

# LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	<b>AUDIT AND GOVERNANCE COMMITTEE</b>	
<b>DATE OF DECISION</b>	<b>20<sup>th</sup> APRIL 2023</b>	
<b>REPORT TITLE:</b>	<b>UPDATE ON THE ANNUAL GOVERNANCE STATEMENT 2021/22 ACTION PLAN</b>	
<b>CORPORATE DIRECTOR / DIRECTOR:</b>	<b>STEPHEN LAWRENCE-ORUMWENSE DIRECTOR OF LEGAL SERVICES &amp; MONITORING OFFICER JANE WEST CORPORATE DIRECTOR OF RESOURCES</b>	
<b>LEAD OFFICER:</b>	<b>STEPHEN LAWRENCE-ORUMWENSE DIRECTOR OF LEGAL SERVICES &amp; MONITORING OFFICER</b>	
<b>LEAD MEMBER:</b>	<b>CLLR JASON CUMMINGS LEAD MEMBER FOR RESOURCES</b>	
<b>KEY DECISION?</b> [Insert Ref. Number if a Key Decision]	<b>No</b>	
<b>CONTAINS EXEMPT INFORMATION?</b>	<b>NO</b>	

## 1 SUMMARY OF REPORT

- 1.1 In the 2021/22 Annual Governance Statement (AGS), the Council developed an Action Plan for 2022/23 to address the gaps in governance identified in the previous year. This report provides an update on the progress made with the Action Plan.

## 2 RECOMMENDATIONS

- 2.1 The Committee is asked to consider and comment on the Annual Government Statement 2021/22 Action Plan Update which is attached as Appendix 1.

## 3 REASONS FOR RECOMMENDATIONS

- 3.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and the proper standards of good governance. The recommendation provides an update on the progress made on the improvement identified in the Council's governance arrangement.

- 3.2 The Committee is responsible for reviewing and monitoring the effectiveness of the Council's governance, risk and systems of internal controls and the implementation of agreed actions. The recommendation provides an opportunity for the Committee to review and comment on progress made in the areas identified for action.

#### **4 BACKGROUND AND DETAILS**

- 4.1 The Council's AGS 2021/22 acknowledge that the Council has been the subject of significant governance failings that has attracted considerable public interest. The Council has worked to continue to deliver the necessary and significant improvements required in its governance arrangement.
- 4.2 An Action Plan has been developed for 2022/23 to address the gaps in governance identified in the AGS. The key themes for action are in areas such as finance awareness and training; service-based budget monitoring and financial management; complaints and information governance; capital projects and boards, budgeting, and financial reporting; contracts execution, management and records keeping; and housing repairs and temporary accommodation. They also include the actions arising from the January 2022 External Auditor Report in the Public Interest concerning the refurbishment of Fairfield Halls and related governance arrangements (RIPI 2). The delivery of these actions is monitored through the Internal Control Boards, Corporate Management Team, and updates to the Committee.
- 4.3 Attached at Appendix 1 is an Update on the progress made on the delivery of the AGS Action Plan. The key highlights are:
- a) The improved arrangements for management of capital projects and programmes including a new capital strategy and programme management software.
  - b) The ongoing review of the Constitution to improve on the Council's governance arrangement.
  - c) The information management arrangement improvement plan.
  - d) The housing improvement and transformation programme.
  - e) The progress made with the implementation of the RIPI 2 recommendations since the last report to the Committee in September 2022<sup>1</sup>. This includes the roll out of

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<sup>1</sup> The Committee were advised that the progress made to date are:

- a) Officer's reports to Cabinet are better focussed on risk, legal powers and safeguarding the Council's interest. Through the Internal Control Boards, Corporate Management Team (CMT) and Mayor's Advisory Board, any challenging issues on risk, budget and legality are addressed.
- b) A draft new report template and guidance to be introduced for Cabinet and Committees to address issues raised in R1. The draft template is attached as Appendix 2. (Footnotes continue)

the new committee report templates and guidance and training; a review of the process for signing and storage of contract with improvement proposals; a new Information Management Internal Control Board; a new Outside Bodies Protocol for Officers and Members representing the Council in companies, charities, and other external organisation.

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- c) There is an increased awareness of the need to have in place properly executed agreements before discharge of any obligations under the agreement. This will now form part of Capital Board and Procurement Board standard agenda item for monitoring purposes.
- d) There is a system in place for the safe storage of agreement with Legal Service and the respective service. But a central repository for all contracts and agreements is required which will form part of Strategic Procurement Plans moving forward.
- e) There has been a revision of the Protocol for Decision Making in the Constitution to include need for officers to report to Cabinet where there has been a material change in circumstances and to address R3. This requirement would also be picked up at CMT which is attended by the Head of Paid Services, Chief Finance Officer, and the Monitoring Officer.
- f) 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 CMT.
- g) Capital Board regularly reviews the funding envelop for projects and reports any discrepancies to CMT and if required Cabinet. Capital Board is also developing a more detailed quarterly Capital Projects Performance Report. The first report will be presented to Cabinet and Scrutiny by 31 December 2022 reflecting progress on all capital schemes to the end of the September 2022. The report will be produced quarterly thereafter. Also, the spend on capital Schemes are reviewed monthly as part of the budget monitoring report that goes to Cabinet.
- h) A strengthened governance arrangement for strategic arrangements such as Brick by Brick and draft guidance for nominated executive representatives on outside bodies in response to R8.
- i) Revised member handbook that includes role description and new member/officer protocol and to address R9.
- j) A new officer code of conduct and arrangement for executive officers to declare interest at meeting in response to R12.

The focus for action in September to December 22 is the roll out the new report templates and guidance and training; confirmation on the arrangements for the central repository of all contracts and other agreements; Capital Board' Capital Projects Performance Report; and the protocol on executive roles in outside bodies."

## **5. ALTERNATIVE OPTIONS CONSIDERED**

Not applicable.

## **6. CONSULTATION**

6.1 Not applicable.

## **7. CONTRIBUTION TO COUNCIL PRIORITIES**

7.1 The AGS and Action Plan aligns with the Mayor's Business Plan 2022-26 "Outcome 1: The Council balances its books, listens to residents and delivers good sustainable services" and "Priority 4: Ensure good governance is embedded and adopt best practice".

## **8. IMPLICATIONS**

### **8.1 FINANCIAL IMPLICATIONS**

8.1.1 There are no financial consideration arising from the recommendation. But there are significant financial and reputational risk arising from non-delivery of the Action Plan which are intended to rectify from the gaps in governance identified.

### **8.2 LEGAL IMPLICATIONS**

8.2.1 There are no legal implications arising from the recommendations. However, the actions identified in the AGS Action Plan are fundamental to the delivery of a robust and effective governance arrangement and compliance with the various legal obligations. The Committee is responsible for monitoring progress in addressing governance risk related issues, the effectiveness of internal controls and the implementation of agreed action.

### **8.3 EQUALITIES IMPLICATIONS**

8.3.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advance equality of opportunity between people who share those protected characteristics and people who do not.
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex, and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

The Annual Governance Statement Action Plan do not give arise to any equality's issues. However, the Council has had due regard to its obligations under the Equality Act in preparing and approving the statement.

## **9 APPENDICES**

Appendix 1 - Annual Governance Statement 2021/22 and RIPI2 Action Plan and Progress Update

## **10 BACKGROUND DOCUMENTS**