

<b>REPORT TO:</b>	Audit and Governance Committee 15 <sup>th</sup> September 2022
<b>SUBJECT:</b>	Update on Action Plan relating to Report in the Public Interest concerning Fairfield Hall (RIPI 2).
<b>LEAD OFFICERS:</b>	Stephen Lawrence-Orumwense Director of Legal Services & Monitoring Officer Jane West Corporate Director of Resources
<b>WARDS:</b>	All
<b>PUBLIC/EXEMPT:</b>	Public

**SUMMARY OF REPORT:**

In January 2022, the Council's External Auditor issued a second Report in the Public Interest concerning the refurbishment of Fairfield Halls and related governance arrangements (RIPI 2). The report recommends improvements in the governance arrangements and decision-making for major projects to achieve best value and protect the council's interest. The Council accepted the recommendations and developed an action plan in response. This report provides an update on the progress made with the action plan.

The Committee as part of its responsibility to review the Council's governance and risk management framework, is asked to consider and comment on the progress made to date with the action plan.

**FINANCIAL IMPACT:**

There are no budgetary impact arising from this update.

**RECOMMENDATIONS:**

The Committee is asked to consider and comment on the Report in the Public Interest concerning the refurbishment of Fairfield Halls Action Plan Update which is attached as Appendix 1.

**1. BACKGROUND AND DETAIL**

- 1.1 The Council has been the subject of significant governance failings that has attracted considerable public interest. In January 2022, the Council's External Auditor issued a second Report in the Public Interest concerning the refurbishment of Fairfield Halls and related governance arrangements. The report recommends improvements in the governance arrangements and decision-making for major projects to achieve best value and protect the council's interest. It requires improvements in record keeping, compliance with

rules on public procurement and subsidy control, the proper execution of contracts, and effective budgeting, monitoring, reporting and control of expenditure.

1.2 The Council has devised an action plan in response to the recommendations (R). See attached as Appendix 1 progress update on the Action Plan.

1.3 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.
- 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.

- 1.4 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.

## **2. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 2.1 There are no financial consideration arising. 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.

## **3. LEGAL CONSIDERATIONS**

- 3.1 The Report in the Public Interest ("the Report") concerning the refurbishment of Fairfield Halls dated 26 January 2022 was issued under the provisions of the Local Audit and Accountability Act 2014 ("the Act"). The Council must comply with the requirements of the Act in responding to the Report.
- 3.2 Under the provisions of paragraph 5(5) and (6) of Schedule 7 to the Act, the Council must decide within a period of one month whether the Report requires the authority to take any action or whether the recommendations are to be accepted. It must also decide what, if any, action is to be taken in response to the Report and its recommendations. Paragraph 7 goes on to provide that the authority's functions under paragraph 5 are not to be the responsibility of the executive. Paragraph 10(1) of the Act provides that after considering the Report and its response to it, the Council must notify the external auditor of its decisions and publish a notice on its website containing a summary of those decisions approved by the external auditor.

- 3.3 The Report was considered at the Council meeting on 3 February 2022 when all the Report's findings and recommendations were agreed.
- 3.4 At the same meeting the Council also considered the Chief Finance Officer's report issued under section 114(2)(a) of the Local Government Finance Act 1988 and also the Monitoring Officer's report issued under section 5 of the Local Government and Housing Act 1989 together with the recommendations of the two statutory officers which were also agreed by the Council at the extraordinary meeting on 3 February 2022.
- 3.5 An Action Plan in response to the recommendations of the external auditor, the Chief Finance Officer and the Monitoring Officer was agreed by the Council at its meeting on 3 February 2022.
- 3.6 At the time of writing this report, all of the relevant requirements of the Act have been complied with and the purpose of this report is to update the Action Plan and provide a progress report as to delivery.
- 3.7. The Council must ensure its business is conducted in accordance with the law and the proper standards of good governance.

#### **4. HUMAN RESOURCES IMPACT**

There are no direct human resources implication arising from the Annual Governance Statement and Action Plan. However, the Action Plan will require significant officer resources.

#### **5. EQUALITIES IMPACT**

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 recommendations in this Report do not give rise to any equality's issues. However, the Council has had due regard to its obligations under the Equality Act.

## **6. ENVIRONMENTAL IMPACT**

There is no environmental impact arising from this report.

## **7. CRIME AND DISORDER REDUCTION IMPACT**

There is no crime and disorder impact arising from this report.

## **8. DATA PROTECTION IMPLICATIONS**

### **8.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

No

### **8.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

No

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## **APPENDICES TO THIS REPORT**

APPENDIX 1 -UPDATE ON ACTION PLAN IN RESPONSE TO THE SECOND REPORT IN THE PUBLIC INTEREST

APPENDIX 2 – DRAFT COMMITTEE REPORT TEMPLATE AND GUIDANCE