

Cabinet - 18 January 2021

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

Introduction

The Scrutiny & Overview Committee (SOC) 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 8 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.

General Feedback

Overall the Committee came to the view that the action plan presented was a robust piece of work, particularly considering the time frame for its creation. Given the short time frame for the creation of the action plan, the Committee 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 Committee also recognised that the scale of the action plan was very ambitious in terms of the work it was proposing to deliver and recommended that robust assessment criteria be used to prioritise delivery, taking account of the available capacity.

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. Regarding action iii, it was recommended that prior to providing progress reports, Members needed a greater understanding of the current arrangements for Children's Social Care, including clarity over what were the statutory and non-statutory areas of the service and the meaning and impact of 'demand management'.
2. The Committee recognised that further consideration needed be given to how to demonstrate within the progress reports the wider impact of work to address cost pressures within Children's Social Care beyond the purely financial implications. For instance any progress reports needed to provide reassurance that robust assessments were being undertaken to determine the potential impact on future demand from either reducing or stopping a service.

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.

3. Training needed to be provided for Members to understand the budget for Adult's Social Care. This should include an explanation of the reasons for the persistent overspend. Training was also required to help Members understand the complex health and care landscape in the borough.
4. As with Recommendation 1a, consideration needed be given to how to demonstrate within the progress reports the potential impact of the work to address cost pressures within Adult's Social Care beyond the financial implications.

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.

5. Consideration was needed to identify the most appropriate mechanism for the Committee to monitor and assess progress made against delivering the budget throughout the year.
6. Furthermore, consideration needed to how reassurance could be provided to Members that effective budget controls were in place to mitigate against potential risks to the delivery of the budget.
7. The governance of the Council needed to be mapped in order to reduce the risk of duplication and conversely to ensure that nothing was missed.

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.

8. A corporate strategy needs to be developed to assess future transformation projects prior to funding. This should include a requirement to identify the intended outcomes, risk exposure, ongoing affordability, how success will be measured, how progress will be tracked, any interdependencies with other projects and any wider benefits.

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

As set out in recommendation 8 above.

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.

9. It was identified that training was needed for Members on education funding and budgets.

Recommendation 6: The Executive Director Children, Families and Education needs to review the services provided to UASC and to identify

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| options to meet their needs within the grant funding provided by the Home Office. |
| The actions set out in the report were supported by the Committee and no further recommendations were made. It was presumed that the delivery date for item 6 is December 2020, not 2021. |
| 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 and no further recommendations were 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. |
| 10. It was recognised that urgent action needed to be taken to address the culture of the Council to ensure that all officers and Members are aware of budgetary pressures and acted accordingly. |
| 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. |
| 11. It was felt that it was important for the Cabinet to take collective responsibility for addressing the Council's budget challenges, with further work recommended to consider how this can be demonstrated. |
| 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. |
| 12. That work be undertaken to clarify the roles of both Scrutiny and Audit to reduce duplication and also to ensure nothing was being missed. |
| 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. |
| 13. It was recognised that the Council needs a mechanism in place to review projects to use the learning to inform any future work. This should be extended across all areas of the Council, with learning retained centrally as a corporate resources. |

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.

See SOC Recommendation 13 above.

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

See SOC Recommendation 13 above.

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.

14. As mentioned above in recommendation 12, it is recommended that work be undertaken to clearly define the roles of Scrutiny and Audit, with particular regard to risk management and treasury management.

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.

See SOC Recommendation 14.

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 and no further recommendations were 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.

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

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.

15. The Committee recommended that the December 2020 deadline for the action is reviewed to ensure further consultation could be undertaken.

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

16. The Committee recommended that the December 2020 deadline for the action is reviewed to ensure further consultation could be undertaken.

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.

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

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.

17. It was recommended that consideration be given to how to provide Members with assurance that there is sufficient risk management expertise within the Council to manage risk going forward.

18. It was recognised that the Council needed to define its appetite for risk and that as part of any future governance, risks are regularly reviewed to ensure that the appropriate level of mitigation is in place.

19. That work is undertaken to reconcile the various risks managed by the Council to understand how they impact upon each other.

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

20. The Committee agreed that any review of the governance arrangements, needed to give greater clarity to responsibility and accountability.

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

21. That training be provided for Members to improve understanding of the commissioning process.

22. That appropriate training is offered to the committee members who are not elected members.

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

23. The Committee recommended that corporate level sponsorship should be allocated to all projects to ensure clarity of responsibility for delivery.
24. It was also recommended that work needed to be undertaken as a priority to understand the future model of the Council, which would inform the direction of travel in the improvement journey.
25. That appropriate officer support is given to Scrutiny in order that it can fulfil its role.