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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>18 November 2014</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/62/14/JB/LA</b>
<b>Contact Officer:</b>	<b>Jan Buchanan</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>Annual Update in respect of Governance of External Organisations</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to provide the annual update in respect of the governance of external organisations and to assess performance against Audit Commission's Report, Length External Organisations (ALEOs): are you getting it right.

## 2.0 SUMMARY

- 2.1 In May 2011, the Council approved a risk based approach to the governance of those external organisations with whom the Council had a significant financial relationship. In June 2011 the Audit Commission published a report as part of the 'are you getting it right?' reports on Arm's Length Organisations which highlights good practise and governance when delivering services through Arm's Length Organisations
- 2.2 As part of the approved framework, reports are presented to the relevant Service Committee throughout the year giving updates and assurances in terms of performance and governance whilst an annual report is presented to the Policy & Resources Committee summarising progress and highlighting any areas of concern.
- 2.3 Overall, the Council's approach to the governance of external organisations is progressing well with positive comments particularly from CHCP sub-committee on the information provided. In addition, the Council's External Auditors also recognise the value in this exercise and have carried out a targeted follow up to the Councils performance against the Audit Commission's report. The positive outcome of this audit was reported to the Audit Committee on 26 August 2014 where there was no areas of concerns highlighted.
- 2.4 There are a number of improvements the Council could adopt to improve performance to advanced practice, these are highlighted at appendix 4. It is proposed that the action plan is incorporated into the Governance Oversight requirement at appendix 2.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the 2014 performance in respect of the governance of external organisations as show in Appendix 1.
- 3.2 It is recommended that Committee approve that the action plan at appendix 4 be adopted for the relevant organisations.
- 3.3 It is recommended that the Committee approve the list of external organisations that will form part of this framework for 2015 as shown in Appendix 3.

Alan Puckrin  
Chief Financial Officer

## **4.0 BACKGROUND**

- 4.1 In May 2011, the Committee approved a framework for monitoring the governance of key external organisations with whom which the Council has a significant financial relationship.
- 4.2 The purpose of this framework was to provide a formal mechanism for feeding back to the relevant Committee on the organisations performance and to highlight any issues in respect of governance, financial stability or overall performance. This approach was recognised by the Council's External Auditors at the time as being an example of good practice.
- 4.3 In June 2011 the Audit Commission published a 'are you getting it right' report on Arm's Length Organisations (ALEO's), part of their series of improvement reports for Councillors and Officers. During 2013/14 Grant Thornton, External Auditor, carried out a targeted audit on how the Council has responded to this national performance report which was a positive report placing the Council as 'Basic and better practice' in all areas. The full report was presented to the Audit Committee on 26 August 2014.

## **5.0 CURRENT POSITION**

- 5.1 Appendix 1 shows the position of the 2014 organisations where it can be seen that for the vast majority of organisations the framework has been fully adhered to. There are however, a small number who have not managed to fully implement the number of meetings required or reported to the Service Committee, this will be addressed during 2015.
- 5.2 The scoring matrix which was reviewed and updated for the 2014 process can be found at Appendix 2. No proposed changes to the scoring matrix are recommended for 2015.
- 5.3 The Council could however take some positive steps to further improve governance in order to be assessed as advanced practice in certain areas which are detailed in the Audit Scotland report. An action plan is attached at appendix 4 and if approved will be incorporated into the Governance Oversight requirements at appendix 2 and applied to the relevant organisations
- 5.4 The process has had a positive impact on the relationship between suppliers and the Council and in particular strengthening the relationships between Care Providers and the Council. This will further support the alternative delivery models available to the community through Self Directed Support and the new Health and Social Care Partnership (HSCP)

## **6.0 CONCLUSIONS**

- 6.1 External Audit have undertaken a targeted audit on this area with specific reference to the Audit Commission's recommendations contained in their report in June 2011, the positive results were reported to the Audit Committee on 26 August 2014.
- 6.2 The Council's approach to the governance of external organisations is working well and has resulted in strengthening relationships with suppliers and the Council. Further improvements are proposed through the implementation of the action plan detailed at appendix 4.
- 6.3 After almost three years, the process has become embedded in most areas of the Council and the Corporate Management Team is keeping an overview of compliance with the framework.

## **7.0 IMPLICATIONS**

### **7.1 Financial Implications:**

One off Costs

<b>Cost Centre</b>	<b>Budget Heading</b>	<b>Budget Years</b>	<b>Proposed Spend this Report £000</b>	<b>Virement From</b>	<b>Other Comments</b>

Annually Recurring Costs/ (Savings)

<b>Cost Centre</b>	<b>Budget Heading</b>	<b>With Effect from</b>	<b>Annual Net Impact £000</b>	<b>Virement From (If Applicable)</b>	<b>Other Comments</b>

### **6.2 Legal**

There are no legal implications arising from this report.

### **6.3 Human Resources**

There are no HR implications arising from this report.

### **6.4 Equalities**

There are no equalities implications arising from this report.

### **6.5 Repopulation**

Whilst there are no direct impacts in respect of repopulation, the Council's approach to the governance of external organisations should provide early warnings of organisations in distress and therefore provide greater stability to these organisations with a resultant impact on job security.

## **7.0 CONSULTATION**

7.1 None

## **8.0 BACKGROUND PAPERS**

8.1 None

<b>Organisation Name</b>	<b>13/14 Spend</b>	<b>Service</b>	<b>Last or planned Governance Monitoring Date</b>	<b>Compliant with Governance Oversight</b>	<b>Date reported to Committee</b>	<b>Total</b>
ICDT LTD	£1,827,120.00	CHCP	28/02/2013	Partial Compliant	28/08/2014	27
CARE CONCERN LIMITED	£617,878.00	CHCP	28/02/2014	Partial Compliant	28/08/2014	27
MILLPORT CARE CENTRE	£301,453.00	CHCP	30/04/2014	Partial Compliant	28/08/2014	27
INVERCLYDE CARERS CENTRE LTD	£127,070.00	CHCP	31/10/2014	Fully Compliant	28/08/2014	27
PARKLEA ASSOCIATION	£85,817.00	CHCP	31/10/2012	Partial Compliant	28/08/2014	27
INVERCLYDE LEISURE	£2,208,945.25	E&C	bi-monthly meetings held	Partial Compliant		26
RIVERSIDE INVERCLYDE	£2,086,881.01	E&R	04/09/2014	Fully Compliant	16/01/2014	26
INVERCLYDE ASS FOR MENTAL HEALTH	£513,879.39	CHCP	31/01/2014	Partial Compliant	28/08/2014	26
BALCLUTHA COURT	£1,246,045.37	CHCP	31/10/2014	Fully Compliant	28/08/2014	25
FLAGSHIP TOWER (GREENOCK) LIMITED	£986,584.29	CHCP	28/03/2014	Partial Compliant	28/08/2014	25
GREENOCK MEDICAL AID SOCIETY	£874,891.37	CHCP	14/03/2014	Partial Compliant	28/08/2014	25
MEALLMORE LODGE LIMITED	£906,604.67	CHCP	13/02/2014	Partial Compliant	28/08/2014	25
ALT-NA-CRAIG LIMITED	£663,619.00	CHCP	09/05/2014	Partial Compliant	28/08/2014	25
RIVENDELL CARE HOMES LIMITED	£277,497.00	CHCP	Now in administration - last meeting 07/02/2013		N/A	25
CALADH HOUSE ASSOCIATION	£168,213.96	CHCP	Contract assigned to Turning Point on 17/12/2012 and regular meetings have been held with this provider			25
				Fully Compliant	28/08/2014	
ICCF	£135,994.00	CHCP	31/10/2014	Fully Compliant	28/08/2014	25
EVERGREEN HOME SUPPORT	£171,347.36	CHCP	30/05/2014	Fully Compliant	28/08/2014	25
INVERCLYDE WOMENS AID	£101,087.60	CHCP	31/10/2014	Fully Compliant	28/08/2014	25
SIR GABRIEL WOOD'S MARINERS HOME	£435,810.10	CHCP	15/04/2014	Partial Compliant	28/08/2014	24
IVCSS	£98,648.20	CHCP	31/10/2013	Partial Compliant	28/08/2014	24
THE KILMACOLM NEW COMMUNITY CENTRE COMPANY LTD	£78,813.84	E&C	Meeting being requested	Non Compliant		24
QUARRIERS	£3,236,610.09	CHCP	17/01/2014	Partial Compliant	28/08/2014	22
RIVER CLYDE HOMES	£1,155,771.13	CHCP	09/12/2013	Partial Compliant	28/08/2014	22
MARGARET BLACKWOOD HOUSING ASS	£476,370.63	CHCP	31/10/2014	Fully Compliant	28/08/2014	22
CLOCH HOUSING ASSOCIATION LTD	£218,496.00	CHCP	31/10/2014	Fully Compliant	28/08/2014	22
STEPWELL CONSULTANCY LTD	£111,705.87	E&R	24/10/2014	Fully Compliant	31/10/2013	22
TREE TOPS COMMUNITY NURSERY	£79,417.22	E&C	Nursery Closed		N/A	22
KINCAID HOUSE	£1,124,251.00	CHCP	13/02/2014	Partial Compliant	28/08/2014	20
ALLIED HEALTHCARE GROUP LIMITED	£678,572.25	CHCP	10/04/2014	Partial Compliant	28/08/2014	20
BARNARDOS SCOTLAND WEST OFFICE	£164,395.84	CHCP	31/10/2014	Fully Compliant	28/08/2014	20
SPARK OF GENIUS	£219,740.00	CHCP	31/10/2014	Fully Compliant	28/08/2014	20
MUIRSHIEL	£212,449.35	CHCP	25/04/2014	Partial Compliant	28/08/2014	20
CAPABILITY SCOTLAND	£219,565.99	CHCP	31/10/2014	Fully Compliant	28/08/2014	20
SOLAS INSULATION LTD	£217,335.00	E&C	Now in liquidation		N/A	20
CONFIDENT CARE LTD	£189,616.80	CHCP	23/05/2014	Fully Compliant	28/08/2014	20
YOUTH CONNECTIONS	£117,682.11	E&C	Monthly Meetings	Partial Compliant		20
ALZHEIMER SCOTLAND	£236,315.35	CHCP	18/08/2014	Fully Compliant	28/08/2014	20
UNITY ENTERPRISE	£83,288.28	CHCP	04/02/2013	Fully Compliant	28/08/2014	20
KEY HOUSING ASSOCIATION LTD	£919,663.49	CHCP	25/04/2014	Fully Compliant	28/08/2014	18
HC One (took over from Southern Cross)	£733,693.00	CHCP	13/02/2014	Fully Compliant	28/08/2014	18

KARMA HEALTHCARE	£607,579.63	CHCP	11/04/2014	Fully Compliant	28/08/2014	18
LITTLE SISTERS OF THE POOR	£387,150.88	CHCP	06/05/2014	Fully Compliant	28/08/2014	18
ERSKINE HOSPITAL	£253,437.95	CHCP	out of area placement not normally monitored	Partial Compliant	28/08/2014	18
CAREWATCH (INVER & NTH AYRSH)	£215,997.04	CHCP	11/04/2014	Fully Compliant	28/08/2014	18
TRUST HOUSING ASSOCIATION LTD	£148,518.95	CHCP	05/06/2014	Fully Compliant	28/08/2014	18
CRAEGMOOR HEALTHCARE	£69,519.50	CHCP	decommissioned service		N/A	18
CASTLEBECK CARE (TEESDALE) LTD	£100,296.83	CHCP	31/10/2014	Fully Compliant	28/08/2014	18
HANSEL ALLIANCE	£84,480.12	CHCP	31/10/2014	Fully Compliant	28/08/2014	18
BIELD HOUSING ASSOCIATION	£103,316.92	CHCP	25/11/2013	Fully Compliant	28/08/2014	18
THORNTOUN LTD	£61,182.18	CHCP	31/10/2014	Fully Compliant	28/08/2014	18
JAMES WATT COLLEGE NURSERY	£39,576.47	E&C	Meetings 6 monthly April and November	Partial Compliant		18
THE RICHMOND FELLOWSHIP SCTLND	£1,090,065.15	CHCP	31/10/2014	Fully Compliant	28/08/2014	16
SCOTT ASSOC FOR MENTAL HEALTH	£815,154.21	CHCP	31/10/2014	Fully Compliant	28/08/2014	16
TURNING POINT SCOTLAND	£539,043.03	CHCP	27/02/2014	Fully Compliant	28/08/2014	16
THE GRAND LODGE OF SCOTLAND	£184,816.00	CHCP	22/04/2014	Fully Compliant	28/08/2014	16
ARDFERN LEARNING CENTRE	£55,590.00	E&C	Meetings 6 monthly April and November	Partial Compliant		16
THE ABBEYFIELD STRATHGRYFFE SOC LTD	£77,700.78	CHCP	14/01/2014	Fully Compliant	28/08/2014	16
INVERCLYDE COUNCIL ON DISABILITY	£74,251.83	CHCP	31/10/2014	Fully Compliant	28/08/2014	16
NAS SERVICES LIMITED	£67,177.67	CHCP	no longer in use		N/A	16
MADEIRA NURSERY	£24,014.88	E&C	no longer in use		N/A	16
CORNERSTONE COMMUNITY CARE	£27,817.07	CHCP	30/04/2014	Fully Compliant	28/08/2014	16
MCFARLANE HOMES	£29,511.40	CHCP	30/04/2014	Fully Compliant	28/08/2014	16
CORBENIC CAMPHILL COMMUNITY	£32,918.55	CHCP	31/10/2014	Fully Compliant	28/08/2014	16
WRVS	£30,272.50	CHCP	31/10/2014	Fully Compliant	28/08/2014	16
GLENCAIRN NURSERY	£25,581.00	E&C	Nursery Closed		N/A	16
WELLINGTON PRE-FIVE NURSERY	£22,602.60	E&C	Meetings 6 monthly April and November	Partial Compliant		16
TODHILL FARM TRAINING HOME LTD	£20,888.12	CHCP	31/10/2014	Fully Compliant	28/08/2014	16

## External Organisations Governance

### Matrix

1/	<u>Annual Payment to the Organisation (Ex-Vat)</u>	<u>Points</u>
	Payment over £250,000	6
	Payment £50,000 to £250,000	4
	Payment £20,000 to £49,999	2
	Payment £19,999 and below	Exclude
2/	<u>Proportion of turnover funded by Council</u>	<u>Points</u>
	51% to 100%	8
	26% to 50%	6
	10% to 25%	4
	Below 10%	2
3/	<u>Nature of Payment to Organisation</u>	<u>Points</u>
	Grant – No SLA	8
	Grant – With SLA	6
	Commissioned – No Tender	6
	Tendered	4
4/	<u>Council Representation at Meetings</u>	<u>Points</u>
	No Council Presence	6
	Member on Board	4
	Officers attendance allowed	2

Governance Oversight

Points

- |             |   |
|-------------|---|
| 20 plus     | <ul style="list-style-type: none"> <li>a) Annual Accounts received by Service and reviewed by Finance.</li> <li>b) Briefing prepared where appropriate for Council Board Member in advance of any Board Meetings.</li> <li>c) Post Board meeting briefing notes prepared by attendee for Corporate Director, Head of Service, Finance and Procurement.</li> <li>d) Half yearly documented Governance meetings with organisations.</li> <li>e) Annual Committee report covering performance and quality issues.</li> </ul> |
| 19 - 16     | <ul style="list-style-type: none"> <li>a) As above</li> <li>b) Optional</li> <li>c) Optional</li> <li>d) Annual documented Governance meetings</li> <li>e) As above</li> </ul>  |
| 15 or Under | <ul style="list-style-type: none"> <li>a) No action</li> </ul>  |

Note: 1. The above are the minimum requirements however Services may decide on more frequent meetings / reporting based on specific risks / intelligence.



<b><u>Organisations name</u></b>	<b><u>13/14 Spend</u></b>	<b><u>Service</u></b>	<b><u>Nature of Payments</u></b>	<b><u>Total</u></b>
MUIRSHIEL CENTRE	£304,851	CHCP	Commissioning Informal	28
RIVERSIDE INVERCLYDE	£2,797,487	E&R	Commissioning Informal	22
INVERCLYDE LEISURE	£2,260,143	E&C	Grant	22
EVERGREEN HOME SUPPORT	£253,890	CHCP	Grant	26
INVERCLYDE CARERS CENTRE LTD	£237,780	CHCP	Grant	26
PARKLEA ASSOCIATION	£113,730	CHCP	Commissioning Informal	26
COTTAGE CARE SERVICES SCOTLAND LTD	£113,499	CHCP	Grant	26
INVERCLYDE COMMUNITY CARE FORUM	£51,854	CHCP	Grant	26
FLAGSHIP TOWER (GREENOCK) LIMITED	£1,344,388	CHCP	Grant	24
BALCLUTHA COURT	£1,252,722	CHCP	Commissioning national rates	24
ALT-NA-CRAIG LIMITED	£687,099	CHCP	Commissioning National rates	24
CARE CONCERN LIMITED	£670,410	CHCP	Grant	24
INVERCLYDE WOMENS AID	£111,196	CHCP	Grant	24
MARINER SUPPORT ASSOCIATES LTD	£58,637	CHCP	Commissioning Informal	24
THE BEACON	£52,183	E&C	Commissioning Informal	24
INVERCLYDE COUNCIL ON DISABILITY	£32,846	CHCP	Grant	24
CRAIGEND RESOURCE CENTRE	£32,719	CHCP	Grant	24
THE KILMACOLM NEW COMMUNITY CENTRE	£75,700	E&C	Grant	24
QUARRIERS	£2,631,698	CHCP	Commissioning Informal	22
INVERCLYDE COMMUNITY DEV TRUST	£2,297,403	E&R	Grant	22
GREENOCK MEDICAL AID SOCIETY	£830,823	CHCP	Grant	22
SCOTT ASSOC FOR MENTAL HEALTH	£719,570	CHCP	Commissioning Informal	22
MARGARET BLACKWOOD HOUSING ASS	£534,641	CHCP	Commissioning Informal	22
MEALLMORE LODGE LIMITED	£433,086	CHCP	Commissioning Informal	22
INVERCLYDE ASS FOR MENTAL HEALTH	£418,064	CHCP	Grant	22
MOVING ON (INVERCLYDE)	£73,472	CHCP	Commissioning Informal	22
INVERCLYDE ADVICE & EMPLOYMENT RIGHTS	£67,384	E&R	Grant	22
INVERCLYDE ASSOCIATION FOR MENTAL HEALTH	£37,914	CHCP	Grant/ Commissioning Formal/Informal	22
ALLIED HEALTHCARE GROUP LIMITED	£725,262	CHCP	Commissioning Informal	20
KARMA HEALTHCARE	£673,621	CHCP	Commissioning Informal	20
CORA FOUNDATION	£430,074	CHCP	Grant	20
LITTLE SISTERS OF THE POOR	£359,297	CHCP	Commissioning Informal	20
CONFIDENT CARE LTD	£200,527	CHCP	Commissioning Informal	20
ALZHEIMER SCOTLAND INVERCLYDE SERVICES	£180,498	CHCP	Grant	20
OAK TREE HOUSING ASSOCIATION	£176,297	CHCP	Commissioning Informal	20
YOUTH CONNECTIONS	£140,694	E&C	Commissioning Informal	20
YOUR VOICE	£119,798	CHCP	Commissioning Informal	20
STEPWELL CONSULTANCY LIMITED	£107,566	E&R	Commissioning Informal	20
ALZHEIMER SCOTLAND-ACTION ON D	£87,704	CHCP	Grant	20
TRANS-PORT GROUP	£84,153	E&C	Grant	20
UNITY ENTERPRISE	£78,664	CHCP	Grant	20

IVCSS	£76,718	CHCP	Grant	20
KINCAID HOUSE	£1,449,294	CHCP	Commissioning Informal	18
THE RICHMOND FELLOWSHIP SCTLND	£1,069,389	CHCP	Commissioning Informal	18
TURNING POINT SCOTLAND	£873,250	CHCP	Grant	18
DUNAN HEALTHCARE UK LTD IN ADMINISTRATION	£738,106	CHCP	Grant	18
HC ONE LIMITED	£567,260	CHCP	Grant	18
SIR GABRIEL WOOD'S MARINERS HOME	£364,650	CHCP	Commissioning Informal	18
RIVER CLYDE HOMES	£186,841	CHCP	Commissioning Informal	18
CAREWATCH (INVER & NTH AYRSH)	£176,930	CHCP	Grant	18
TRUST HOUSING ASSOCIATION LTD	£153,866	CHCP	Grant	18
BARNARDO SCOTLAND	£146,274	CHCP	Grant	18
DANSHELL HEALTHCARE LTD	£99,785	CHCP	Grant	18
SPARK OF GENIUS	£96,007	CHCP	Commissioning Informal	18
BARNARDOS SCOTLAND WEST OFFICE	£95,060	CHCP	Commissioning Informal	18
CAPABILITY SCOTLAND	£86,696	CHCP	Commissioning Informal	18
HANSEL ALLIANCE	£69,573	CHCP	Grant	18
THORNTOUN LTD	£62,922	CHCP	Commissioning Informal	18
TRUST HOUSING ASSOCIATION LIMITED	£55,000	CHCP	Grant	18
CAR - GOMM SCOTLAND	£54,140	CHCP	Grant	18
CLOCH HOUSING ASSOCIATION	£37,298	CHCP	Grant	18
KEY HOUSING ASSOCIATION LTD	£1,070,401	CHCP	Commissioning Informal	16
KIBBLE EDUCATION AND CARE CENTRE	£283,286	CHCP	Commissioning Informal	16
BELLEAIRE HOUSE	£242,124	CHCP	Commissioning national rates	16
EUROPEAN CARE & LIFESTYLES (UK) LTD	£237,546	CHCP	Grant	16
ERSKINE HOSPITAL	£219,132	CHCP	Grant	16
SCOTTISH MASONIC HOMES LIMITED	£165,660	CHCP	Commissioning Informal	16
CIRCLES NETWORK	£100,878	CHCP	Grant	16
THE ABBEYFIELD STRATHGRYFFE SOC LTD	£85,162	CHCP	Commissioning Informal	16
WOODSIDE CARE	£83,020	CHCP	Commissioning Informal	16
SALVATION ARMY TERRITORIAL HEADQUARTERS	£76,542	CHCP	Commissioning Informal	16
CARE UK	£74,154	CHCP	Grant	16
ACTION FOR CHILDREN SERVICES LIMITED	£73,288	CHCP	Grant	16
ACTION FOR CHILDREN	£69,500	CHCP	Grant	16
VOYAGE CARE	£64,980	CHCP	Grant	16
SCOTTISH CARE COMMERCIAL	£62,765	CHCP	Commissioning Informal	16
GEILSLAND SCHOOL	£59,160	CHCP	Grant	16
PARK HOUSE HEALTHCARE LTD	£44,839	CHCP	Commissioning Informal	16
BIELD HOUSING ASSOCIATION	£43,934	CHCP	Commissioning Informal	16
BARNARDOS	£41,524	CHCP	Grant	16
MILLPORT CARE CENTRE	£40,323	CHCP	Commissioning Informal	16
CORNERSTONE COMMUNITY CARE	£38,910	CHCP	Grant	16
CORBENIC CAMPHILL COMMUNITY	£30,007	CHCP	Grant	16
CLOCH HOUSING ASSOCIATION LTD	£29,289	CHCP	Grant	16

Audit Scotland Assessment	Advanced Practice	Action Plan
1. How clear is the council about its reasons for delivering services through ALEOs?	Where services are delivered through ALEOs, the council has a well-developed and soundly based strategy for the delivery of services in this manner which is clearly linked to the council's wider strategic objectives and priorities.	Implement from October 2014 onwards for ALEOs only. This would only apply to Riverside Inverclyde and Inverclyde Leisure and included as part of the annual report to Committee.
2. How well does the council understand the financial commitment and risk to which it is exposed through ALEOs	<p>Risk assessment extends beyond financial risks to other areas, eg reputational risk.</p> <p>Contingency plans are in place to ensure that service delivery is maintained if the agreement ends</p>	<p>Implement for all organisations with scores above 20</p> <p>Implement for all organisations with scores above 15</p>