

For general release

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| REPORT TO: | <i>Scrutiny and Oversight Committee</i> <i>15th June 2021</i> |
| SUBJECT: | Report in the Public Interest – Quarter 1 Update |
| LEAD OFFICER: | Asmat Hussain, Interim Executive Director of Resources |
| CABINET MEMBER: | Councillor Hamida Ali, Leader of the Council |
| PERSON LEADING AT SCRUTINY COMMITTEE MEETING: | Asmat Hussain, Interim Executive Director of Resources |

COUNCIL PRIORITIES 2020-2024

This covering report provides an overview of the work that has been progressed to achieve the recommendations as set out in the Report in the Public Interest. It focuses on the actions that have been progressed since the update that went to Cabinet on the 12th April 2021. Specifically on the 24 actions that were set between April and May 2021 and the 30 progressed actions to be completed by the end of June 2021.

The Action Plan for the Report in the Public Interest has been incorporated into the Croydon Renewal Plans and represents one of the 11 programmes of work being delivered.

The action plan covers a wide range of areas including financial management, governance, staff training, assets and budget development all of which are core elements of any strategy to ensure services are delivered in a responsive manner with a focus on value for money for our residents.

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| ORIGIN OF ITEM: | This report is the first quarterly report presented to the Scrutiny & Overview Committee for its feedback on the progress made in delivering the RIPI Action Plan. |
| BRIEF FOR THE COMMITTEE: | The Scrutiny & Overview Committee is asked to review the information provided in this update on the delivery of the RIPI Action Plan and consider whether it wishes to make any recommendations on the activity to date. |

1. EXECUTIVE SUMMARY

- 1.1 On 23rd 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 the RIPI, the Council held an Extraordinary Council meeting on 19th November 2020 to discuss the report and the proposed action plan to address it.

- 1.2 The previous update, approved by Cabinet on the 12th April, provided a comprehensive progress update across all recommendations and also agreed the refreshed RIPI Action Plan having incorporated views from both the Scrutiny and Overview Committee (SOC) and General Purposes and Audit Committee (GPAC). This covering report represents the first quarterly Update on the RIPI response based on activity this financial year. It focuses on actions that were set to be complete by close of April and May 2021, as well as updating against actions set to be delivered by the end of June 2021.
- 1.3 This report also sets out the current approach to reporting for the remainder of this financial year. GPAC is to note the reporting schedule as agreed previously across GPAC, SOC, Cabinet and Council. Additionally, GPAC should note the ongoing discussions to review this reporting schedule to assess the best approach to provide effective updates to Council members as appropriate whilst limiting duplication. This is being aligned with the current review of the Council's meeting governance.

2. HIGH LEVEL UPDATE ON THE ACTION PLAN

- 2.1 Statistics on the number of actions complete and outstanding are below. Full detail can be seen in appendix 1.

| Number of actions | Number of actions completed | Number of actions outstanding |
|-------------------|-----------------------------|-------------------------------|
| 99 | 55 | 44 |

- 2.2 The Council has completed 55 Actions to date with 20 delivered since the April 12th Cabinet report. Further actions have been progressed as required however, the Council acknowledges that achieving the desired outcome (e.g. co-creating a working environment that respects and values all our staff and take positive action to ensure that this is the case" LBC 4 – IV) will be a long-term process and the Council is therefore committed to providing updates in further quarterly reports and keeping the actions open. A further 11 actions are set to be finalised by the end of June. Progress updates have been provided against all of these and all other outstanding actions (appendix 1).
- 2.3 Whilst good progress has been made, the Council cannot lose sight on the 44 actions that still need to be completed and has to continue to monitor actions delivered previously to ensure momentum is maintained and they have the impact expected. The Council will continue to drive to ensure actions are completed by deadline and any concerns escalated are mitigated against.
- 2.4 The table below sets out the actions identified as high priority by the external auditor with a RAG rating.

| High Priority Action | Actions Completed/Total Actions | Rag |
|----------------------------------|--|---|
| R1a Children's Social Care | 5/5 (was 1/5 per 12 th April Update) | <p>Actions are now complete with monthly Finance, Performance & Risk reports scheduled for Cabinets going forward.</p> <p>The RAG rating has therefore been shifted to green following on from the April 12th update.</p> |
| R1b Adult Social Care | 8/9 (was 4/9 per 12 th April Update) | <p>The outstanding action relates to the offer and deliver of training to members. Whilst an initial training offer has been compiled, work is still ongoing to approve the training offer. The meeting to approve is expected to be arranged by the end of June at the latest.</p> <p>There is potential this will slip into amber therefore in the future due to the risk of delay.</p> |
| R2 Adequacy of Council Reserves | 2/4 | <p>The outstanding actions relate to the offer and deliver of training to members. Whilst an initial training offer has been compiled, work is still ongoing to approve the training offer. The meeting to approve is expected to be arranged by the end of June at the latest.</p> <p>There is potential this will slip into amber therefore in the future due to the risk of delay.</p> |
| R3 Use of Transformation Funding | 1/2 (was 0/2 per 12 th April Update) | <p>The outstanding action relates to the offer and deliver of training to members. Whilst an initial training offer has been compiled, work is still ongoing to approve the training offer. The meeting to approve is</p> |

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| | | <p>expected to be arranged by the end of June at the latest.</p> <p>There is potential this will slip into amber therefore in the future due to the risk of delay.</p> |
| R9 Budget Challenge/Rigour | 5/5 – Marked complete in 12 th April Update | |
| R12 Revolving Investment Fund | 3/3 – Marked complete in 12 th April Update | |
| R14 Treasury Management | 2/2– Marked complete in 12 th April Update | |
| R18 Ongoing investment in Brick by Brick | 1/1– Marked complete in 12 th April Update | |
| R20 Governance of subsidiaries | 0/9 | <p>A task and finish group has now been established with Legal and Finance to work through the existing list of companies that the Council has an interest in.</p> <p>The group has been operating since April 2021 and is undertaking work around the governance process, directorships, status and relationship with its third party companies as well as assist in elements of the wider asset management review.</p> <p>This recommendation will continue to be marked as amber. Work has progressed across all actions however, no actions have yet been fully delivered. (see 4.3 for further details)</p> |

2.5 To ensure aligned with the wider Croydon Renewal Plan activities the following criteria was utilised as developed by the PMO Steering Group.

Rag Definitions used:

Green - no known blockers to delivery

Amber - blockers to delivery with mitigations in place/planned

Red - blockers to delivery with no resolution identified

3. KEY MILESTONES ACHIEVED THIS UPDATE

- 3.1 A comprehensive summary of actions taken to date across all recommendations is contained within the refreshed action plan in appendix 1. This section provides some additional information on key achievements delivered since the April 12th Cabinet paper
- 3.2 At Cabinet on June 7th the Council will be presenting the first iteration of its monthly Corporate Finance, Performance and Risk report. These reports are being introduced to improve the corporate performance offer across the Council and provide updates on key performance indicators to monitor the delivery of actions against the Croydon Renewal Plan. The June 7th iteration will provide a final set of CRP measures, and targets set to date, as well as a further update on the work streams in place to produce a full set of corporate performance reports by September 2021.
- 3.3 RIPI recommendation 20, in particular, is a complex and resource intensive task. A working group has been established with representatives from finance and legal to review the Council's arrangement with its subsidiaries and companies it has an interest in. This group meets fortnightly and is currently established as a task and finish group with the aim of gathering information and recommending future governance arrangements. An initial review of Council registered companies has taken place to attain an understanding of the scope of work to be undertaken. A list of Council Companies has been created, which is in the process of being assessed. This task involves various officers across service areas reporting to the working group in respect of companies they are involved with. In parallel to the auditing work, the working group is considering future governance arrangements including benchmarking and best practice. It is envisaged that the working group will need to continue its work for the foreseeable future before the governance arrangements, including training, can be commenced. Further updates will be offered each quarter.
- 3.4 The Cost of Care tool, referred to in recommendation 1b (VIII), was procured a few years ago to enable adult social care to review how change in activity and service models might affect the budget. It was utilised as part of the October 2020 budget development analysis to help adult social care in its forecast of activity and spend to support budget setting. In future years the tool is superseded by the budget development advice provided through the Local Government Association. A separate tool called CareCubed is in the process of being acquired. It is a benchmarking tool that allows adult social care to acquire an indicative cost of placing an individual aligned with their assessed care and support needs. This indicative amount is then used to aid contract negotiations with providers. The tool has successfully enabled savings in other Council's and will be tested in Croydon over the next 12 months. (Recommendation 1b),
- 3.5 A training offer for Councillors has been compiled with reference to the RIPI Action Plan to ensure all aspects have been picked up. Following approval at the relevant Council meeting, action will quickly be taken to schedule and deliver training over the course of this financial year. Work is ongoing to

approve the training offer, this is expected to be arranged by the end of June at the latest. A further refreshed training programme for members will be prepared later in the year for 2022, to ensure members have a framework of learning to support Council decision-making.

- 3.6 The Council has revised the approach to transformation funding to ensure that it is compliant with regulations issued by MHCLG. The guidance requires Full Council to approve the council's scheme, which is being drafted in line with statutory guidance. Bids for transformation funding have been requested from departments and are currently being assessed against the statutory guidance. Following assessment they will be presented to cabinet for approval (recommendation 4).
- 3.7 On March 26th the Council held a virtual Croydon Renewal Conference. The purpose of the sessions delivered on this day was to share with all staff the challenges facing the Council and the core priorities that were to be achieved by September 2021. In addition, the sessions established that achieving the improvement journey facing the Council was the responsibility of all staff and everyone had to contribute to the process and cultural changes necessary to drive the Council to where it needs to be. Further to the conference, the Interim CEO and Assistant Chief Executive have continued to engage with staff, through 14 staff roadshows attended by nearly 530 people, to allow them to give feedback on the direction of the organisation and share any concerns. An engagement strategy until October 2021 has been set out regarding the Croydon Renewal Plan to maintain momentum and ensure the Council continues to be open with staff about its situation and progress (Recommendation LBC 4) .
- 3.8 Children's Services have made progress managing the sustained financial challenge resulting from Croydon being a national point of entry for Unaccompanied Asylum Seeking Children. The service has met with central government partners including the Home Office, Department for Education and MHCLG to secure practical support to relieve the financial pressures. These discussions have delivered cost savings for Croydon including full cost recovery for the age assessment team and the Duty Team at Lunar House (approximately £595k per annum agreed over 2021-22). The Council has also lobbied London Boroughs successfully to extend the pan-London rota to offer same day placements to all newly arrived Children at Lunar House for a period of 3 months whilst a longer term solution is agreed with central government. A paper will be presented to Cabinet on June 7th providing a detailed update on the work carried out and setting out potential next steps (recommendation 6 and 7).

4. FUTURE UPDATES ON THE REPORT IN THE PUBLIC INTEREST

- 4.1 The RIPI action plan has been incorporated into the wider Croydon Renewal Plan and forms 1 of the 11 programmes of work aiming to support the Council's financial recovery, improve governance arrangements and drive operational improvement. The Croydon Renewal Plan currently consists of nearly 400 recommendations which are to be delivered within the next 5 years.

4.2 Per the action plan (appendix 1), quarterly RIPI updates are to be provided to GPAC, SOC, Council and Cabinet. This update will be presented directly to GPAC on the 10th June, SOC on the 15th June and Full Council on the 5th July.

4.3 The dates for the remaining updates this financial year are in the table shown below

4.4

| RIPI Update Report | SOC | Cabinet Date | Full Council | GPAC |
|---------------------------|--------------------------|--------------------------|--------------------------|-----------------------|
| Q.2 Update | 7 th Sept | 13 th Sept | 11 th October | 16 th Sept |
| Q.3 Update | 8 th February | 24 th January | 31 st January | 3 rd Feb |
| Q.4 Update | 29 th March | 21 st March | 28 th March | 3 rd March |

4.5 The RIPI action plan is closely aligned with the Corporate Finance, Performance and Risk reporting. From June 2021, these are set to come to GPAC, SOC and Cabinet on a monthly basis.

4.6 It is recognised that the above schedule consists of levels of duplication and the Council is reviewing mechanisms and alternative reporting structures that will increase efficiency whilst providing adequate oversight to members on progress made delivering the action plan. Any such alternative approaches will need to give due regard to the role of our external partners and the wider community.

4.7 The review of how both the RIPI and Corporate Finance, Performance and Risk Reporting will be reported across Council meetings will be finalised by August 2021 with the intention to implement a new approach by September 2021.

5. EVIDENCING CHANGE

5.1 An Internal audit of the actions marked complete in the RIPI action plan has commenced. Officers will be reviewing a sample of completed actions to give reasonable assurance that they have indeed been fully delivered. The first outcomes from this review will be shared via the Q.2 RIPI Update set to be reported in September.

5.2 Beyond simply ensuring that an action is completed the audit will be evaluating the effectiveness of the delivery and focusing in part on the culture change the RIPI recommendations were set to drive. The RIPI represents only part of the wider Croydon Renewal Improvement Plan and it is recognised that the Council will need to continually promote a good culture and change old working practices well beyond the action plan's completion to embed the changes needed.

5.3 The internal audit will be completed in stages, actions marked complete in the April 12th Cabinet Report have been initially provided for checking (appendix 2).

APPENDICES TO THIS REPORT:

Appendix 1 – RIPI Action Plan
Appendix 2 – RIPI Action Plan – Closed
actions as of 12th April 2021 Cabinet report

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BACKGROUND DOCUMENTS: