

Final Internal Audit Report

Air Quality Strategy, Implementation and Review

June 2019

Distribution: Executive Director Place (Final only)
 Director of Public Realm
 Head of Public Protection
 Pollution Team Manager

Assurance Level	Identified Issues	
Limited Assurance	Priority 1	3
	Priority 2	5
	Priority 3	0

Confidentiality and Disclosure Clause

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

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Executive Summary

1. Introduction

- 1.1 The air quality strategy sets out the objectives of air quality and policy options as a means of improving air quality in the UK. The purpose of these strategies across the UK is to protect the environment, provide benefits to quality of life, and positively impact public health.
- 1.2 Croydon has teamed up with six other councils in South London (Bromley, Merton, Lewisham, Richmond, Sutton and Wandsworth) to develop the Love Clean Air website which aims to address the issues of air pollution. It provides various suggestions to residents on how to reduce pollution levels.
- 1.3 In addition to the Love Clean Air website, a five-year Air Quality Action Plan (AQAP) is in place from 2017 until 2022. This details the key priorities for the five year period, including controlling pollution from new developments by tackling emissions from construction sites and construction vehicles, tackling emissions from servicing and freight vehicles, reducing exposure to air pollution, and raising awareness for residents and those who work in Croydon. The Air Quality Strategy also intends to raise awareness through school projects, local businesses, and local community projects.
- 1.4 This audit is being undertaken as part of the agreed Internal Audit Plan for 2018/19.

2. Key Issues

Priority 1 Issues

The Air Quality Action Plan (AQAP) for 2017-2022 had not been finalised and published on the Council website at the time of audit, **(Issue 4.)**

A copy of the Council's Air Quality Annual Status Report for 2017 was not available on the Council's website, **(Issue 5).**

There was a lack of evidence that the AQAP actions were being regularly monitored, **(Issue 6).**

Priority 2 Issues

There are currently no procedures in place for developing AQAPs and managing and monitoring projects, **(Issue 1).**

Examination of the AQAP identified that the actions were not SMART (Specific, Measurable, Achievable, Realistic and Timely), **(Issue 2).**

The Council's Air Quality Management Area order was not available on the Council's website, **(Issue 3).**

Evidence that a cost analysis had been undertaken for the actions included in the AQAP was not available, **(issue 7)**.

It was identified that KPIs had been drafted for the Pollution Team; however, these were not yet in use at the time of audit, **(issue 8)**.

No Priority 3 issues were identified.

3. Actions and Key Findings/Rationale

<u>Control Area 1: Regulatory, Management and Organisational Requirements</u>	
Priority	Action Proposed by Management
2	<p>There are many procedures available on LAQM website – using these means that we follow best practice and are consistent with other local authorities, it is not deemed necessary to have our own procedures for every part of the project.</p> <p>Where we do have our own procedures, these will be reviewed.</p>
	<p>Detailed Finding/Rationale – Issue 1</p> <p>Procedure notes provide staff with guidance on the process for completing tasks, to help ensure they abide by regulations as well as the requirements of the Council and management. These should be regularly reviewed to ensure they fit current procedures and legislation.</p> <p>The process for developing an Air Quality Action Plan (AQAP) was explained by the Pollution Team Manager. These tied in with the GLA guidelines on action plans. Furthermore, there were procedures available for air quality inspections and monitoring; however, these had not been reviewed since 2005.</p> <p>There were no procedures in place for developing AQAPs and managing and monitoring projects.</p> <p>Where procedure notes are not available or up-to-date, there is a risk that staff will not comply with the requirements expected by the organisation or legislation for important processes. This could lead to reputational damage where legislation is breached or a service user is negatively affected as a result of non-compliance.</p>
Responsible officer	Deadline
Pollution Team Manager	July 2019

Control Area 2: Air Quality Actions Plans and Projects

Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 2
2	<p>Please note that the AQAP has been prepared using a standard template which all local authorities use, it has been endorsed by the GLA who did not make any comment/criticism of our action points.</p> <p>Please also note that progress is being monitored at the regular AQAP board meetings and on the 'tracker'.</p> <p>The following actions in the AQAP have either been ongoing for several years since this particular AQAP, or will continue for several years beyond this particular AQAP, or both: 1-7, 11, 12, 14-17 and 40.</p> <p>The following actions in the AQAP already have a SMART target, either in the description of the action or in the column headed 'timescale for implementation': 19-21, 23, 31-33, 36, 38, 39, 41-45</p> <p>The AQAP has been approved by the GLA and we cannot significantly change it, I therefore suggest including SMART actions as either appendices or just recorded for our own monitoring purposes as follows:</p>	<p>The Greater London Authority (GLA) guidance on Local Authority Air Quality Action Plans (AQAP) is used by the Council in the development stages of the plan to ensure that the requirements set out are adhered. In accordance with this guidance, AQAPs are expected to include the following:</p> <ul style="list-style-type: none"> • Quantification of the impacts of the proposed measures wherever possible – including, where feasible, data on emissions and concentrations (either locally obtained and/or via regional or national monitoring/modelling statistics). It is important that the borough shows how it intends to monitor and evaluate the effectiveness of the plan. • Clear timescales, including milestones and expected outcomes which the borough and other delivery partners propose to implement the measures within the AQAP. • How the borough, including its transport, planning and public health services, and its other external delivery partners, will take ownership of the exceedance problem and in what capacity they will work together to implement the AQAP. <p>The GLA has also issued an AQAP standardised template for all London boroughs to abide by and a list of 38 possible actions for local authorities to consider.</p> <p>Examination of the AQAP 2017-2022 identified that all of the sample of 10 possible actions recommended for inclusion by the GLA were included; however, the actions included in the plan were not SMART (Specific, Measurable, Achievable, Realistic and Timely).</p> <p>Where the actions in the AQAP are not SMART, there is a risk that these will not easily be monitored and achieved.</p>

8 – briefing paper/cabinet paper to be prepared by end September 2019, followed by consultation if agreement obtained to proceed, with implementation, again if agreed to proceed, by end March 2021.

37 – obtain legal advice on the options by end August 2019, consultation (if required) to start by end October 2019, initial restrictions on the time allowed for bonfires (if the proposal goes ahead) by end April 2020.

For all remaining actions:
 9, 10, 13, 18, 22, 24-30, 34, 35, 46-50
 To be reviewed, and reported on, at least annually until end 2022.

Responsible officer	Deadline
Pollution Team Manager	Ongoing

Control Area 2: Air Quality Action Plans and Projects

		Detailed Finding/Rationale – Issue 3
Priority	Action Proposed by Management	
2	<p>When we asked for the final plan etc to be published, legal advice was this was a 'key decision' (whereas the cabinet paper previously considered was not) and that therefore a statutory period was required before it could be published. This was the case at time of audit.</p> <p>A request will be sent to Ecomms to include the AQMA on the internet.</p>	<p>The London Local Air Quality Management (LLAQM) Policy Guidance 2016 details as a main requirement for authorities that 'The exact wording of an AQMA [Air Quality Management Area] Order is at the discretion of the authority' and that the 'AQMA is accessible to members of the public and enquirers'.</p> <p>Examination of the Council's internet site noted that while the draft AQAP 2017-22 and various other documents were available, the AQMA order was not available. It is acknowledged that the AQMA order is detailed in the draft AQAP 2017-22, notwithstanding the AQMA order needs to be made available too.</p> <p>Where the AQMA order is not accessible to members of the public and enquirers, there is a risk that the Council is not acting in compliance with the GLA requirements. Furthermore, there is a risk that residents are not made aware of air quality actions and issues in a timely manner</p>
Responsible officer		Deadline
Pollution Team Manager		July 2019

Control Area 2 : Air Quality Action Plans and Projects

Detailed Finding/Rationale – Issue 4	
Priority	Action Proposed by Management
1	<p>This is because it was still draft until the process outlined above had been completed.</p> <p>The final AQAP is now on the internet, it is not signed as required, this is being actioned.</p>
<p>The London Local Air Quality Management (LLAQM) Policy Guidance 2016 details as a main requirement for authorities the requirement, 'To ensure that a current and relevant Air Quality Action Plan is in place for all AQMAs [Air Quality Management Area]. The Action Plan should be updated every 5 years as a minimum, and progress against this should be reported every year in the ASR [Annual Summary Report]'. It further details that, 'Of paramount importance in ensuring the Action Plan fulfils its goal in producing quantifiable outcomes to timescale is the need for all delivery partners who have an influence on air quality within the borough to take ownership of the Plan. It is therefore strongly recommended that the Action Plan is developed by a steering group that includes representatives from: Environmental Health, Sustainability, Transport and Public Health. It is also strongly recommended that it includes a foreword not only from the relevant Cabinet Members, but that this also includes the signatures of the Borough's Director of Public Health and the Head of Transport.'</p> <p>Examination of the Council's internet site confirmed that while a copy of the Council's Air Quality Action Plan 2017 to 2022 was available, this was still in draft. The internet site explained that, 'The plan contains a list of proposed measures and actions that we will take to improve air quality between 2017 and 2022, and the final consultation runs from 4 December 2017 to 5 February 2018....All feedback from the consultation has been collated and added to the final draft action plan. Following the 8 week consultation process the plan will be approved and published on our website.</p> <p>Discussion with the Pollution Team Manager indicated that the final AQAP had not yet been approved due to ongoing AQAP planning.</p> <p>Examination of the draft Air Quality Action Plan 2017 to 2022 confirmed that this included a foreword by the Cabinet Member for Transport & Environment, but which was not signed by the Director of Public Health and the Head of Transport. It was also established that this had been, 'prepared by the pollution team, Place department of Croydon council with the support and agreement of the following</p>	
Responsible officer	Deadline
Pollution Team Manager	July 2019

officers and departments: Croydon Transport Services, Strategic Transport team, Public Health, Healthy Schools, Planning and Regeneration, Procurement and Housing.'

Where the AQAP is not approved by the required start date, there is a risk that the Council is not acting in compliance with the GLA legislation. Furthermore, there is a risk that residents are not made aware of air quality actions and issues in a timely manner.

Control Area 2 : Air Quality Action Plans and Projects

Priority		Action Proposed by Management	Detailed Finding/Rationale – Issue 5
1	Completed and now on the Love Clean Air website. http://lovecleanair.org/local-air/local-reporting/croydon-2/#.W6JGg5Er.Jpg And a link to this website is included on our own website. Improving air quality - London Borough of Croydon	<p>The London Local Air Quality Management (LLAQM) Policy Guidance 2016 details as a main requirement for authorities the requirement, 'To complete the Annual Status Reports (ASRs) and the public-facing summary Annual Status Summary Report (ASSRs) by the 30th April each year (unless otherwise stated, an extension will be provided in 2016, for example), and submit these to the GLA via the Report Submission Website (RSW)3 for approval. Once approved these should be placed on the borough's website. The template ASR and ASSR can be found on the RSW website and at https://www.london.gov.uk/what-we-do/environment/pollution-and-air-quality/working-boroughs.'</p> <p>Examination of the Council's internet site confirmed that while a copy of the Council's Air Quality Annual Status Report for 2016 was available, the Air Quality Annual Status Report for 2017 was not.</p> <p>Where the Council's current Air Quality Annual Status Report is not available on the Council's website, the Council is in breach of the mandatory London Local Air Quality Management (LLAQM) Policy Guidance 2016 and is not being open and transparent.</p>	
Responsible officer		Deadline	
Pollution Team Manager		Implemented	

Control Area 4: Monitoring of Outcomes		Detailed Finding/Rationale – Issue 6				
Priority	Action Proposed by Management					
1	<p>A live tracker report has been produced.</p> <p>Executive Support Officer to attend meetings and take minutes</p>	<p>The London Local Air Quality Management (LLAQM), Policy Guidance 2016 states that 'AQAPs are expected to include the following:</p> <ul style="list-style-type: none"> • Quantification of the impacts of the proposed measures wherever possible – including, where feasible, data on emissions and concentrations (either locally obtained and/or via regional or national monitoring/modelling statistics). It is important that the borough shows how it intends to monitor and evaluate the effectiveness of the plan. • Clear timescales, including milestones and expected outcomes which the borough and other delivery partners propose to implement the measures within the AQAP. • How the borough, including its transport, planning and public health departments, and its other external delivery partners, will take ownership of the exceedance problem and in what capacity they will work together to implement the AQAP.' <p>The AQAP details that a steering group is in place to monitor the progress in implementing the AQAP.</p> <p>It was confirmed that a steering group was in place and that meetings were being held on a quarterly basis. It was also established that the review of the status of each action on the plan was a standing agenda item for these meetings, however as minutes had not been taken for these meetings this could not be confirmed. Furthermore, a live tracker report was not in place to monitor the progress against each of the AQAP actions.</p>				
	<table border="1"> <thead> <tr> <th>Responsible officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Executive Support Officer</td> <td>Implemented</td> </tr> </tbody> </table>	Responsible officer	Deadline	Executive Support Officer	Implemented	
Responsible officer	Deadline					
Executive Support Officer	Implemented					

				<p>Where actions are not monitored accordingly, there is a risk that high pollution levels will not be identified and addressed in a timely manner. This may lead to reputational damage where residents are at a health risk.</p>
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Control Area 6: Management Reporting		Detailed Finding/Rationale – Issue 7
Priority	Action Proposed by Management	
2	<p>Our Finance team has been severely depleted for many months, with the one service accountant remaining new to the area of work and working under significant pressure. No monitoring meetings have been held with any of the team managers within the service. Head of service has not received a full breakdown of any budgets/cost centres, and to date no budget information for the current year has been received.</p> <p>A spreadsheet that has been used in the past is to be discussed with Finance at a meeting scheduled for the afternoon of 4 July.</p>	<p>In line with the Council's Project Management Handbook, a breakdown of costs for each project is required to be undertaken including the full estimations for each project before commencement. This should be backed up by any valuations or quotes received. The current year expenditure should be reviewed in line with the budget. Any overspends should be included in the year end analysis and a rationale will be required for this.</p> <p>Examination of the Air Quality Action plan and the proposed actions included in table 4.1 identified that for a number of the individual actions there were no estimated costs detailed, with some simply detailing 'TBC' or 'Medium – high cost', 'existing budget', etc.</p> <p>We requested, but were not supplied with, any further details on what these costs were or how these had been arrived at.</p> <p>Furthermore, it was also established that for the previous and the current Air Quality Action Plans the service was not able to provide any evidence that the expenditure is checked against the budget on a periodic basis.</p> <p>Where a costing analysis is not undertaken, there is a risk that the Council is not receiving value for money. This could result in financial loss at the Council. It may also result in inefficient allocation of resources.</p>
Responsible officer	Deadline	
Head of Public Protection	4 July 2019	

Control Area 6: Management Reporting		Detailed Finding/Rationale – Issue 8
Priority	Action Proposed by Management	<p>Key Performance Indicators (KPIs) should be put in place for the Pollution and Air Quality Team. These are measures that are controllable by the pollution team staff as opposed to actual pollution levels in Croydon. KPIs should satisfy the SMART objectives with staff being assessed on these periodically. Any good / poor performance is identified and followed up at the steering group meeting.</p> <p>It was identified that KPIs had been drafted for the Pollution Team, however these were yet to be rolled out. Discussion with the Pollution Team Manager indicated that there has been some difficulty developing KPIs for air quality as the majority of potential measures assess pollution levels rather than staff performance.</p> <p>Where KPIs are not in place and measured against on a periodic basis, there is a risk that poor performance will not be identified in a timely manner.</p>
2	The draft KPIs to be discuss further at the steering group meetings.	
Responsible officer	Deadline	
Pollution Team Manager	July 2019	

TERMS OF REFERENCE

Air Quality Strategy, Implementation and Review

1. INTRODUCTION AND BACKGROUND

- 1.1 The air quality strategy sets out the objectives of air quality and policy options as a means of improving air quality in the UK. The purpose of these strategies across the UK are to protect the environment, provide benefits to quality of life, and positively impact public health.
- 1.2 Croydon has teamed up with six other councils in South London (Bromley, Merton, Lewisham, Richmond, Sutton and Wandsworth) to develop the Love Clean Air website which aims to address the issues of air pollution. It provides various suggestions to residents on how to reduce pollution levels.
- 1.3 In addition to the Love Clean Air website, a five-year Air Quality Action Plan is in place from 2017 until 2022. This details the key priorities for the five year period including controlling pollution from new developments by tackling emission from construction sites and construction vehicles, tackling emissions from servicing and freight vehicles, reducing exposure to air pollution, and raising awareness for residents and those who work in Croydon. The Air Quality Strategy also intends to raise awareness through school projects, local businesses, and local community projects.
- 1.4 This audit is being undertaken as part of the agreed Internal Audit Plan for 2018/19.

2. OBJECTIVES AND METHODOLOGY

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of the control environment relating to the Air Quality Strategy, Implementation and Review.
- 2.2 In order to achieve the overall objectives, a risk based systems audit approach will be carried out, documenting and evaluating the actual controls against those expected and based on this, undertaking appropriate testing conducted.
- 2.3 The key findings, conclusions, and subsequent issues arising will be presented at an exit meeting and followed by the circulation of a draft report for consideration by management. This prior to agreement and issue of the final audit report.

3. SCOPE

- 3.1 The audit will included the following specific areas:

Control Areas/Risks	Identified Issues		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Legislative, Organisational and Management Requirements	0	1	0
Air Quality Action Plan and Projects	2	2	0

Air Quality Strategy, Implementation and Review 2018/19

Liaison with Partners	0	0	0
Monitoring of Outcomes	1	0	0
Corrective Actions	0	0	0
Management Reporting	0	2	0





3.2

Appendix 2

DEFINITIONS FOR AUDIT OPINIONS AND IDENTIFIED ISSUES

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are consistently applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and/or non-compliance that puts achieving the system objectives at risk.
	No Assurance	Controls are non-existent or weak and/or there are high levels of non-compliance, leaving the system open to the high risk of error or abuse which could result in financial loss and/or reputational damage.

Priorities assigned to identified issues are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require the immediate attention of management to mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that represent an exposure to risk and require timely action.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, action to address still provides an opportunity for improvement. May also apply to areas considered to be of best practice.

STATEMENT OF RESPONSIBILITY

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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