

Briefing for Audit and Governance Committee

Partnership Governance Stocktake

24 September 2020

The Committee Work Programme identified an area of focus for this meeting on Council Partnerships. Unusually for an Audit Committee, the Audit and Governance Committee has been given a specific responsibility by the Council *“to monitor and keep under review the Council’s arrangements for partnership governance”*.

This briefing note provides an update on the Council’s overall approach to partnerships. At its meeting in January 2020 the committee approved the Council’s updated Partnership Protocol. Managers have been made aware of the Protocol and the expectations that they follow the principals laid out in it when setting up partnerships, determining their governance arrangements, and monitoring their effectiveness in achieving intended outcomes.

The Council’s four major partnerships have been identified as follows:

- Shared Services- North and North East Lincolnshire Councils
- Regeneration (Engie)
- Union Board (CCG –health and social care partnership)
- Lincs Inspire Limited

In recent years, the Committee has reviewed governance in each partnership once a year as part of the Work Programme. A senior officer from the Council (i.e. the commissioner), sometimes accompanied by a senior representative of the partner organisation, attend so that the Committee can gain a rounded view of partnership operation. In 2019/20 the Committee received updates as follows:

- October 2019 Regeneration Partnership
- January 2020 Lincs Inspire Limited
- January 2020 Shared Services

This briefing paper provides an update on the governance arrangements for each partnership and current issues facing the partnerships, particularly in relation to the impact of Covid-19. This should be a helpful basis for considering where the Committee wants to focus its detailed look at the various partnerships in subsequent Committee meetings, and the scheduling of such updates.

Shared Services- North and North East Lincolnshire Councils

The current value of the partnership and what it covers:

The financial value of partnership as at 31 March 2020 was £4.861 p.a

As at 31 March 2020 the partnership covered the following:

- Local Taxation and Benefits
- Audit and Assurance
- Operational aspects of Finance
- Operational aspects of ICT

In August 2020 the Cabinet received the outcome of a review of shared services which assessed whether current arrangements are aligned to the councils' respective operating models. As a consequence the arrangements for Finance and ICT will be subject to review, along with the current governance arrangements.

The current governance arrangements:

A Joint Committee meets bi-annually and comprises cabinet members from both Councils who oversee and provide strategic direction for the development and ongoing operation of NLBC. Agendas and minutes are published on both councils' websites. An officer board meets monthly and sits below the committee with senior managers from both councils (Director of Resources and Governance and Strategic Lead Officer from NELC). A management team sits below this representing the in Scope Services. Updates on any agreed changes to current governance arrangements will be provided as necessary.

Key issues/ risks relating to the partnership including the impact of Covid-19:

In March 2020 the operations of both councils were significantly affected by the Coronavirus pandemic. Each area within the shared service successfully put in place business continuity plans in response to the emergency with minimum disruption to each Council as a result.

Furthermore shared services stepped up to respond to the challenges posed by coronavirus, such as:

- ICT initiatives that enabled wide spread virtual/agile working at both councils within a very short space in time
- Successfully made payments to suppliers, provided business grants, and provided business rate reliefs.

Regeneration Partnership (Engie)

The current value of the partnership and what it covers:

The Regeneration Partnership commenced on 1st July 2010 for an initial 10 year period, with the option to extend the arrangement for up to 5 years. The contract has currently been extended for 2 years and so is due to end on 30th June 2022 if no further extension is agreed. There is potential for the contract to be extended for a further 3 years to 30th June 2025.

The partnership covers a number of services including Highways, Transport, Planning, Development Control, Planning Enforcement, Building Control, Asset Management, Estates & Valuation, Facilities Management, Security, Architects, Building Surveyors, Housing and a Project Management Office.

Arrangements are currently being made to transfer Asset Management and Estates & Valuation back to the Council.

The services which Engie provide currently cost the Council circa £12m annually although there are some additional pay as you go costs which are incurred to deliver specific projects.

The current governance arrangements:

A Partnership Board is chaired by the Chief Executive and includes the Leader of the Council and appropriate Portfolio Holders. It meets quarterly and monitors the Partnership's delivery against strategic objectives, oversees the relationship between the Council and Engie, and provides strategic direction and vision for future developments. Minutes of meetings are published on the Council's web site for transparency.

Operational Board – meets monthly as required contractually. This board reviews and challenges performance against KPIs, monitors activity against the Services Agreement (contract) and performance of operational and strategic projects.

Engie's Partnership Director sits on the Economy & Environment Senior Management Team. Decisions continue to be made through the Council's decision making processes as required by the Constitution, involving Cabinet or the Portfolio Holder and can be called in by Scrutiny.

Performance Reports are reviewed and challenged at Operational Board & Partnership Board and receive quarterly challenge through Scrutiny arrangements. Reports are published as part of the Scrutiny Panel agenda. Performance targets are reviewed annually to ensure that they are 'fit for purpose' taking into consideration previous results, changes in priorities, changes in resource availability and changes in legislation etc. Services delivered by the Partnership are subject to internal audit as required.

The Council's Internal Audit Team carries out cyclical reviews of the partnership arrangements and of the individual services within the partnership.

Key issues/ risks relating to the partnership including the impact of Covid-19:

The Partnership is currently due to end on 30th June 2022 but has an option to extend for a further 3 years to 30th June 2025. The Council must decide whether to take the option to extend further or must make alternative arrangements for the delivery of Partnership services from 1st July 2022. A report to Cabinet to contain an options appraisal and recommendations is currently scheduled for November 2020.

During the COVID-19 pandemic, Engie have provided significant support to the Council as part of its response. This has included the use of considerable resource to accelerate the delivery of key COVID-19 related projects, whilst maintaining the delivery of 'day to day' services under unprecedented conditions.

In addition, Engie have worked closely with contractors to ensure the continued delivery of major highways and regeneration projects whilst safeguarding the Council against potentially substantial cost increases. Engie continue to support the Council through the current recovery phase.

Engie is well prepared in the event of a 'second wave' or increased COVID-19 risk in the future, however a risk to delivery of key services and/or projects will remain in the event of severe labour or supply shortages. This risk will be monitored through the governance arrangements in place.

Union Board (CCG –health and social care partnership)

The current value of the partnership and what it covers

The current value (20/21) of the partnership agreement is £61.5m, this covers the commissioning of Adult Social Care, Children's Services (mental health & complex care) as well as services funded from the Better Care Fund (Health & Care)

The CCG leads on the commissioning of adult social care on behalf of the council, and the council leads on the commissioning of children's services (mental health & complex care). Whilst the council and CCG have delegated responsibility to one another, key policy decisions are retained by the statutorily accountable organisation (the Council in relation to ASC and the CCG in relation to Children's health).

The current governance arrangements

The formal partnership governance is via the Union Board which consists of four Cabinet Members and four Members of the CCG Governing Body. It meets as a committee in common in terms of a sub-committee of Cabinet and CCG Governing Body.

The Chief Executive and senior officers of both organisations attend. Operational governance is via the integrated management team led by the Chief Executive.

There is a fully adopted terms of reference and the necessary formal decisions are referred to the Health and Wellbeing Board/ Cabinet/Portfolio Holder. There is a clear decision-making process compliant with the Council's key decision process. Secretariat is provided by Democratic Services ensuring appropriate transparency and publication of papers/decisions etc.

The partnership is subject to the scrutiny process and call-in where appropriate.

However during March to August the Union Board has not met due to the emergency governance arrangements put in place as part of both organisations response to COVID. A Leadership Team (comprising both NELC & CCG directors) met daily during March to July but this has now stepped down to meeting on a weekly basis/

The Council's Internal Audit team works in conjunction with the CCG's internal audits, with its focus on cyclical audits on the partnership arrangements and controls relating to Adult Social Care.

Key issues/ risks relating to the partnership including the impact of Covid-19

As part of the COVID response it was recognised that the terms of reference of the Union Board did not necessarily permit a joint response to a public health crisis. That position is now being reviewed as part of the Financial Resilience, Reform & Renewal Taskforce. Terms of Reference have been reviewed and amendments suggested, and are now subject to adoption by the Union Board.

Both organisations face significant financial challenges going forward and therefore they as part of the Union working need to ensure that they build on the work already done, such as joint CCG and Council leadership, co-location and joint commissioning on a range of services and outcomes.

Additional funding (Health & NELC) has also been available in 20/21 linked to the Local Authority & Health COVID response arrangements. This has focused on provider sustainability & hospital discharge.

- Proposals as to how the Adult Social Care sustainability / ICF funding received by NELC are to be utilised have been agreed via the Officer Decision Record process within NELC as well as going to the CCGs Care Contracting Committee. Actual expenditure against the agreed proposals are monitored as part of the routine monthly finance reporting (both within NELC & the CCG) & regular updates also go to the leadership team.
- The NHS hospital discharge funding is claimed as part of the CCGs monthly reporting to the centre and as such is reported separately. This is also detailed in the Quarterly finance report that goes to the CCGs Audit Committee & Governing Body and it will also form part of the finance reporting to the Union Board.

Lincs Inspire Limited

The current value of the partnership and what it covers

The Council has a contract with this wholly independent company for the management of sports and leisure services, libraries, sports and arts. In 2019/20 the financial value of the partnership to the Council was £.1.691M p.a.

The current governance arrangements

A senior officer of the Council and an elected member do sit on the company's board but they are not formal appointees of the Council. Both have been advised that these are personal appointments and the consequences of that.

Formal governance of the partnership is via a Partnership Board, and the Director of Health and Wellbeing and the Portfolio Holder for Tourism, Heritage and Culture represent the Council on it. LIL is represented by its Chair and Chief Executive. The Board meets quarterly and had established a number of operational partnership groups to report on different aspects of business. Performance matters are regularly reported to scrutiny and a performance dashboard is being developed to provide a high level overview of progress. The Council's partnership protocol has been received and minutes of the board are made available upon request

Decisions are referred to the Cabinet/Portfolio Holder as appropriate and scrutiny is via the Tourism Culture and Leisure panel.

The Council's Internal Audit team carries out cyclical audits of the partnership arrangements from the Council's perspective, and has provided audits where requested to Lincs Inspire Limited on an advisory basis.

Key issues/ risks relating to the partnership including the impact of Covid-19

- Various elements of the Lincs Inspire business has been severely impacted by the response to and recovery from the Covid-19 pandemic.
- A review of the current partnership arrangement is currently underway and the outcome of that review will be included as part of the 2021/22 Business Plan.
- Portfolio holders/Informal Cabinet are being kept regularly up to date on the impact and potential outcomes.