

Report To: Corporate Governance Committee

Date of Meeting: 28 September 2015

Lead Member / Officer: Barbara Smith – Lead Member for Modernising & Housing
Alan Smith – Head of Business Improvement & Modernisation

Report Author: Ivan Butler – Head of Internal Audit

Title: Monitoring of Council Funded Service Providers

1. What is the report about?

This report provides the Corporate Governance Committee with an opportunity to comment on and contribute to the draft framework for setting up and monitoring Council Funded Service Providers (CFSPs).

2. What is the reason for making this report?

The Committee requested a progress update at its meetings of 20 May 2015 and 27 July 2015.

3. What are the Recommendations?

The Committee provides comments and feedback on the draft framework.

4. Report details

- 4.1 The Corporate Governance Committee received a report on 20 May 2015 outlining the project plan for developing a new framework to provide guidance on setting up, monitoring and reporting on services delivered by CFSPs.
- 4.2 The new framework will ensure that the Council has a robust mechanism to monitor governance, financial performance, operational performance and the use of Council funds.
- 4.3 The draft document in Appendix 1, entitled 'Framework for Delivering Services with Council-funded Service Providers' has now been produced to include the following:
- Why we need a framework
 - Some 'must dos'
 - The role of senior management and elected members

- Council representation on CFSPs
- Details of requirements for setting up, monitoring and reporting on CFSPs
- Appendices providing more detailed guidance on business cases, legal agreements and service level agreements.

4.4 The draft document was presented to Corporate Executive Team (CET) on 21 September 2015, which means that CET's comments and suggestions for any changes to the framework had not been received at the time of writing this report. A verbal update will therefore be provided at the Committee meeting.

4.5 A final draft version of the document will then be discussed at Senior Leadership Team on 1 October 2015 before being formally adopted and launched later that month.

5. How does the decision contribute to the Corporate Priorities?

There is no decision required on this report; however, the work carried out by CFSPs may contribute directly or indirectly to Corporate Priorities, depending on the service being provided.

6. What will it cost and how will it affect other services?

There are no costs attached to this report.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

This report does not require a decision or proposal for change, so there is no impact on people who share protected characteristics.

8. What consultations have been carried out with Scrutiny and others?

Corporate Executive Team (CET) was consulted on 21 September 2015, which means that its comments and suggestions for any changes to the framework had not been received at the time of writing this report.

9. Chief Finance Officer Statement

There are no financial implications attached to this report.

10. What risks are there and is there anything we can do to reduce them?

The new framework will ensure that the Council addresses the following risks:

- Having guidance and consistent arrangements for setting up and recording CFSPs means that it will be fully aware of all CFSPs that it deals with.

- Having regular and robust monitoring arrangements means that it will not fund CFSPs that do not deliver intended outcomes and will be aware of CFSPs that perform poorly, operationally and/or financially.
- Having robust governance arrangements over CFSPs reduces the likelihood of failure in its stewardship of public funds.
- Having early warning mechanisms through regular monitoring information reduces the likelihood that it will suffer financial loss due to a CFSP ceasing to exist and should not have to step in with contingency arrangements to deliver services.
- Having robust business cases for approval of CFSP arrangements means that it can ensure that CFSPs share the Council's values and should not bring the Council into disrepute through its behaviour.
- Having robust legal agreements and service level agreements ensures that both organisations understand their roles and responsibilities and strengthens the Council's position in the event of dispute.
- Providing robust guidance and support to its elected members who sit on outside bodies protects their interests, improves the likelihood of robust scrutiny and clarifies the legal position and conflicts of interest relating to directorships and trustees.
- Overall, the framework means that DCC should not suffer significant damage to its reputation due to failure of a CFSP.

11. Power to make the Decision

No decision required for this report.