

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

Introduction

The General Purposes and Audit Committee (GPAC) was given the opportunity to review the action plan created in response to the Report in the Public Interest (RIPI) issued by Grant Thornton at its meeting on 2 December 2020.

This report has been prepared to summarise the recommendations of the Committee on the action plan. At the meeting each recommendation in the action plan was reviewed in turn and the feedback is presented in this format.

Recommendation 1a: The Executive Director Children Families and Education needs to address the underlying causes of social care overspends in children’s social care and take effective action to manage both the demand and the resulting cost pressures.

1. The Committee recommended that action be taken to enable the ongoing production of a transparent data set which allowed Members to track progress on managing demand within social care.

Recommendation 1b: The Executive Director Health, Wellbeing and Adults needs to address the underlying causes of social care overspends in adults social care and take effective action to manage both the demand and the resulting cost pressures.

The actions set out in the report were supported by the Committee, with no further recommendations made.

Recommendation 2: The Council (including Cabinet and Scrutiny and Overview Committee) should challenge the adequacy of the reserves assessment which should include a risk assessment before approving the budget.

2. The Committee felt that further consideration needed to be given to how to improve Members understanding of the Council’s reserves.
3. It was also requested that sufficient time is built into the budget setting process to allow GPAC to provide comment.

Recommendation 3: The Chief Executive should oversee a review of the outcomes achieved from the use of transformation funding to demonstrate that the funding has been applied in accordance with the aim of the scheme.

4. The Committee recommended that further consideration needed to be given to how to improve Member’s understanding of transformational funding.

Recommendation 4: The s151 officer should set out the strategy for applying capital receipts for transformation annually as part of the budget setting process.

5. It was recommended that GPAC receive an annual report in addition to the Scrutiny & Overview Committee.

Recommendation 5: The General Purposes and Audit Committee should receive reports on the actions being taken to address the Dedicated Schools Grant deficit and challenge whether sufficient progress is being made.

The actions set out in the report were supported by the Committee, with no further recommendations made.

Recommendation 6: The Executive Director Children, Families and Education needs to review the services provided to UASC and to identify options to meet their needs within the grant funding provided by the Home Office.

6. Recommendation: That work is undertaken to understanding what provision is currently available for flagging safeguarding risks and thresholds for the number of UASC that can be safely looked after by the Council. Following on from this, to work with Ofsted on a system for other authorities to house UASC once the safe limit had been exceeded.

Recommendation 7: The Executive Director Children, Families and Education needs to identify the capacity threshold for the numbers of UASC that it has the capacity to deliver safe UASC services to.

The actions set out in the report were supported by the Committee, with no further recommendations made.

Recommendation 8: The Cabinet reports on the financial position need to improve the transparency of reporting of any remedial action taken to address in year overspends.

7. The Committee recommended that the relevant Cabinet Member should be identified as one of the 'accountable people' mentioned in action ii.

Recommendation 9: The Council (including Cabinet and Scrutiny and Overview Committee) need to show greater rigor in challenging underlying assumptions before approving the budget including understanding the track record of savings delivery.

8. The Committee felt it would be helpful for Councillor Callton Young to be included as the accountable Cabinet Member in addition to Councillor Stuart King.

Recommendation 10: The General Purposes and Audit Committee must challenge officers on the progress in implementing the Financial Consultant's recommendations to improve the budget setting, monitoring

and reporting process and actions to address the Head of Internal Audit's concerns on internal controls.

9. The Committee suggested that the underway deadline needed to be reviewed to provide more clarity on progress made with the actions.

Recommendation 11: The s151 officer needs to revisit the Growth Zone assumptions following the pandemic and make recommendations to Cabinet and Council for the continued investment in the scheme.

The actions set out in the report were supported by the Committee, with no further recommendations made.

Recommendation 12: The s151 officer should review the financial rationale and associated risks and make recommendations to Cabinet and Council on whether the Revolving Investment Fund should continue.

The actions set out in the report were supported by the Committee, with no further recommendations made.

Recommendation 13: The s151 officer should review the purchase of Croydon Park Hotel to identify lessons learned to strengthen future due diligence arrangements.

10. The Committee recommended that the strategic review be asked to expand its feedback on how asset investment decision was made, beyond simply the governance processes.

11. It was requested that fourth Action be expanded to include input from SOC and GPAC

Recommendation 14: The Cabinet and Council needs to re-consider the Treasury Management Strategy for ongoing affordability of the borrowing strategy, the associated risks and identify whether alternative options can reduce the financial burden.

The actions set out in the report were supported by the Committee, with no further recommendations made.

Recommendation 15: The Chief Executive should arrange detailed Treasury Management training to assist Members to better understand and challenge the long-term financial implications of matters reported within the Treasury Management Strategy.

12. The Committee requested the provision of training for Members to improve their understanding of Treasury Management.

Recommendation 16: The s151 officer should revisit the Minimum Revenue Provision policy to demonstrate that a prudent approach is being taken.

The actions set out in the report were supported by the Committee, with no further recommendations made.

Recommendation 17: The Cabinet and Council should reconsider the financial business case for continuing to invest in Brick by Brick before agreeing any further borrowing.

13. The Committee recommended that the risks relating to Brick by Brick are reviewed to ensure they are appropriately listed on the risk register.
14. It was highlighted that the accountable Cabinet Member should be Councillor Hamida Ali.

Recommendation 18: The Cabinet and Council should review and reconsider the ongoing financial rationale for the Council in the equity investment arrangement with Brick by Brick.

The actions set out in the report were supported by the Committee, with no further recommendations made.

Recommendation 19: The s151 officer and monitoring officer should monitor compliance with loan covenants with Brick by Brick and report any breaches to Members.

15. It was requested that GPAC have the opportunity to review the new loan covenant arrangements once finalised.
16. It was also suggested that parent guarantees be included within the scope of the review

Recommendation 20: The Cabinet and Council should review its arrangements to govern its interest in subsidiaries, how the subsidiaries are linked, and the long-term impact of the subsidiaries on the Council's financial position and how the Council's and taxpayers' interest is safeguarded.

17. The Committee recommended raising awareness of the timing of the Annual General Meetings of subsidiaries amongst Members.
18. It was also recommended that a cost effective mechanism for publicising the Board Membership of any Council subsidiaries is investigated.

Recommendation LBC1: Given the challenges ahead there will need to be improvement of the Council's approach to risk management to enable a satisfactory turnaround of the financial position.

19. The Committee recommended that Action 4 be expanded to clarify the level of training for Members depending on the roles.

Recommendation LBC2: Clarifying member and officer roles to support good governance arrangements.

20. The Committee recommended that Action 5 be expanded to clarify the ability and process for Members requesting information.

Recommendation LBC3: Ensuring that Members are appropriately trained across all aspects of the Council's financial duties and responsibilities.

21. It was recommended that thought be given to what should be considered to be mandatory training for Members.

22. It was also recommended that a training needs assessment of Members is undertaken to establish training requirements.

Recommendation LBC4: The Council develops an improvement programme that has the necessary elements for it to function effectively and within its financial resource.

23. It was requested that Action 3 be expanded to include GPAC