

REPORT TO:	CABINET 18 January 2021
SUBJECT:	Action Plan to address the Report in the Public Interest
LEAD OFFICER:	Jaqueline Harris Baker, Executive Director of Resources, and Elaine Jackson, Interim Assistant Chief Executive
CABINET MEMBER:	Councillor Hamida Ali, Leader of the Council
WARDS:	All

SUMMARY OF REPORT:

This report addresses recommendations 1.6 and 1.7 in a report to the Extraordinary Council meeting of 19th November 2020 in response to the Report in the Public Interest (RIPI). The improvement action plan has been considered and reviewed by both the Scrutiny & Overview Committee and the General Purposes & Audit Committee and they have both support the action plan but have made recommendations for improvements.

FINANCIAL IMPACT:

There will be costs associated with the implementation of the recommendations detailed within the report and for the production of the external auditor's report. To date, the external auditor's costs have totalled £65,000.

The costs of implementing the action plan will be included in the costs of the overall improvement plan being developed for the Council and will be reported to Members when these are fully known.

KEY DECISION REFERENCE NO.:

There are no key decisions contained in this report

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out below:

RECOMMENDATIONS:

The Cabinet is asked to:

- i. Agree the amendments to the RIPI action plan recommended by the Overview & Scrutiny Committee (Appendix 1);
- ii. Agree the amendments to the RIPI action plan recommended by the General Purposes & Audit Committee (Appendix 2);
- iii. Agree that the action plan (Appendix 3) should be updated accordingly; and
- iv. Note that in accordance with the resolutions of Council on 19 November 2020, Cabinet, alongside the General Purposes & Audit Committee, the Scrutiny & Overview Committee and Council, will receive quarterly reports detailing

progress of delivering the action plan as part of quarterly progress monitoring reports from the forthcoming Council Improvement Board.

1. SUMMARY

1.1 On 23 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 RIPI, the Council held an Extraordinary Council meeting on 19 November 2020 to discuss the report and the proposed action plan (Appendix 3) to address it.

1.2 At the Extraordinary Council meeting the action plan and a number of recommendations were agreed. This report addresses recommendations 1.6 and 1.7 as follows:

1.6 *that the Scrutiny and Overview Committee and the General Purposes and Audit Committee, at their next meetings, consider and review the Action Plan from their differing constitutional positions and report their feedback in separate reports to Cabinet at its 18th January 2021 meeting; and*

1.7 *Council requests that Cabinet receive a report at its 18th January 2021 meeting on the Action Plan. The report will respond to the feedback from the Scrutiny and Overview Committee and the General Purposes and Audit Committee. The report will also provide further detail on the recommendations, timelines and accountabilities, the delivery mechanism to support the improvement work and the costs, where possible, associated with implementing the recommendations.*

2. DETAIL

2.1 As requested by Council, the Scrutiny & Overview Committee and the General Purposes & Audit Committee have now had an opportunity to consider and review the action plan. Both committees support the action plan, but both have made some recommendations for improvements. These recommendations are attached as follows:

Appendix 1 - Recommendations from the Scrutiny & Overview Committee on the Report in the Public Interest Action Plan.

Appendix 2 - Recommendations from the General Purposes and Audit Committee on the Report in the Public Interest Action Plan.

2.2 The Committees took the view that the action plan was a robust piece of work considering the time frame for its creation and recommended that it should be viewed as a live document to guide the organisation going forward, which could

be amended as and when needed. The Committees also recognised that the action plan was ambitious in the scale of work it was proposing to deliver and recommended that robust assessment criteria be used to prioritise delivery, taking account of the available capacity.

- 2.3 The Scrutiny & Overview committee was content with the actions proposed to address 5 of the RIPI recommendations but made 23 proposals to enhance the remainder. The General Purposes & Audit Committee was content with the actions proposed for 8 of the RIPI recommendations, but also made 23 recommendations to enhance the remainder.
- 2.4 Officers from the Council's Executive Leadership Team attended the meetings of both committees and were supportive of the recommendations made.
- 2.5 It is also proposed that progress against the action plan should be monitored, tested and reported upon by the Council's internal audit team and there will be reports to future Cabinet meetings setting out progress with implementation.
- 2.6 The RIPI action plan has been incorporated into the Croydon Renewal Plan. The plan is structured around the new priorities agreed at Council, with 3 key improvement outcomes:
- Financial recovery
 - Governance improvement (which incorporates the RIPI action plan)
 - Operational improvement

The plan forms a critical part of the Council's capitalisation submission to MHCLG.

- 2.7 The Improvement Plan is a significant programme of work that is likely to take up to 5 years. The Improvement Plan has also identified key areas of focus which are essential to changing the overall culture of the Council to one that is evidence led, manages resources well, and is open and transparent with stakeholders.
- 2.8 The Council is strengthening its systems for monitoring and reporting performance and expenditure and applying a programme delivery approach to implement the change required. Delivery of the Improvement Plan will be coordinated by a new Renewing Croydon Programme Steering Group. The Steering Group is responsible for ensuring that all project and programme work undertaken by the council is aligned only to the strategic priorities of the council. They will hold officers to account for delivery, approve project initiation, prioritisation and close down, and manage compliance. A central Programme Management Office has been established to ensure consistent, effective management of the various improvement and savings programmes. Our approach has built on best practice advice received from the NHS and local government as well as lessons learned reports from MHCLG and the Infrastructure and Projects Authority.

3. CONSULTATION

- 3.1 The recommendations attached to this report are the product of discussions by both the Scrutiny & Overview Committee and the General Purposes & Audit Committee as requested by the Council at its Extraordinary meeting on 19 November 2020.

4. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 4.1 To ensure that the action plan to address the issues raised by the external auditor's Report in the Public Interest are addressed as promptly and effectively as practical to enable the Council to improve its financial standing and continue to deliver services to the residents and other stakeholders of Croydon.

5. OPTIONS CONSIDERED AND REJECTED

- 5.1 None

6. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 6.1 To date, the external auditor's costs have totalled £65,000.
- 6.2 There will be costs associated with the implementation of the recommendations detailed within the report.
- 6.3 The Council is currently assessing its capacity to deliver the overarching improvement plan, of which this action plan forms a key part, and those costs will be reported to Members when they are fully known.

Approved by: Lisa Taylor, Director of Finance, Investment and Risk and s151 Officer.

7. LEGAL CONSIDERATIONS

- 7.1 The Head of Litigation and Corporate Law comments on behalf of the Council Solicitor and Monitoring Officer that 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.
- 7.2 Under the provisions of paragraph 5(5) and (6) of Schedule 7 to the Act, the Council must decide within a period of 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 were agreed

together with an Action Plan in response to each of the recommendations. Paragraph 7 goes on to provide that the authority's functions under paragraph 5 are not to be the responsibility of the executive.

- 7.3 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.
- 7.4 At the time of writing this report, all of the relevant requirements of the Act have been complied with.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of Jacqueline Harris-Baker, Council Solicitor and Monitoring Officer.

8. HUMAN RESOURCES IMPACT

- 8.1 There are no human resource impacts 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.
- 8.2 Human resources impacts will be appropriately reported to the relevant decision-making bodies as individual actions from the plan are implemented.

Approved by: Sue Moorman, Director of Human Resources

9. EQUALITIES IMPACT

- 9.1 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.
- 9.2 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.
- 9.3 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.

- 9.4 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: Yvonne Okiyo, Equalities Manager

10. ENVIRONMENTAL IMPACT

- 10.1 None

11. CRIME AND DISORDER REDUCTION IMPACT

- 11.1 None

12. DATA PROTECTION IMPLICATIONS

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

NO

- 12.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

NO

- 12.3 The report author comments that the recommendations of this report do not involve the processing of personal data and as such, there are no data protection implications arising from this report.

Approved by: Jacqueline Harris Baker, Executive Director of Resources and Monitoring Officer

CONTACT OFFICER: Jacqueline Harris Baker, Executive Director of Resources and Monitoring Officer

APPENDICES TO THIS REPORT:

Appendix 1 - Recommendations from the Scrutiny & Overview Committee on the Report in the Public Interest Action Plan.

Appendix 2 - Recommendations from the General Purposes and Audit Committee on the Report in the Public Interest Action Plan.

Appendix 3 - Action Plan in response to the Report in the Public Interest as agreed at Council on 19 November 2020.

BACKGROUND DOCUMENTS: None