

EAST RENFREWSHIRE COUNCIL

28 OCTOBER 2015

Report by Deputy Chief Executive

SCRUTINY AND PERFORMANCE MONITORING OF PARTNERSHIP ORGANISATIONS

**PURPOSE OF REPORT**

1. This report provides information relative to arrangements for operational and financial performance monitoring and monitoring of risk management arrangements in the new East Renfrewshire Culture and Leisure Trust (ERCL) and the Health and Social Care Partnership (HSCP), and details of areas of the operations of both bodies which may still be the subject of scrutiny by the Council's Audit and Scrutiny Committee.

**RECOMMENDATIONS**

2. That the Council note that the establishment of the ERCL and HSCP has removed certain scrutiny and performance monitoring responsibilities from the Audit & Scrutiny Committee, but that the committee will still have a role in a number of areas.

**BACKGROUND**

**Culture and Leisure Trust**

3. At its meeting on 17 December 2014, the Council agreed that arrangements should be put in place for the transfer of a group of services to a Culture & Leisure Trust. These services being: Active Schools; Arts and Theatre; Community Halls, Libraries, Sports Centres and Sports Development.

4. The report to the Council in December highlighted that there were financial benefits attached to the transfer of these services to an arms-length charitable organisation, and explained that it was also expected that the Culture & Leisure Trust would be better placed to be innovative and flexible in its approach to managing and delivering services, thus leading to improvements in the services offered.

5. At the meeting of the Council in June 2015 a series of documents were presented for consideration and approval to enable the formal transfer of the agreed group of services to East Renfrewshire Culture & Leisure (Limited). Included in the documents agreed by the Council were the arrangements for the monitoring of the performance of the Trust by the Council.

**Health and Social Care Partnership**

6. The establishment of the HSCP is a statutory requirement set out in the Public Bodies (Joint Working) (Scotland) Act 2014. This Act requires local authorities and health boards to work together and to bring together adult health and social care services. In respect of adult health and social care services the legislation prescribes the services that must transfer from both the local authority and the health board to the Integration Joint Board. More specifically, Section 25 of the Act clarifies that once a function has been

delegated to the IJB it is for the IJB to perform that function, including all powers and duties applying in connection with the carrying out of the function. This includes performance monitoring arrangements

7. In addition, the legislation also gives discretionary powers to health boards and local authorities to extend the range of services to be transferred. Based on the successful operation of the Community Health Care Partnership in East Renfrewshire, the council and the health board agreed to include children's services and criminal justice services in the range of services transferring to the HSCP.

8. Following approval by the Council of the draft Integration Scheme for the HSCP in January, the final version of the Scheme was approved by Scottish Ministers thereafter and an Order made with the new HSCP taking effect from 28 June 2015.

9. Amongst other things, the Integration Scheme sets out the operational responsibilities of the IJB. These include having operational oversight of integrated services, and through the chief officer, having operational management responsibility for these services.

## **REPORT**

10. The creation of the 2 new bodies sees the operational responsibility for various services transferring from the Council to the respective bodies. As a consequence the monitoring of performance, both operational and financial, also transfers to the new bodies.

11. To this end, each of the new bodies has set up its own internal arrangements. ERCL has established a Finance, Audit and Risk Committee which will meet quarterly to oversee and scrutinise management accounts/budgets/cash flows as well as external and internal audit functions. The committee will also be responsible for monitoring of the ERCL risk register that has been prepared. This register has been based on the existing risk registers of the services transferred; and the findings of internal audits and consequent action plans, and will be reviewed on a 6-monthly basis by the committee.

12. Monitoring of quality and standards of service, financial, equality and complaints information will be reported to, and monitored, by the Community Planning Partnership (CPP) and Council. This will include:-

- a) ERCL's annual Business Plan being submitted to the Council for consideration and agreement. The Plan will identify income and expenditure budget (including the management fee and any capital plans). The costs in the Plan will feed into the Council's budget-setting process and submission to the full Council will give all Elected Members the opportunity to question the proposals contained in the Plan. Amongst other things, the Plan will demonstrate how ERCL will support the Council in delivering Best Value.
- b) ERCL's quarterly report, which updates on its contribution to relevant outcomes in the CPP Single Outcome Agreement (SOA) and Council's Outcome Delivery Plan (ODP), will be submitted to the Council. In addition ERCL's performance against SOA/ODP targets will be monitored by the CPP through the CPP's Performance and Accountability Review, and at Council level on a 6-monthly basis through the 6-monthly performance monitoring reports considered by the Cabinet. ERCL will also provide data for Key Performance Indicators (KPIs) linked to the SOA.
- c) ERCL will also be expected to report within timescales to meet requirements for SOA and ODP and other statutory bodies, including Local Government Benchmarking Framework (LGBF)/Audit Scotland.

- d) The Director of Education and Chief Accountant are observers on ERCL's Board and therefore receive early warning of any quality or financial risks.

13. In summary whilst the agreement between the Trust and the Council places certain obligations on the Trust as to the information it must provide to the Council and the Community Planning Partnership to allow service quality and standards, and financial, equality and complaints information to be monitored by both bodies, it will be the responsibility of the Trust Board to actively monitor the operations of the Trust and to instruct the Chief Executive to take any necessary actions to ensure that the agreed standards and targets are achieved.

14. The HSCP Integration Joint Board has now established its own Performance and Audit Committee. The committee has extensive terms of reference covering the operational, financial, risk management and governance aspects of the HSCP including:-

- a) Ensuring effective performance management systems are in place to evidence delivery of the organisation's key objectives, including the Strategic Plan.
- b) Acting as a focus for best value and service improvement.
- c) Establishing and review information governance and risk management arrangements.
- d) Reviewing the annual work programme of internal and external audit; and.
- e) Ensuring appropriate action is taken in response to audit findings.

15. It has been agreed that membership of the committee will comprise 2 councillors, 2 NHS Board non-executive directors, and 2 non-voting members of the IJB. The committee will be chaired by Councillor Lafferty until such times as a councillor is appointed Chair of the IJB at which time a NHS Board non-executive director will be appointed as Chair of the committee.

16. Work is ongoing to develop both a suite of performance indicators in respect of the integration functions and mechanisms for monitoring risk in respect of those functions within the scope of the IJB including the development of a Risk Strategy and risk register.

17. However, the Chief Social Work Officer's Annual Report will still be presented to the full Council each year. In addition, in accordance with Paragraphs 8.3 to 8.5 of the Integration Scheme each year the Chief Finance Officer will develop draft budget proposals based on the Strategic Plan and present these to both the Council and the Health Board for consideration as part of the respective budget setting processes. This will allow both the Council and the Health Board to determine the final approved budget for the Integration Joint Board..

### **Future role of Audit & Scrutiny Committee**

18. Whilst the oversight and monitoring of operational and financial performance and risk management arrangements in both the new bodies will lie with the committees set up by each of the bodies for that purpose, including the scrutiny of detailed audit reports in respect of the services provided by both bodies, the Council's Audit & Scrutiny Committee will still have a role to play in certain key areas.

19. As referred to above, both ERCL and HSCP will report to the Council on how they are contributing to the delivery of outcomes contained in the CPP's SOA and the Council's ODP. The information they provide will be contained within the 6-monthly performance

monitoring reports submitted to the Cabinet and as such it will be open to the Audit & Scrutiny Committee to call in any of the reports for examination of the information in the reports provided by either body. However, it should be noted that particularly in respect of the Trust, as a separate legal entity from the Council the committee would not have the ability to compel officers to appear and that further information would be provided through the Director of Education as the Council's link to the Trust.

20. In terms of risk management, although the HSCP and ERCL are responsible for risk management in relation to the services they provide there are a very limited number of areas in respect of which the Audit & Scrutiny Committee may perform a scrutiny function. These are likely to be around areas such as:

- a) ERCL/HSCP fail to deliver East Renfrewshire Council's statutory requirements and other outcomes leading to financial risk;
- b) ERCL/HSCP fail to deliver East Renfrewshire Council's statutory requirements and other outcomes leading to reputational risk;
- c) Staffing – in the case of HSCP, where staff remain employees of ERC, some risk management intervention may remain with the Audit & Scrutiny Committee.
- d) Buildings and assets – as these remain the property of the Council any associated risk should remain with the Council.
- e) Continuing to test whether the Trust is delivering value for money, since it is funded by the Council to do so.

## **FINANCE AND EFFICIENCY**

21. There are no financial or efficiency matters related to this paper.

## **CONSULTATION**

22. Extensive internal and external consultation which took place prior to the establishment of the CLT and HSCP and the Director of Education and Chief Officer – Health and Social Care Partnership have been consulted in the preparation of this report.

## **PARTNERSHIP WORKING**

23. This report clarifies the revised audit and performance monitoring arrangements consequent from the creation of the partnership organisations.

## **IMPLICATIONS**

24. The establishment of the HSCP and ERCL as distinct legal entities requires performance monitoring and risk management previously managed through ERC to become the responsibility of the HSCP and ERCL. ERC's responsibility in respect of monitoring performance (including financial) is limited to the terms of the arrangements as outlined above.

25. In the limited number of cases ERC's Audit & Scrutiny Committee does perform a scrutiny function relative to the operations of ERCL and HSCP it will only be in a position to offer comment and make suggestions as the ultimate responsibility for operational decisions rests with the respective Boards.

## **CONCLUSIONS**

26. The creation of the 2 new bodies sees the operational responsibility for various services transferring from the Council to the respective bodies. As a consequence the monitoring of performance, both operational and financial, also transfers to the new bodies, with certain elements of their operation still being open to scrutiny by the Council's Audit & Scrutiny Committee.

## **RECOMMENDATIONS**

27. That the Council note that the establishment of the ERCL and HSCP has removed certain scrutiny and performance monitoring responsibilities from the Audit & Scrutiny Committee, but that the committee will still have a role in a number of areas.

## **REPORT AUTHOR**

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## **BACKGROUND PAPERS**

East Renfrewshire Health & Social Care Partnership Integration Scheme:  
<http://www.eastrenfrewshire.gov.uk/CHttpHandler.ashx?id=15092&p=0>

East Renfrewshire Culture & Leisure – Transfer documents:  
<http://www.eastrenfrewshire.gov.uk/CHttpHandler.ashx?id=14767&p=0>

## **KEY WORDS**

East Renfrewshire Culture & Leisure, Health and Social Care Partnership, audit, scrutiny, performance monitoring, audit.