
Report To:	Policy & Resources Committee	Date: 24 th May 2011
Report By:	Chief Financial Officer	Report No: FIN/33/11/AP/GJ
Contact Officer:	Alan Puckrin	Contact No: 01475 712223
Subject:	The Council's Governance Responsibilities – External Organisations	

1.0 PURPOSE

- 1.1 The purpose of this report is to outline the Council's suggested approach to its Governance responsibilities relating to External Organisations.

2.0 SUMMARY

- 2.1 There have been a number of instances in recent years whereby the Council has been challenged as to whether it has fulfilled its overall Governance responsibilities towards external organisations effectively.
- 2.2 The Corporate Management Team agreed following the demise of the Ladybird Nursery to set up a short life working group chaired by the Chief Financial Officer to develop a Council policy on dealing with external organisations.
- 2.3 The Group which consisted of the Chief Financial Officer, the Head of Legal & Democratic Services, the Head of Regeneration & Planning, Head of Planning, Health Improvement & Commissioning, the Corporate Procurement Manager and the Early Years Manager met on a number of occasions and have endorsed the contents of this report.
- 2.4 It should be recognised that the organisations referred to in this report are independent organisations who will have their own constitutions, rules of procedure and reporting requirements. The Council cannot dictate to these organisations how they conduct their business unless it is formally incorporated into any contractual relationship between the two organisations and does not breach any procurement or legal guidelines.
- 2.5 The Group gave consideration to the types of organisations to which a Council wide policy should apply and agreed that the matrix shown in Appendix 1 would be the best illustration whereby the Council's approach would be dictated by -
- (a) the annual payment to the organisation,
 - (b) the proportion of the organisation's turnover which comes from the Council,
 - (c) the nature of the payment eg: grant, commissioning payment or contractual payment and
 - (d) Council representation on the Board.

- 2.6 The Group also recognise that the Council has to achieve a balance between having a hands off approach for these independent organisations to run their own affairs and the Council's overarching responsibility in following the public pound and allocating its limited resources only to those organisations which are fit for purpose and conduct themselves in an appropriate manner.
- 2.7 It is also necessary to define the Governance roles of officers as opposed to members. Appendix 2 highlights the views of the Group in this regard.
- 2.8 Whilst it is accepted that as far as possible the guidelines outlined in this report should be adhered to, there will undoubtedly be occasions where organisations that fall below the thresholds require increased monitoring/support and there may be organisations that fall within the parameters where the level of Governance oversight proposed from the Council would be excessive. These will require consideration and a decision by the Client Corporate Director, the Head of Legal & Democratic Services and the Chief Financial Officer.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee consider the contents of this report and decide whether the approach outlined be implemented.

Alan Puckrin
Chief Financial Officer

Governance Proposals

Matrix

1/ Annual Payment to the Organisation (Ex-Vat)

	<u>Points</u>
Payment over £250,000	6
Payment £50,001 to £250,000	4
Payment £20,000 to £50,000	2
Payment £20,000 and below	Exclude

2/ Proportion of turnover funded by Council

	<u>Points</u>
51% to 100%	9
26% to 50%	6
10% to 25%	4
Below 10%	2

3/ Nature of Payment to Organisation

	<u>Points</u>
Grant	8
Commissioning – Informal	6
Commissioning – National Rates	4
Commissioning – Tendered	2
Formal Contract/Schedule of Rates	Exclude

4/ Council Representation on Board

	<u>Points</u>
2 or more Members on Board	6
1 Member on Board	6
1 or more Officer on Board	3
Officers invited to all Board meetings	3
No Council presence at Board meetings	6
No Board Meetings	9

Governance Oversight

Points

22 plus

- a) Annual Accounts received and reviewed by Council.
- b) Briefing prepared for members where members are on Board
- c) Quarterly documented meeting with organisation led by Key contact
- d) Annual report prepared by key contact for consideration by relevant Corporate Director.

13 - 22

- a) As above
- b) As above
- c) Half yearly documented meeting with organisation led by key contact
- d) As above

12 or less

- a) As above
- b) Not required
- c) Annual documented meeting with organisation led by key contact.
- d) Not required.

Governance Group – Governance Responsibilities

1. Members' Roles

- a) To receive Committee Reports from Officers and following scrutiny and challenge, receive overall assurance that Organisations are meeting their contractual obligations and operating within their Governance Frameworks.
- b) Receive assurance from Officers that payments to Organisations do not exceed approved Council Budgets.
- c) Supply relevant meeting papers to the key Officer contact in advance of the organisation meetings to allow briefings to be prepared.
- d) Ensure Officers are fulfilling their Governance roles.

2. Officers

- a) To be the key contact for an Organisation and ensure that Organisation meets their Governance responsibilities.
- b) To ensure receipt and review of the relevant Governance information including Annual Audited Accounts, Interim Management Accounts and Minutes of Board Meetings and utilising professional support as required.
- c) Highlight to relevant Senior Officers if Organisations are not fulfilling their Governance responsibilities.
- d) To prepare reports to Committee in line with Council Financial Regulations and other agreed policies.
- e) To provide briefings to Elected Members where Elected Members are on the Board of the Organisation.

AP/GJ
4/3/2011