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General Purposes & Audit Committee

Meeting of held on Thursday, 25 November 2021 at 6.30 pm in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

MINUTES

Present: Dr Olu Olasode (Chair);
Councillor Karen Jewitt (Vice-Chair);
Councillors Chris Clark, Joy Prince, Stuart Millson, Steve Hollands and Simon Hoar

Also Present: Councillor
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Apologies: Councillor Stephen Mann, Nina Degrads, Paul Scott and Luke Clancy

PART A

1/21 **Disclosure of Interests**

Councillor Pelling declared an interest as Chair of the Pension Committee in relation to Croydon Affordable Homes and the possible asset transfer.

2/21 **Urgent Business (if any)**

There were no items of urgent business.

3/21 **Dedicated School Grant Management Plan**

The Committee considered a report which updated Members on the recent Dedicated Schools Grant (DSG) Management Plan. The grant condition required all local authorities with an overall deficit on its DSG account at the end of the 2020/21 financial year to meet the requirements as set out in the report. The Committee received an introduction from the Head of 0-25 Special Educational Needs Service, Education, Kathy Roberts and Principal Accountant, Finance, Charles Quaye.

In response to queries raised by the Committee, the following was clarified:

- The risk was around cost of moving children out of borough as opposed to remaining in the borough and through the transition process;
- The linkages between children's and adults social care services in the transition process were already being strengthened.

RESOLVED – That the Committee agreed to note the report.

The Interim Corporate Director of Resources & S151 Officer, Finance Investment and Risk, Richard Ennis gave a verbal update to the Committee on the issues raised together with an update on the Medium-Term Financial Strategy and the progress on the budget setting process for 2022/23.

In response to queries raised by the Committee, the following was clarified:

- The concerns raised by Grant Thornton around Croydon Affordable Homes were for 2019/20 and 2020/21 and that those concerns were not raised prior to 2019;
- The number of Interim staff within the Executive Leadership Team was acknowledged but was not seen as a major risk and recruitment was already underway to fill some posts;
- The Unaccompanied Asylum Seeking Children (UASC) funding was a one-off grant and that successive governments had failed to ensure that this was properly funded;
- Reserves level was a risk and would need to be increased over the coming years and that turning around the council's financial position would take several years;
- The costs of the Executive Mayor from May 2022 had been accounted for within the budget proposals using other London boroughs as examples together with costs that would be incurred by the change to governance arrangements;
- It appeared to be likely that a number of capital budgets would roll forward at the end of the financial year;
- Low Traffic Neighbourhoods (LTNs) would only be delivering two of the five schemes due to delays in implementation which would affect income;
- The Fairfield Halls Report in the Public Interest had been sent for consultation to the affected bodies, but it was still hoped it would be published in the first half of December.

The Committee considered a report which was prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) codes of practice in respect of capital finance and treasury management. The Codes recommended that members were advised of treasury management activities of the first six months of each financial year and of compliance with various strategies and policies agreed by the Council. The Committee received an introduction from the Head of Pensions, Nigel Cook.

In response to queries raised by the Committee, the following was clarified:

- The amount of debt was cushioned from rises in interest rates as it covered a long timeframe but rate rises had been factored in nevertheless.

RESOLVED - That the Committee agreed to note the report.

5/21 **Anti-Fraud Corruption Strategy**

The Committee considered a report which requested members to review and approve Croydon's refreshed Anti-Fraud & Corruption Strategy. The Committee received an introduction from the Head of Insurance, Anti-Fraud & Risk, Finance, Malcolm Davies.

In response to queries raised by the Committee, the following was clarified:

- Approximately 120 cases of fraud were investigated each year and Mr Davies stated that he would give members more details of the types of fraud outside of the meeting;
- Officers would be able to look at having a greater involvement of members in raising fraud awareness;
- The Covid pandemic had given rise to greater exposure to fraud in certain areas;
- A risk management approach was being taken which focussed on prevention and tightening up processes where fraud had occurred. The anti-fraud team was very well regarded;
- Misrepresentation within the planning process was a risk that had been highlighted within the risk register;
- Not all cases of fraud would be handled by the authority as some would be dealt with by the Police.

During the consideration of the recommendations, the Committee discussed whether there were sufficient resources to back up the policy with prosecution if required.

The committee requested that data be brought to this Committee regularly, and asked that the promotion of the council's policy on openness be reflected in paragraphs 4.5 to 4.8 of the report.

The Committee also requested that a report regarding the capacity to deliver the Strategy came out before the next Committee meeting to include implications on the budget.

RESOLVED – The Committee agreed to:

- 1.1 Review and approve the contents of Croydon's refreshed Anti-Fraud & Corruption Strategy.

6/21

Corporate Risk Register

The Committee considered a report which updated Members on the Corporate Risk Register (the register) as at November 2021. The Committee received an introduction from the Head of Insurance, Anti-Fraud & Risk, Finance, Malcolm Davies.

In response to queries raised by the Committee, the following was clarified:

- The risk related to Covid-19 and public health may be downgraded in the coming weeks due to the success of the vaccine roll-out;
- Corporate Management Team (CMT) now received a monthly update on corporate audits to resolve some of the culture particularly around expenses;
- There would be space on the GPAC work programme for a deep dive into the Whitgift Centre issues;
- Specific housing input would be required to understand the criteria for "high priority" blocks. Mr Davies was asked to facilitate that;
- Financial systems report recommendations were being worked through;
- Temporary accommodation frequently overspent so there was a specific item in the Cabinet report exploring possible solutions and officers had been comparing with other local authorities. The report was due to return to Cabinet on 7 February 2022. The Committee asked for this to be added to the Corporate Risk Register;

- All risks were reviewed on a quarterly basis by CMT and new senior officers are inducted into the risk management systems and the framework which provided a good way of escalating risk;
- A number of risks were expected to fall and over time it was hoped that it would become clearer as to how long some of those risks would be expected to last.

RESOLVED - That the Committee agreed to note the contents of the corporate risk register as at November 2021

7/21 **Internal Audit Update Report**

The Committee considered a report which detailed the work completed by Internal Audit so far during 2021/22 and the progress made in implementing recommendations from audits completed in previous years. The Committee received an introduction from the Head of Internal Audit, Finance Investment and Risk, Dave Phillips.

In response to queries raised by the Committee, the following was clarified:

- An area with poor engagement would be reported back to the Committee via the Chair;
- Some change in culture over staff expenses had already begun.

RESOLVED - The Committee agreed to note the Internal Audit Report to 30 September 2021 (Appendix 1).

8/21 **Annual Governance Statement 2020-2021**

The Committee considered a report which explained that legislation required that the Council conduct a review at least annually of the effectiveness of its system of internal control and to prepare a statement on internal control in accordance with proper practices. The purpose of the Annual Governance Statement (AGS), which was published with the Statement of Accounts, was to provide an accurate representation of the Council's governance arrangements in place during the year and to identify areas where there were significant gaps or where improvements were required. The Committee received an introduction from the Interim Corporate Director of Resources &

S151 Officer, Finance Investment and Risk, Richard Ennis and the Governance Improvement Adviser, Heather Wills.

In response to queries raised by the Committee officers clarified that the Governance Statement for 2019 to 2020 was issued separately from the accounts.

During the consideration of the recommendations, the Committee discussed the following:

- A governance review had previously been agreed but that this was different from a full constitutional review and it was good practice to have a Constitutional Review Working Group to constantly ensure that it was fit for purpose. However, it was agreed to add a paragraph which reflected the changes that had been made.

A motion was proposed by Councillor Pelling that the report should be withdrawn and that the work carried out on the previous governance review be included and brought back to the next meeting.

The motion was seconded by Councillor Fitzsimons.

RESOLVED – The Committee agreed that the report was withdrawn for comments to be incorporated and for it to return to the next meeting of the Committee:

For the next two items the Chairman handed over to the Deputy Chair, Councillor Karen Jewitt.

9/21

Use of the Powers available Under the Regulation of Investigatory Powers Act 2000 and Investigatory Powers Act 2016 - year ending 31 December 2020.

The Committee considered a report regarding monitoring compliance with the Regulation of Investigatory Powers Act and Investigatory Powers Act 2016 to support the Council's approach to corporate governance. The Committee received an introduction from the Information Management and Governance Co-ordinator, Legal Services, Howard Passman.

RESOLVED - That the Committee agreed to note the report.

10/21

Implementation of Mayoral Governance Model

The Committee considered a report which set out the programme of work that needed to be undertaken to ensure effective implementation of the Mayoral model of governance which would be effective from 9 May 2022. The Committee received an introduction from the Interim Monitoring Officer, John Jones.

During the consideration of the recommendations, the Committee discussed the following:

- There were proposals to meet with the prospective candidates to explain how the council currently worked but also to gain some insight into their expectations;
- It would be up to whoever was elected to decide on the role of Cabinet but the pre-meetings would give officers time to prepare;
- Other models were being looked at to see how other authorities were working and under the Constitution work stream would include effective Forward Plans and Access to Information.

RESOLVED - The Committee agreed to the following recommendations set out in the report:

1. Note actions underway to implement the Mayoral governance model.
2. Identify any further issues which require consideration and/or action by the Programme Board.

The Deputy Mayor handed the Chairmanship back to the Chair.

11/21 **General Purposes and Audit Committee Member Development**

The Committee considered a report which provided an update on training delivered and planned for members of the Committee. The Committee received an introduction from the Governance Improvement Adviser, Heather Wills.

During consideration of the recommendations, the Committee discussed the following:

- The training needed to be at the right level and that some of it should be compulsory;

- The members of this Committee were elected for just one year and there was merit in the appointments being for a longer time period to ensure consistency and that knowledge was not lost.

RESOLVED - The Committee agreed to the following recommendations set out in the report:

1. Note training delivered and planned for the Committee
2. Suggest any further training required for the Committee during 2021/22 or as part of Member Induction in 2022.

12/21 **General Purposes and Audit Tracker Report**

The Committee considered a report which presented a proposed format for a Tracker to be presented at ordinary Committee meetings to enable progress against actions agreed in Committee to be monitored. The Committee received an introduction from the Governance Improvement Adviser, Heather Wills.

RESOLVED – The Committee agreed to the following recommendation set out in the report:

To review and agree the format of the Action Tracker.

13/21 **Work Programme**

The Committee considered a report which detailed the Committee's proposed work programme for the 2021/22 municipal year.

The Interim Corporate Director of Resources & S151 Officer, Finance Investment and Risk, Richard Ennis reminded Members that some elements of the Work Programme were due to needing clear the backlog.

RESOLVED - The Committee agreed the Work Programme 2021/22 with acknowledgement that four meetings per year were not enough to cover the current workload.

The meeting ended at 10.23 pm

Signed:

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Date:

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