

AUDIT AND GOVERNANCE COMMITTEE

DATE	02/02/2023
REPORT OF	Assistant Director Law and Governance
SUBJECT	Partnerships Stocktake
STATUS	Open

CONTRIBUTION TO OUR AIMS

Strong and effective partnerships with other organisations is a key component of the delivery of the Council's strategic objectives

EXECUTIVE SUMMARY

The attached appendix comprising of a stocktake provides the Audit and Governance Committee with a summary of the Council's key partnerships, the governance arrangements for managing them, and any current key risks and challenges relating to them.

RECOMMENDATIONS

The Committee is asked to consider and note the contents of this report as part of its requirement as laid out in its Terms of Reference *"to monitor and keep under review the Council's arrangements for partnership governance"*.

REASONS FOR DECISION

This report contributes to the assurance required by the Audit and Governance Committee to carry out its role in relation to monitoring the arrangements for partnership governance.

1. BACKGROUND AND ISSUES

1.1 The attached stocktake provides a summary of the Council's key partnerships, the governance arrangements related to them, and any current issues facing them.

1.2 For the purpose of this stocktake the key partnerships have been identified as follows:

- 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)

2. RISKS AND OPPORTUNITIES

2.1 The importance of effective partnership governance arrangements is highlighted by it being identified as a risk on the Council's strategic risk register. It is currently shown as a medium risk.

2.2 Where applicable, any key issues and risks in relation to individual partnerships are highlighted within the stocktake.

3. OTHER OPTIONS CONSIDERED

3.1 No other options have been considered in relation to this report. It is provided as part of the approved annual Audit and Governance Committee timetable.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

4.1 There are no specific reputational or communications issues associated with this report.

5. FINANCIAL CONSIDERATIONS

5.1 Where applicable the current costs associated with each partnership are included within the report

6. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

6.1 There are no specific climate change or environmental implications in relation to this report

7. CHILDREN AND FAMILIES IMPLICATIONS

7.1 There are no specific Children's and Families Implications in relation to this report

8. FINANCIAL IMPLICATIONS

8.1 There are no specific financial implications associated with this report

9. LEGAL IMPLICATIONS

9.1 There are no specific legal implications associated with this report

10. HUMAN RESOURCES IMPLICATIONS

10.1 There are no specific human resources implications associated with this report

11. WARD IMPLICATIONS

11.1 All wards are impacted by the operation of the key partnerships

12. BACKGROUND PAPERS

Partnership Protocol

<https://www.nelincs.gov.uk/assets/uploads/2021/08/Part-3-Codes-and-Protocols-v2.pdf>

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APPENDIX

Partnership Governance Stocktake

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:

- Health and social care partnership arrangements
- Regeneration (Equans)-
- Lincs Inspire Limited
- Shared Services- North and North East Lincolnshire Councils
- 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.

Although not yet falling into fully formed partnerships, the Council nevertheless continues to explore opportunities for joint working with other local authorities throughout its local and regional geography.

At the moment it is piloting a Greater Lincolnshire Director of Public Health with strategic responsibilities across the three unitaries of the south bank of the Humber.

Further, an Interim Director for Children’s Service is in place with the support of Lincolnshire County Council, as part of the Department for Education led improvement works across parts of Children’s Services.

Health and social care partnership arrangements

The Council, and what was then, the North East Lincolnshire Clinical Commissioning Group (CCG) have enjoyed a long and valued relationship in recent decades. So much so that the Council's CEX was appointed Joint CEX of both Council and CCG in 2018. The two organisations co-located at the Municipal Offices and enjoyed integrated leadership arrangements. This was underpinned by a facilitative s75 agreement with joint and integrated commissioning for certain adult and children services overseen by a Union Board.

With the advent of the Health and Social Care Act both partners came together, and arrangements were recalibrated to enable the Council to be well placed in an advantageous position so as to ensure that the benefits gained from the previous partnership were not diluted or lost when the CCG was subsumed into the ICB framework. Work is underway to pave the way forward for a more facilitative and innovative s75 "*plus*" arrangement, to ensure primacy of Place in the regional health geography.

Although matters are in a state of flux with shadow and informal arrangements in place, the original architects of the previous arrangements remain committed to Place and are still sat around the table with a common interest to strengthen and build upon past and current arrangements.

Governance around the health reforms remains fluid with a clear intention that both health and local democratic leads come together and play a role in ensuring that Place remains at the forefront of the health agenda

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.

During 2022/23 the Project Management Office and the Head of Strategic Housing post has transferred 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.

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. **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 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.

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.

Lincs Inspire Limited (LIL)

The Current Value the partnership and what it covers:

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

In 2022/23 the financial value of the partnership to the Council was £2.341 million.

The current governance arrangements:

Formal governance of the partnership is via partnership meetings, and the Assistant Director of Regeneration and the Head of Culture, Heritage, Leisure & Tourism represent the Council on it. Lincs Inspire Limited is represented by its Chief Executive and Finance Director. The partnership meets every two months to monitor service delivery, report on different aspects of business, consider future developments for the partnership, and maintain the relationship between Lincs Inspire Limited and the Council.

The development of a performance dashboard has been an ongoing workstream throughout previous years that was paused during the response to the Covid pandemic. During 2022 a draft quarterly reporting arrangement has been developed with associated quarterly key performance indicators, subject to agreement this will form an ongoing quarterly reporting function for the partnership through 2023 onwards.

Decisions are referred to the Cabinet/Portfolio Holder as appropriate and scrutiny is via the Tourism and Visitor Economy 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 were requested to Lincs Inspire Limited on an advisory basis.

Key issues/ risks relating to the partnership

- Various elements of Lincs Inspire Limited's business were severely impacted by the response to and recovery from the Covid-19 pandemic. Although leisure centre performance is continuing to recover, the wider sector faces ongoing challenges with inflation that continues to place cost pressure on services.
- A review of the Council's approach to sport, leisure & physical activity has been undertaken throughout 2022 with findings and recommendations to be reported in early 2023.
- The Council and Lincs Inspire Limited have agreed a reduced financial allocation for 2023-24 & 2024-25, with a view to re-introducing the triennial process in 2025-26. The financial value of the partnership for the next two years will be £2.111m with an additional £80k capital grant. This recognises the financial challenges facing public services and efficiencies in service delivery.
- In 2025-26 it is planned to reintroduce the triennial process as at this point the findings and recommendations of the sport, leisure & physical activity review will have been considered and will inform the future development of the service and future financial allocations

Shared Services- North and North East Lincolnshire Councils

The services within the shared service are as follows:

- Local Taxation and Benefits- the respective Deputy S151 Officers and the Shared Local and Taxation Manager meet bimonthly to discuss overall performance and governance;

- Audit and Assurance- the respective Monitoring Officers and the Head of Audit and Assurance meet bimonthly to discuss overall performance and governance;
- Systems Accounting- the Councils operate a shared financial management system. Previously there were shared arrangements for accounts preparation, taxation, income and banking but these ended during 2022

ICT services have been delivered solely by NELC ICT following the return of all services into the Council from the 1 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 Council has a small number of contracts which are shared and will be reviewed as contracts come to the end of their term.

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:

The Contract value in 2022/23 is £7.929,000. 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 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 take 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 take 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.