

23 September 2020 at 1 pm.

A Remote Meeting of the **AUDIT AND SCRUTINY PANEL**

PRESENT

Councillor Gallacher, Convener; Councillors Graham, Hume, T. Johnston, Morgan, Alan Valentine and Watson.

CHAIR

Councillor Gallacher (Convener) presided.

IN ATTENDANCE

Head of Business Solutions; the Audit and Risk Manager; Business Manager (Performance and Resource); Assurance and Development Manager; Business Manager (Improvement), and Democratic Services Manager.

APOLOGIES

Councillor Stevenson, Vice Convener; Councillors Anderson and Burrows.

DECLARATIONS OF INTEREST IN TERMS OF THE ETHICAL STANDARDS IN PUBLIC LIFE ETC. (SCOTLAND) ACT 2000

1. Declarations of interest were received from the following Members:-

Councillor Morgan declared an interest in paragraph 3 by virtue of a family member's employment with Culture and Leisure NL and further declared that he would not participate in the consideration of that item of business.

Councillor Watson declared an interest in paragraph 3 by virtue of his membership of the Municipal Bank and Fusion Assets and further declared that he would not participate in consideration of that item of business.

Councillor Graham declared an interest in paragraph 3 by virtue of his membership of Fusion Assets, Town Centre Activities and the Campsies Board and further declared that he would not participate in consideration of that item of business.

THE PLAN FOR NORTH LANARKSHIRE COUNCIL: STRATEGIC OVERSIGHT AND GOVERNANCE IN A NEW ENVIRONMENT

2. There was submitted a report by the Head of Business Solutions providing the Panel with an update on the work undertaken to date, and the next steps required, to reconfigure and realign the four frameworks, namely (a) Policy, (b) Governance, (c) Self Evaluation and (d) Performance, that support The Plan for North Lanarkshire and Programme of Work, in line with the new environment in which the Council is operating (1) reiterating the impact which Covid-19 has had upon the Council and explaining that in setting out how the Council would recover services the Recovery Plan for North Lanarkshire, and accompanying operating model, provide the foundations from which to ensure stability; (2) reminding the Panel that the vision of the Plan remains supported by a substantial Programme of Work, which outlines the activities required to underpin delivery of the Plan and provides a consistent focus for resources and working practices; (3) advising that, since being approved at Committee, work has continued to ensure that the four frameworks embedded within the Plan remain aligned to the long term vision of the Council; (4) explaining (a) that the impact of Covid-19 has had

an impact on the delivery of planned day to day service activities and the achievement of the shared ambition and (b) that work now required to be undertaken to reconfigure and realign the four frameworks in line with the new environment in which the Council finds itself operating; (5) providing an update on work in relation to each of the four frameworks together with details of future actions and next steps, and (6) attaching, as Appendices to the report, further information for the Panel in relation to performance.

Susan Lawrie spoke to the report and referred the Panel to an accompanying Spreadsheet providing Performance Data for services across the Council.

Discussion took place regarding the ability of the Council to achieve the outcomes detailed in The Plan given that a number of actions require external organisations to complete this work and the Panel also gave thought to whether benchmarking information regarding performance against comparator Councils was, at this time, of value.

The Convener intimated that she would discuss with officers the matter of benchmarking data and would request that a note be issued to Members of the Panel on the reasoning why there had been changes to the Council's position when benchmarked against comparator authorities.

Thereafter, the Panel agreed:-

- (1) that the process update and next steps for each of the four frameworks be noted;
- (2) that the performance presented in the Excel spreadsheet accompanying the report be noted, and
- (3) that otherwise, the contents of the report be noted.

Prior to consideration of the following item of business, the following declarations of interest had been made:-

Councillor Morgan had declared an interest in the following item of business by virtue of the employment of a family member and did not participate in consideration of the following item of business.

Councillor Watson had declared an interest in the following item of business by virtue of his membership of the Municipal Bank and Fusion Assets and did not participate in consideration of the following item of business.

Councillor Graham had declared an interest in the following item of business by virtue of his membership of Fusion Assets, Town Centre Activities and the Campsies Board and did not participate in consideration of the following item of business.

SUMMARY OF ALEO LANDSCAPE AND OVERSIGHT ARRANGEMENTS (PROGRAMME OF WORK NUMBER 75.1)

3. There was submitted a report by the Head of Business Solutions describing the monitoring and reporting arrangements that are in place to ensure that the Council maintains adequate oversight of service delivery and governance arrangements within its Arm's Length providers and presenting an overview of the Arm's Length service delivery landscape together with an update on the Coronavirus response arrangements put in place within each organisation to ensure that proper governance and risk management remains in force during the lockdown period (1) reminding the Panel that Arm's Length External Organisations (ALEOs) are separate legal entities with their own governance and financial management obligations, although the Council remains accountable for service delivery; (2) detailing that it remains essential that information on each organisation's operational and financial performance is routinely reviewed to ensure robust stewardship and quality of service delivery, whilst

also minimising financial, service delivery and reputational risks to the Council; (3) providing a summary of the various activities undertaken by the Council's ALEOs and Strategic Partnership Vehicles together with information on those which were currently in the process of dissolution following previous Council decisions; (4) attaching, at Appendix 1 to the report, companies falling within the scope of the Panel which are each responsible for delivering services or undertaking statutory responsibilities on behalf of the Council; (5) highlighting that a Service Level Agreement or Contracts Work Agreement remains in place between each ALEO and the relevant Council service; (6) reminding the Panel that, during the period 2016 to 2019, the Council had completed separate reviews into each of its ALEOs to ensure that Arm's Length provision remained the most effective service delivery model for the Council and the findings and recommendations from each review were reported separately; (7) outlining the process for ALEO Performance Monitoring and Reporting; (8) listing a number of key considerations which the Panel was recommended to consider in relation to oversight of ALEOs; (9) highlighting that the Policy and Strategy Committee remained responsible for considering the outputs from any further reviews into Arm's Length delivery arrangements, or where the Council was considering the potential merits of a new special purpose vehicle or partnership; (10) detailing the current ALEO Governance, Stewardship and Risk Management arrangements for each organisation, and (11) providing detail on the financial governance and position of each ALEO.

Jennifer Lees spoke to the report, and informed the Panel that as of 22 September 2020 Town Centre Activities had been dissolved and its listing removed from Companies House. Thereafter the Panel agreed:-

- (1) that it be noted that six monthly ALEO Performance Reports, including details of services providing support to individual programmes of work, would be submitted to the relevant Service Committees by Heads of Service in conjunction with Financial Solutions;
- (2) that the assurance in relation to ALEOs Governance, Stewardship and Risk Management arrangements be provided through the submission of a six monthly composite report to the Panel;
- (3) that the service externalisation check list provided to inform consideration of service delivery models be noted, and
- (4) that the Coronavirus response arrangements within individual Arm's Length organisations be noted and that future reports would confirm where service delivery had been resumed and would identify any revisions to governance and/or risk management arrangements as a result of the pandemic and recovery planning.

POW-PO75.1(3) STRATEGIC GOVERNANCE FRAMEWORK AND DRAFT ANNUAL GOVERNANCE STATEMENT

4. There was submitted a report by the Head of Business Solutions providing the Panel with a copy of the draft Annual Governance Statement, together with a progress report on work to assess the robustness of the Strategic Governance Framework (1) explaining that the Council recognises the need for corporate governance and, as such, prepares an Annual Governance Statement in compliance with the Local Authority Accounts (Scotland) Regulations 2014; (2) advising that, to support the Annual Governance Statement and to ensure excellence in governance, accountability and transparency, and in line with the Council's ambitions in the Plan for North Lanarkshire, a Strategic Governance Framework has been developed; to record the strategies, policies, plans, codes, registers and procedures that are employed to direct and control the operations of the Council, and that this framework had been approved by the Panel in February 2020; (3) explaining that work on the Strategic Governance Framework had been delayed by the onset of Covid-19 although progress had been made since with approximately a quarter of the 102 elements in the framework having been assessed as inappropriate for review, and (4) outlining the next steps which include investigating the remaining elements to ensure that the framework remains up to date and will continue until necessary details are obtained.

Alison Meenagh spoke to the report following which the Panel agreed:-

- (1) that the draft Annual Governance Statement be noted, and
- (2) that the next steps in developing the Strategic Governance Framework, as outlined in the report at paragraphs 2.13 to 2.15, be approved.