

Briefing for the Audit and Governance Committee

Partnership Governance Stocktake

20 January 2022

The Audit Committee Work Programme identified an area of focus to be 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”*.

The Council’s has several major partnerships, including:

- Shared Services- North and North East Lincolnshire Councils
- Regeneration (Equans)
- Union Board (CCG –health and social care partnership)
- Lincs Inspire Limited
- Community Safety Partnership
- Waste Disposal (New Lincs)

This briefing paper provides an update on the governance arrangements for each partnership and current issues facing them.

Shared Services- North and North East Lincolnshire Councils

At its meeting on 18 December 2020 the Northern Lincolnshire Business Connect Shared Service Committee concluded that:

- in some cases, sharing services was not currently the most effective model and agreed a range of changes to our current arrangements covering some elements of Finance, (including Treasury Management), and ICT'
- both councils remained committed to continuing to work together in the most effective way by identifying further opportunities for sharing, collaborating, and improving performance, across all areas;
- services remaining within the Shared Service Agreement are Local Taxation and Benefits, Audit and Assurance, and Technical Accounting;
- it was proposed that by mutual consent of both partners the Shared Service Agreement be varied to permit space for a more operational focused regime, which would see the termination of the Joint Committee and that any key and significant decisions were to be fed through each council's own decision-making arrangements, thereby preserving transparency and accountability.

The Executive Director for Environment, Economy and Resources reported these changes to the Audit and Governance Committee at its meeting in January 2021.

During 2021 the following has occurred in relation to shared services

- Both Local and Taxation Benefits and Audit and Assurance have continued to fully operate as a shared service
- In relation to finance and accountancy, technical and systems accounting services continue to be provided within the shared service arrangement. These services include the preparation of the annual accounts, taxation advice, capital accounting, income and banking and systems management and oversight.
- In relation to financial systems, the two councils are in the process of implementing a new joint financial ledger which will be managed by a joint systems team.
- ICT services are now delivered solely by NELC ICT following the return of all services into the Council from the 1st April 2021 . The Council still works informally with NLC where required, to ensure that ICT support is provided to those Council services still shared. The majority of infrastructure has been separated with the final piece to take place being telephony infrastructure, this is in progress and will be completed by the end of this financial year. The Council has a small number of contracts which are shared and will be reviewed as contracts come to the end of their term.

Regeneration Partnership (Engie Services Ltd – operating as EQUANS)

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 was initially extended for 2 years, but in December 2020 the Council agreed to extend the contract for the remaining 3 years allowable. The contract is therefore due to end on 30th June 2025.

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

Asset Management and Estates & Valuation have transferred back to the Council.

Negotiations are currently underway with a view to transfer the Project Management Office and a housing post back to the Council.

The services which EQUANS provide currently cost the Council circa £10.9m 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 EQUANS, and provides strategic direction and vision for future developments.

Operational Board – meets monthly as required contractually. This board reviews and challenges performance against KPIs, monitors activity against the Services Agreement (contract), identifies and reviews Partnership risk, and reviews the governance of the Partnership.

The Partnership Directors for both the Council and EQUANS meet on a regular basis to discuss business areas. The contract managers for both the Council and EQUANS also meet regularly to ensure that the Partnership governance remains robust.

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 and Partnership Board and receive quarterly challenge through Scrutiny arrangements. Reports are published as part of the Economy 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

The Partnership is due to end on 30th June 2025. The Council must make alternative arrangements for the delivery of Partnership services from 1st July 2025. Due to the extent of the services involved this will be a complicated and resource intensive project.

As a result of the COVID-19 pandemic and other market forces, there is an increasing risk of shortage and increase in the cost of construction materials. Projects being delivered by EQUANS on behalf of the Council could be affected by this and has the potential to impact on the delivery of the Council's strategic outcomes.

Key risks are logged centrally at an operational and strategic level.

During the ongoing COVID-19 pandemic, EQUANS continue to provide support to the Council. In addition, EQUANS continue to work closely with contractors to ensure the continued delivery of major highways and regeneration projects whilst safeguarding the Council where possible against potentially substantial cost increases.

EQUANS is well prepared in the event of further COVID-19 impacts, however the risk to delivery of key services and/or projects remains in the event of severe labour or supply shortages. This risk will continue to be monitored through the governance arrangements in place

Union Board (CCG –health and social care partnership)

What the partnership covers

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

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

The whole health geography is currently subject to major national reform which will see the implementation of an Integrated Care System whereby the NHS and local government come together to shape and lead on the health and care agenda. Our area will be overseen by an Integrated Care Board comprising of both a Yorkshire and Humber Integrated Care Partnership. This provides a platform for local government, NHS and Voluntary Community Sector Organisations to come together to lead on health inequalities, wider determinants of health and population health management. Such reforms will be implemented by way of legislative change (Health and Social Care Act) which will ultimately result in the abolition of clinical commissioning groups. At the time of writing such reform was due to be implemented 1st April 2022 but has been subject to a delay to 1st July 2022.

Such delay is being viewed as an opportunity to ensure that transitional arrangements remain robust.

The reforms will also mark the termination of the Union Board in its current form. The Health and Wellbeing Board (as part of the Place Board) remain updated as to progress and direction as does the Health and Adult Care Scrutiny Panel.

Lincs Inspire Limited (LIL)

The Current Value the partnership and what it covers:

The Council has a contract with Lincs Inspire Ltd (a wholly independent company) for the management of the auditorium events, arts development, library services, archives office, sports development, and leisure centres.

In 2021/22 the financial value of the partnership to the Council was £2.330 million.

The current governance arrangements:

Formal governance of the partnership is via a Partnership Board, and the Assistant Director of Regeneration and the Portfolio Holder for Economic Growth, Housing and Tourism represent the Council on it. LIL is represented by its Chair and Chief Executive. The Board meets quarterly and has established several operational partnership groups to report on different aspects of business. Performance matters are regularly reported to scrutiny. The development of a performance dashboard was paused during the response to the Covid pandemic however this work will hopefully commence next year and will 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 Scrutiny 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

- Various elements of the Lincs Inspire business have been severely impacted by the response to and recovery from the Covid-19 pandemic.
- Portfolio holders/Informal Cabinet are being kept regularly up to date on the impact and potential outcomes.
- A review of the current partnership arrangement will be underway next year, led by the Head of Culture and Leisure who starts their new role for NELC in January 2022.
- The Council has proposed a further one-year financial allocation for 2022-23 with a view to re-introducing the triennial process in 2023-24. At this point there should hopefully be more clarity on public finances and the environment in which LIL is able to operate.

Community Safety Partnership

The current value of the partnership and what it covers:

The North East Lincolnshire Community Safety Partnership (CSP) is a statutory partnership, as required by Crime and Disorder Act 1998, which joins up the work of multiple organisations across the borough to tackle crime and disorder and improve community safety.

Responsible authorities, as set out in section five of the Act, have a duty to work together with other local agencies to develop and implement strategies that make a difference to the lives of local people. This includes a number of statutory responsibilities including the commissioning of Domestic Homicide Reviews, undertaking anti-social behaviour case reviews, and producing strategies to reduce reoffending and reduce alcohol and substance misuse.

The CSP is funded via the Office of the Police and Crime Commissioner (OPCC) on an annual basis. In 2020/21 this grant totalled £336,836 and was allocated to the community safety team salaries, Youth Offending Service, high risk domestic abuse services, domestic homicide reviews and communications.

The current governance arrangements:

The Community Safety Partnership Board is accountable to:

- (1) The Home Secretary for all areas of planning and performance in relation to community safety, substance misuse and reducing re-offending key performance indicators and targets.
- (2) The Police and Crime Commissioner for Humberside for the delivery of agreed outcomes relating to funding provided by the OPCC.
- (3) The Local Community of North East Lincolnshire, through the Local Authority Crime and Disorder Committee.

Key issues/ risks relating to the partnership

The CSP is currently dependent on funding from the OPCC, however the OPCC has provisionally agreed to a three year funding offer from 2022/23 to 2024/25 to allow for increased stability and forward planning.

Key risks are logged centrally on the council's risk register

Waste Disposal (New Lincs)

The current value of the partnership and what it covers:

Contract value in 2020/21 estimated to £7,652,0000. This covers:

- The cost of disposal of all household waste and recycling collected from residents in North East Lincolnshire
- Operation and waste disposal for two Community Recycling Centres.
- Cost of disposal of waste arising from Local Authority activities including street cleansing, office building and grounds maintenance.
- A legally approved co-operation agreement is in place with North Lincolnshire Council until February 2023 to process up to 10,000 tonnes of domestic waste in the plant within current contract arrangements. These arrangements are based on full cost recovery, so do not impact on the overall contract value.

The current governance arrangements:

Dedicated contract manager allocated. Monthly contract management meetings takes place with Newlincs Ltd, including attendance by Legal, Finance and AD. Governance process in place for monthly verification and sign off of invoices. Separate quarterly meetings takes place to provide governance for deliveries from North Lincolnshire Council.

Key issues/ risks relating to the partnership

The contract fees were agreed over 20 years ago, based on an expectation that most domestic waste would continue to be sent for incineration throughout the duration of the contract. The expectation of most household waste being sent for incineration, is no longer compatible with new government requirements of increased recycling. If the authority is unable to deliver expected amounts of domestic waste, due to legally required increases in household recycling, the annual cost of the contract will increase. This risk is currently mitigated by arrangements in place with North Lincolnshire Council.