



**OVERVIEW AND SCRUTINY COMMITTEE**

**6<sup>TH</sup> FEBRUARY 2018**

**AGENDA ITEM (5)**

**PUBLICA UPDATE**

<b>Accountable Members</b>	Councillor Mark F Annett Leader of the Council  Councillor C Hancock Cabinet Member for Enterprise and Partnerships
<b>Accountable Officer(s)</b>	David Neudegg Managing Director, Publica 01285 623100 david.neudegg@publicagroup.uk
<b>Purpose of Report</b>	To provide a general update, with particular focus on feedback from partner councils on the governance arrangements, including the draft commissioning framework and the Member Liaison Group.
<b>Recommendations</b>	<b>That the Committee considers and comments upon the report.</b>
<b>Reason(s) for Recommendation(s)</b>	To provide an opportunity for the Committee to engage in the on-going development of Publica and its relationship with the Council
<b>Ward(s) Affected</b>	All
<b>Key Decision</b>	No
<b>Recommendation to Council</b>	No
<b>Financial Implications</b>	None directly arising from this report
<b>Legal and Human Rights Implications</b>	The governance of Publica, both as a company owned by the partner Councils and through the service contracts it has entered into with them, is set out in the company's Articles of Association, Members' Agreement and the Service Agreements with the Councils.
<b>Environmental and Sustainability Implications</b>	None directly arising from this report
<b>Human Resource Implications</b>	None directly arising from this report
<b>Key Risks</b>	Identified within previous Council reports

<b>Related Decisions</b>	<p>Council, 27<sup>th</sup> September 2016 - Formation of Teckal Companies</p> <p>Council, 13<sup>th</sup> June 2017 - Vires Audit</p> <p>Council, 19<sup>th</sup> October 2017 - (i) Re-affirmation of support for company establishment; and (ii) approval of Council retained officer structure and delegations as a consequence of establishment of shared services company</p> <p>Overview and Scrutiny Committee, 5<sup>th</sup> December 2017 - initial consideration of draft Commissioning Framework and Member Liaison Group proposals</p>
<b>Background Documents</b>	Council reports - 27 <sup>th</sup> September 2016, 13 <sup>th</sup> June 2017 and 19 <sup>th</sup> October 2017
<b>Appendices</b>	None

<b>Performance Management Follow Up</b>	Previous Council Reports have identified on-going governance and control arrangements
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<b>Options for Joint Working</b>	Publica is an example of joint working across local authorities
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<p><b>Background</b></p> <p>1. <u>Introduction and Background</u></p> <p>1.1 The governance of Publica, both as a company owned by the partner Councils and through the service contracts it has entered into with them, is set out in the company's Articles of Association, Members' Agreement and the Service Agreements with the Councils. These have been circulated previously to Committee members, but are available for separate inspection.</p> <p>1.2 At the Council Meeting on 27<sup>th</sup> September 2016, Members approved the detailed business plan for the establishment of a jointly owned "Teckal" company together with a set of governance principles agreed between the four Leaders and lead Cabinet members who had formed the membership of the previously-established 2020 Partnership Joint Committee.</p> <p>1.3 These principles have been used to develop the legal agreements which are fully consistent with the resolutions of Council in September 2016. Set out below is a summary of both the governance of the company and the service agreements and how these impact upon the role of Scrutiny at Cotswold District Council.</p> <p>2. <u>Company Governance</u></p> <p>2.1 Publica is a "Teckal" company jointly owned by four Councils and is a company Limited by Guarantee. The company Members' Agreement sets out a number of reserved matters which can only be decided on a 75% agreement of shareholders (each Council owning one share). Cotswold District Council has agreed that the Leader of the Council shall act on behalf of the Council in casting its vote for reserved matters decisions.</p> <p>2.2 In the lead-up to the transfer of staff to Publica, some concerns were expressed by Scrutiny members about the way in which decisions on reserved matters would be overseen. It has been agreed with the Leader that all decisions taken under reserved matters will be subject to Scrutiny review in the same way as other Executive decisions either by placing an item before Cabinet for formal decision or by way of a formally-notified Leader's Decision (as exists for current decisions taken by the Leader).</p>
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2.3 This ensures openness and transparency of any items under consideration by the Leader in his role of approving items reserved to the Councils. This also protects Scrutiny's right to challenge, scrutinise or call-in a decision.

### 3. Service Standards

3.1 The approved principles set out the arrangements with regard to service standards and performance as follows:-

- Current service plans and service levels are used for the service specifications for the company.
- Additional services and standards can be specified at any time by each Council at additional cost.
- Meetings are held between the Company representatives and relevant Service Portfolio Holder(s) for each Council.
- It is proposed that each Council has the right to summon a Company Director (or an appropriate substitute) to account to Overview & Scrutiny Committee.

3.2 Decisions in relation to policy setting, strategy development and service standards are retained by the Council and will remain subject to existing arrangements for decision-making and scrutiny. The establishment of Publica does not impact upon this. Any changes and improvements to services will take place through the existing annual corporate planning and budget process which, again, is subject to scrutiny input.

### 4. Member Liaison Group

4.1 At the 2020 Partnership Joint Committee meeting in June 2017, members discussed concerns from some Councillors about their levels of knowledge and understanding of the proposals to transfer the vast majority of staff based at Cotswold, Forest of Dean and West Oxfordshire Councils to Publica.

4.2 It was recognised that some Councillors had expressed concerns about the new company's approach to staffing matters; access to staff; and general governance issues. It was agreed that the Leaders of the Councils be asked to consider the terms of reference for any meetings of a Member Liaison Group (MLG) once the company became operational.

4.3 It was further recognised that such a group would not have decision-making powers but could act as a 'sounding board' in advance of any 'reserved powers' decisions being made by Leaders in their formal shareholder roles.

4.4 As a direct result of the June 2017 Joint Committee discussions, Publica introduced a communications plan for the member Councils which included the following:-

- Informal Briefings with Cabinets attended by Executive Directors and the Chairman of Publica (Dave Brooks).
- Presentations to Scrutiny Committees.
- Informal Council briefings open to all Councillors (attended by Executive and Non-Executive Directors).
- Regular "Keeping You Connected" e-mails to all Councillors from the company's Managing Director.
- Launch event at Cheltenham Racecourse.

4.5 As can be seen by this, the majority of communication and scrutiny of what Publica is doing or proposes to do will be at a local level, with each Council having the opportunity and right to call Publica to account through its Scrutiny Committee(s). Publica believes that each Council will be best served by having direct access to the Directors of Publica to challenge and ask questions on how it is delivering services locally for each Council's residents.

4.6 During the course of informal briefings and presentations to Scrutiny Committees across the partnership, feedback has been sought on the proposal to establish a MLG.

4.7 The key points arising from consultation with Councillors are as follows:

- The MLG should not undermine or erode each Council's Scrutiny role, which should remain sovereign and independent in line with the fundamental principle established for joint working.
- Each Council should have a direct relationship with Publica for the provision of services and costs associated with those services.
- The principles of a company established with independent Non-Executive Directors requiring reserved matters to be agreed by Leaders in their company voting capacity should not be undermined or eroded.
- Each Council should determine a process for Leaders' Decisions on Reserved Matters to be open, transparent and subject to Scrutiny.
- The MLG could have a role in assisting Leaders in their stated desire to reach consensus on reserved matters where there is a difference of view across the Councils.
- The MLG could have a role in developing shared learning and innovation for the Councils.

4.8 The Leaders and lead Portfolio Holders of the Partnership met on 12<sup>th</sup> January 2018 to consider the feedback. It was agreed that Publica will provide the following communication and liaison opportunities to each of the Member Councils:-

- Presentation of its Annual Report to a meeting of the Council.
- Presentation of its draft Business Plan to Scrutiny and Cabinet annually, in February/March of each year.
- Attendance at appropriate Scrutiny Committees for the Quarterly Performance Monitoring reports
- Provision of a monthly 'Keeping You Connected' e-mail update to Councillors.
- Informal Meetings with Cabinets, together with invited members of other parties/scrutiny representatives, on a quarterly basis to discuss progress against the Business Plan, to identify any key risks and challenges outside of the company or Council's control, budget monitoring and service delivery matters.
- Development of informal mechanisms to share best practice, learning and Councillor Development.

4.9 Given the improved communications channels put in place; the proposed on-going arrangements direct with each Council; and the views expressed about maintaining the integrity of each Council's Scrutiny arrangements, it was agreed to defer the establishment of the MLG until after the first anniversary of Publica, pending a review of the communication arrangements proposed.

5. Commissioning Framework

5.1 The draft commissioning framework has now been considered by the relevant Scrutiny Committee at both Forest of Dean District Council (FoDDC) and West Oxfordshire District Council (WODC).

5.2 At FoDDC, Members did not make a formal recommendation or, indeed, vote on any specific comments/suggestions. However, key comments/questions included:-

- Whether the commissioning framework should be formally considered by Members (Note: if this is supported, the framework could be presented to the Cabinet along with the comments of scrutiny).
- The document should identify the key stages within the commissioning process where service standards, policies and procurement options were being considered, to allow Members the opportunity for input.
- Members should be advised of timetables for future procurement exercises.

5.3 At WODC, the Scrutiny Committee resolved that it was content with the proposed arrangements; and that they should be reviewed in 12 months' time.

(END)