing a log which will be reviewed on a regular basis and escalated, where needed.

Other types of contracts/ agreements:

The provisions regarding other contracts/ agreements are covered to some extent in the Financial Regulations. The practice and advice from Legal Services to date is to follow the principle of the TCRs that, where a contract has a value of over £100k, it needs approval by Legal and needs to be signed by and authorised signatory in Legal.

There are likely many agreements entered into that do not come to Legal Services for consideration. There is no centralised data available to review the number of matters this might currently apply to.

Process for signing documents by Legal Services:

- Legal review undertaken
- Final agreement engrossed (not always internally)
- Authority provided
- Signing/sealing form completed, including relevant authority

- Record in the relevant register
- Signed contract scanned, sent to client officer and saved on Visual Files
- Where relevant, hard copy retained, and archive requested

There are currently four registers – Sealing register, Miscellaneous register, Electronic signing register and Browne Jacobson's POA register. The Electronic register and POA register were brought about due to the Pandemic.

Overall, the process works, however issues can arise at some stages for example, lack of appropriate authority to enter into the agreement.

Proposals

1. Training for staff to ensure they understand and follow processes e.g., under the TCRs
2. To implement any relevant provisions into the Financial Regulations for 'other' agreements (e.g. for Capital Projects), similar to assurances in the TCRs. For example, agreements with a value of over 100k should be signed off by Legal.
3. To implement a 'non-compliance' reporting/ escalation system with appropriate oversight (already underway for procured contracts)
4. Clarify who are Authorised Signatories. Please note, the Intranet is confusing at present, as it refers to Authorised Signatories in the context of those authorised under the financial regulations to approve requisitions up to a certain value – please see [here](#). This needs to be clarified (e.g. re-title to 'Authorised Approvers'?)

5. For procured contracts, Scott Funnell to provide a central email address for copies of signed contracts to be sent to in order to be centrally stored

6. Use of electronic signing/sealing platform e.g. Docusign. This will automate the process, reduce delay, simplify the registering system and storage system. Business case needed regarding cost and confirmation whether the Council can seal deeds electronically (it'll only cost effective if this is possible).

The Monitoring Officer is working with the Head of Strategic Procurement and Contracts on R2. This will now be expanded to include the Head of Estates, Asset & Facilities. The process is in place for the signing of contracts in accordance with the Constitution Tenders and Contracts Regulations and which also accords with R2. Legal Services has in place a process for signing and storing contracts on matters they are dealing with. Electronic copies are stored on Legal Services System (Visual Files Records). Hard copies are stored in the Deeds Room. Strategic Procurement are looking at a central repository of all Council contracts. This forms part of the Strategic Procurement and Contract Plan.

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.

Comments

It is recommended that the action plan be amended to read:-

'The Capital Board will be given a formal role going forward in monitoring that contracts have been signed, that they are stored securely and that all legal requirements were met prior to the project proceeding.'

This will be undertaken through the proposed Capital Projects Performance Report. The terms of reference of the Capital Board will be updated to reflect this.

This is now part of Capital Board and Procurement Board standard agenda items for monitoring purposes.

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 Audit and Governance Committee for Member oversight and comment.

Comments

The review arising from this recommendation will be reported to the Statutory Officers' Board and the Audit and Governance Committee once it has been concluded.

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.

Response

Through the CMT and MAB processes, senior officers, the Mayor and Cabinet are kept informed of any legal risk arising from decisions under considerations. This is a business-as-usual requirement and embedded in day to day considerations of key decisions for Cabinet.

Action Plan

**Deadline
May 2022**

**Accountability
Monitoring Officer**

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.

Comments

Completed – a revised Part 5A was approved by Council in March 2022. This included addition of text to require Corporate Directors to keep the implementation of decisions under review and ensure that circumstances relevant to the decision continue to apply. Where there has been a material change of circumstances, a further report must be made to the decision-making body prior to implementation.

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

Comments

This will usually be discussed at Corporate Management Team which includes the Head of Paid Service, Chief Finance Officer, and Monitoring Officer. Cabinet will be updated on material changes in the circumstances given rise to decisions made and such that will require a review of the decision.

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

Response

Action

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. The Council will also take further action to enhance and ensure compliance with these processes.

Deadline

July 2022

Accountability

**Corporate
Director of
Resources**

Comments

The Section 151 officer confirmed that this task has been completed. A further assurance will be sought by commissioning an internal audit of these processes.

In relation to procured contracts, the requirements of the Tenders and Contracts Regulations (Regulation 29)¹ in the Constitution covers the process for assurances prior to proceeding with arrangements with contractors. A reminder note will be sent to staff.

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.

Comments

As mentioned above, this will form part of Capital Board and Procurement Board standard agenda item. The Capital Board Terms of Reference were updated in September 2022 to incorporate these requirements.

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 the Audit and Governance Committee or Ethics Committee.

Comments

An update report will be provided to the Statutory Officers' next meeting in October 2022.

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

¹ **29. Contract Pre-conditions and Preliminaries**

29.1 A Director must not authorise or permit a contractor to enter on any land or buildings belonging to the Council or to proceed with the Contract or start work on site until a written order to proceed with the Contract has been issued and the following actions are completed:

- a.** the contractor has provided proof of insurance;
- b.** the contractor has completed and returned to the Council the contract documents unless the Director can satisfy the Director of Legal Services and the Chair of CCB that the Council's position is otherwise adequately secured;
- c.** where appropriate the performance bond is duly completed;
- d.** all procedures have been completed to the satisfaction of the Director of Legal Services.

29.2 Once the actions in Regulation 29.1 are completed then a purchase order must be raised on the Council's financial system, prior to any goods or services being provided. Raising purchase orders, and any permitted exceptions, must be conducted in accordance with the Council's P2P Guidance documentation.

Response

Action	Deadline	Accountability
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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
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Comments

There are representatives from Finance, Legal and Procurement at Procurement Board and Capital Board who ensure that there is compliance with statutory provisions and the Constitution's Tender and Contract Regulations. There is regular and ongoing review of arrangements for both Procurement Board and Capital Board to ensure compliance with statutory and constitutional provisions. For Procurement Board, there is a log kept of any non-compliances with a view to escalation to CMT and to ensure any systemic failings are rectified. The same should be replicated for Capital Board.

For all contract, procurement, and subsidy related matters requiring Cabinet decision, legal advice/comments are sought to ensure compliance with procurement and subsidy control rules. Also, for compliance with the Council's Tender and Contracts Regulations where relevant. These reference the need to check for public subsidy issues. Risks of public subsidy will vary from project to project and each project will have to be reviewed on its own merits.

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.

Response

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:

- 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

There is regular dialogue between the Chief Executive, Section 151 Officer and Monitoring Officer to consider various challenging governance issues and decide on the appropriate response and if required, an action plan.

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

Comments

This has been completed.

6.2 A new system of internal control officer boards have been implemented following a review of core business meetings and forums (Capital, Health & Safety, Equality Diversity & Inclusion, Finance & Assurance, Performance, Digital, Resident Voice and Corporate Resilience). To be implemented are boards on Information Management and Workforce).	July 2022	Director of Policy, Programmes & Performance
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Comments

This has been completed. A new Information Management Internal Control Board has been formed chaired by the Monitoring Officer to ensure a critical friend challenge and progress with the Council information management agenda.

6.3 A new Member / Officer working protocol will be developed and submitted to Council for adoption into the Council's Constitution. March 2022 Monitoring Officer
Please note that this action will also support 9.2

Comments

This has been completed and was approved by Full Council in March 2022.

6.4 A new assurance framework will be developed and reported on annually to the Audit and Governance Committee July 2022 Corporate Director of Resources

Comments

The Council's governance framework has been reviewed and informed by the NAO's Three Lines of Defence model.

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

Response

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 the Audit and Governance Committee and Cabinet.	June 2023	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.

June 2023

Assistant Chief Executive

Comments

This task is to be allocated to the Monitoring Officer who is responsible for Democratic Services and who in turn is responsible for record keeping of Executive decisions. Update (Jan 23) Guidance Note to be prepared by Head of Democratic Services on the arrangements for all delegated decision records.

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.

Response

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.
- External training on statutory officers responsibilities has been completed separately for members and officers with additional training for non-statutory officers on company law and shareholder function.

Action Plan

Deadline

Accountability

<p>8.1 The Croydon Companies Supervision and Monitoring Panel (CCSMP) 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></p>	<p>May 2022</p>	<p>Director of Commercial Investment</p>
<p>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.</p>	<p>Feb 2023</p>	<p>Monitoring Officer</p>
<p><u>Comments</u></p> <p>The Council, in line with other local authorities, developed an Outside Bodies Protocol for Officers and Members representing the Council in companies, charities and other organisations external to the Council. The guidance has been reviewed and commented on by the CCSMP and is now due to taken to Ethics Committee in February 23 for further consideration. Once approved, the Guidance will be circulated to all officers and members representing the Council in outside bodies. Update. This has now been approved by the Ethics Committee.</p>		
<p>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.</p>	<p>May 2023</p>	<p>Monitoring Officer</p>
<p><u>Comments</u></p> <p>Initial training has taken place but there is further training planned and to be commissioned by the Monitoring Officer by June 2023.</p>		
<p>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.</p>	<p>September 2023</p>	<p>Director of Policy, Programmes & Performance</p>
<p><u>Comments</u></p> <p>The Internal Control Boards have recently been established and a review of their effectiveness is planned by September 23</p>		

Recommendation 9

- 1. The Chief Executive should work with the Executive Mayor to continue to embed**
- 2. R9.1 a clearly understood distinction between the different roles and responsibilities of Members, officers and representatives akin to Brick by Brick**
- 3. 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**

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

Comments

This task is completed. A revised member handbook developed including role descriptions. All members were given access to the handbook following the elections.

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 2002	Monitoring Officer
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Comments

This task is completed. Member/Officer protocol approved by Full Council in March 2022.

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 responsibilities of any person appointed by the Council to be a director of a Council owned company.	May 2022	Director of Commercial Investment
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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). <i>Please note that this action will also support 8.1</i>	May 2022	Director of Commercial Investment
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Comments

Completed

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

Response

Improvement Work to Date

The Council has introduced new system of internal control officer boards following a review of core business meetings and forums. The Boards are Capital, Health & Safety, Equality Diversity & Inclusion, Finance & Assurance, Performance, Digital, Resident Voice and Corporate Resilience. To be implemented are Boards on Information Management and Workforce. The Capital Board and Finance and Assurance Board oversees significant projects and capital/revenue expenditure and has in place escalation and reporting route to Corporate Management Team (CMT).

Since June 2021 the Cabinet has been receiving a monthly update on the council's general fund, housing revenue account and capital expenditure. Currently, as part of the budget monitoring process, the spend on Capital Projects are reported monthly and reviewed at Capital Board, CMT and then Cabinet.

Action	Deadline	Accountability
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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. Future project governance should be reflective of the scale of each project, with an appropriate level of monitoring, reporting and resource allocated.

May 2022

Director of
Commercial
Investment

Comments

Capital Board reviewed its terms of reference in September 2022 to incorporate all the RPII2 requirements and will continue to regularly review and update its terms of reference and approach to ensuring the delivery of robust capital governance. **This is completed.**

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

Comments

The S.151 officer confirms that this task is completed. There is regular budget monitoring report to Cabinet that deals with 10.2 above.

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

Comments

An initial Terms of Reference template has been used to establish the new Internal Control Boards. Once the boards have been in operation for a few months, a review will be undertaken of their effectiveness and a final Terms of Reference template will be agreed.

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.

Feb 2023

**Director of Policy,
Programmes &
Performance**

Comments

The monthly budget assurance meetings are continuing and their effectiveness continues to grow. As the monthly financial performance report has set out during 2022-23 these assurance meetings have been reviewed and strengthened. They will be kept under constant review to ensure they operated optimally.

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

Response

Action Plan

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.

Deadline

May / June 2022

Accountability

**Corporate Director
of Resources**

Comments

The Section 151 Officer attends Capital Board meetings at which these issues are addressed.

At the monthly meetings of the Capital Board, the financial performance of the capital programme is reviewed. The Board reviews the progress made with delivery of capital projects including consideration of risks, financing and contracts completion and compliance issues.

The Council tax Setting process for 2023/24 included a new Capital Strategy document which joined together the capital programme, asset management plan and treasury management strategy. This alongside the main budget report emphasised the importance of reducing debt through asset disposals, a significantly paired back capital programme and the consequent impact through the treasury management strategy on borrowing costs on the budget and Medium Term Financial Plan.

11.2 The review of the monthly budget report format will also take into account these recommendations and report to the Audit and Governance Committee, the Scrutiny and Overview Committee and finally Cabinet taking into account members' views.

December 2022

Corporate Director of Resources

Capital projects will continue to be monitored through the monthly Financial Performance Report. In addition, **the** Capital Board is developing a separate detailed Capital Projects Performance Report. The focus in the autumn of 2022 shifted to paring back the capital programme and producing an asset management plan and disposals programme. Enhancements to capital reporting will be made in 2023-24 building upon the work undertaken to develop the capital strategy. This addresses the issues raised by R11.1 and R11.2.

Recommendation 12

The Chief Executive should put in place arrangements to consider inherent conflicts of interest for executive officers

Response

Action

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 conflicts.

Deadline

May 2022

Accountability

Monitoring Officer

Comments

This task has been completed and approved by Full Council in March 2022

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

Comments

This is planned for the end of the financial year.

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**

Comments

This has been actioned and completed

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

Comments

There is a standard agenda item for declaration of interest at the Statutory Officer's Board meeting. Officers are aware of the need to withdraw from parts of the meeting where there is likely to be a conflict of interest.

END