

CABINET

DATE	11 th March 2026
REPORT OF	Councillor Stan Shreeve - Portfolio Holder for Health, Wellbeing and Adult Social Care
RESPONSIBLE OFFICER	Katie Brown – Director for Adults, Housing and Communities
SUBJECT	Future Section 75 Arrangements
STATUS	Open
FORWARD PLAN REF NO.	CB 03/26/02

CONTRIBUTION TO OUR AIMS

The proposal supports the councils overarching vision of Stronger Economy and Stronger Communities as set out in the North East Lincolnshire Council Plan 2023-2026, subject to ongoing refresh. The proposed changes to the section 75 arrangements continue to support the long-standing arrangements for the integration of health and social care services within North East Lincolnshire.

EXECUTIVE SUMMARY

Since 2007 there has been a formal partnership agreement (Section 75) in place between the NHS (Care Trust Plus - CTP, Clinical Commissioning Group - CCG, and latterly the Integrated Care Board - ICB) and North East Lincolnshire Council (NELC). This has enabled integrated joint commissioning and integrated provision of services for adults and children to take place.

As a result of the changes outlined in the NHS 10-year plan which changes the role and function of the ICB a review of the current partnership arrangements with NELC has taken place.

This paper outlines the rationale and context for the proposed changes and recommends a revised approach of the existing arrangements.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Notes the historical context and positive working relationship between North East Lincolnshire Council and the Integrated Care Board and the commitment of the partnership to preserve this as part of future joint working arrangements.
2. Approves the proposed way forward with the lead responsibility for the section 75 arrangements being undertaken by North East Lincolnshire Council.

3. Delegates to the Chief Executive, and Director of Adults Housing and Communities, in consultation with the Portfolio Holder for Health, Wellbeing and Adult Social Care the responsibility to undertake further due diligence on the financial and other detailed transitional requirements, together with any ancillary matters reasonably arising, with a view to completing the new section 75 agreement.
4. Authorises the Assistant Director Law and Governance (Monitoring Officer) to execute documentation arising.

REASONS FOR DECISION

North East Lincolnshire Council's relationship and partnership working with the NHS has been deep rooted and long standing and has served to help jointly commission and deliver services for the benefit of the North East Lincolnshire population. This has served both the ICB and NELC well since 2007 and has been cemented by a Section 75 agreement.

A review of these arrangements has taken place to ensure that they remain fit for purpose in the context of the transition of the ICB to a strategic commissioning organisation and the changing requirements of ICB from Department of Health and Social Care (DHSC).

The conclusion of the review has identified that the commitment to working together remains as strong as ever, but that adjustments are now timely and appropriate, with specific details and timings to be worked through as required, so that the lead responsibilities for the section 75 transfer back to NELC.

The recommendations from this report seek to secure the balance between the ongoing strategic commitment to partnership working whilst working through the details in a managed and timely manner.

1. BACKGROUND AND ISSUES

- 1.1 Under the NHS Act 2006, Local Authorities and NHS bodies can enter into partnership arrangements to provide a more streamlined service and to pool resources, if such arrangements are likely to lead to an improvement in the way their functions are exercised.
- 1.2 The following are NHS Bodies: An NHS trust; an NHS foundation trust; an integrated care Board (ICB), NHS England
- 1.3 The powers permit:
 - The formation of a fund (pooled budget) made up of contributions by both parties "out of which payments may be made towards expenditure incurred in the exercise of both prescribed functions of the NHS body or bodies and prescribed health-related functions of the authority or authorities" (section 75(2)(a)(ii), NHS Act 2006)
 - The exercise by an NHS body of a local authority's prescribed health-

related functions in conjunction with the exercise of the NHS body of its prescribed functions (section 75(2)(b), NHA 2006)

- The exercise by a local authority of an NHS body's prescribed functions in conjunction with the exercise by the local authority of its prescribed health-related functions (section 75(2)(c), NHA 2006)
- The provision of staff, goods or services, or the making of payments between the two partners, in connection with the above arrangements (sections 75(2)(d) -(f), NHA 2006).

These powers give rise to the three Health Act "flexibilities," namely:

- Pooled budgets
- Lead commissioning
- Integrated provision

The flexibilities can be used together, for example, where one partner takes on the role of commissioning services for both partners and managing existing services and staff, whether or not the partners retain separate budgets. Alternatively, the partners could establish an integrated service, where staff are integrated and services pooled and managed by one partner through a pooled budget.

In particular, this has meant that the ICB has continued to exercise the responsibility for the commissioning of adult social care services on behalf of the Council, one of only a few such arrangements nationally. As a result, the ICB has employed a number of staff to directly discharge this and other associated responsibilities, alongside other staff in support functions to ensure its effective operation. NELC has provided a financial contribution towards this, and the costs and expenditure for these arrangements are accounted for separately.

- 1.3 The current section 75 partnership agreement in place enables joint commissioning of adult (Health and care) services to be undertaken, supported by a pooled budget which is hosted by the ICB on behalf of the partnership with integrated staffing, employed by the ICB within the NEL place team and across the other directorates, (Finance, Business Intelligence, Nursing, Governance PALS and Complaints). There is also a smaller pooled budget with some integrated staffing for joint commissioning of children's services held and administered by the council. The agreement is overseen and managed by a Joint Committee which is chaired by the Chief Executive of NELC. The North East Lincolnshire/North Lincolnshire Sub System Director of Finance is the pooled budget manager for the ICB, and the section 151 Officer is the pooled budget holder for the council fund.
- 1.4 The total value of the Section 75 agreement in place is £230.2m made up of £172.4m pooled funds and £57.8m non pooled / aligned funds.
- 1.5 As a result of the changes required to the ICB resulting from the NHS 10 year plan, the ICB blueprint, and the strategic commissioning framework, a review of the current partnership arrangements with NELC has taken place to ensure that they continue to meet the needs of both partners, and that the construct of the

partnership going forward is fit for purpose and minimises the risks for both organisations in the future.

- 1.6 In particular, the principal consideration has been to ensure an appropriate balance between preserving the long-standing partnership arrangements with the ICB for the benefit of the North East Lincolnshire population and ensuring that this does not compromise the councils and ICB's ability to discharge its roles.
- 1.7 Above all else, the ICB is keen to ensure that there is strong ongoing strategic commitment to the partnership working with North East Lincolnshire Council, whilst taking the best tactical decisions to deploy the resources and the staff to best effect given the changing roles of ICBs and the associated financial allocation from NHSE from 2026/27 onwards
- 1.8 The ICB's Executive have reviewed the current position and considered a range of options to determine the way forward given the changing context of its role. Strategic commissioning and working closely with Local Authorities continue to be critically important and underpins ways of working going forward. Section 75 agreements will equally be the key vehicle in terms of how that is transacted. The ICB's commitment to section 75 arrangements with local authorities remains strong and undiminished.
- 1.9 The current NEL Section 75 – essentially a 'Section 75 plus' arrangement sees the ICB undertake a wide range of additional roles and responsibilities on behalf of NELC, notably in terms of the lead role for adult social care commissioning. Given the changes to the roles of ICB's and the growing importance of the neighbourhood health agenda the ICB are no longer in a position to continue to lead and host the arrangements for adult social care in North East Lincolnshire.
- 1.10 Therefore, the proposed way forward is that there is a variation to the Section 75 agreement to make North East Lincolnshire Council the host for the Adult Services agreement and pooled budget. This is covered by the current contribution North East Lincolnshire Council currently makes to the ICB for these posts.
- 1.11 It would enable North East Lincolnshire Council's Adult Social Care commissioning function to be delivered at place. The only function that is proposed to remain within the ICB is business intelligence and performance. This is to support a more system wide approach to population health management (across all 6 places within the ICB geography) and enables greater access and intelligence to health and social care data.
- 1.12 The ICB Board have stated their preference is for a variation to the section 75 agreement to make NELC the host for the Adult Services agreement and pooled budget. Under this option the current joint post holders would TUPE transfer to NELC, providing continuity of delivery of adult social care services.

- 1.13 The proposal would see North East Lincolnshire Council become the host for the pooled budget take on a lead role for the Health and Care Partnership. It is proposed that the Chief Executive of NELC continues to be Chair of the Joint Committee.
- 1.14 To support the new arrangements for the Section 75 the ICB will need to determine what its contribution to the running of the partnership will be and to enable health commissioning and delivery at place/neighbourhood.

2. RISKS, OPPORTUNITIES AND EQUALITY ISSUES

There are a number of key risks that need careful navigation and management. Essentially, there are a number of reputational, financial, and staffing risks that are being worked through and mitigated by the Section 75 oversight group that meets weekly.

A detailed action plan, and timeline has been produced and individuals identified from both organisations to support this work. This work will need to be completed using the staff with the specialist knowledge of the partnership and its operation within the ICB. The group will report regularly back to NELC's leadership team, Joint Committee, and ICB executive.

3. OTHER OPTIONS CONSIDERED

- 3.1 Whilst the national direction is for greater integration and devolution to places and communities there are key changes that the ICB need to undertake that means that place based delivery will change to a strategic commissioning organisation which is not conducive with North East Lincolnshire's integrated delivery model at place. Other options considered: -
- 3.2 do nothing, maintain the arrangements as they currently are. This is not a possible option as the ICBs structure has had to change to reflect the reduced funding available to it.
- 3.3 a minor variation the Section 75 partnership agreement, with the ICB still being the host for the adult partnership creating a change to the proposed ICB operating structure by creating a business unit to support continued delivery of the NELC Adult Social Care functions. This option is not supported as it creates a difference for the ICB within its structure and would mean that adult social care functions are delivered by a central business unit that is not at place.
- 3.4 a variation to the Section 75 partnership agreement which would see the ASC commissioning function transferring out from the current ICB structure to the council, but the ICB continuing to host the adult services agreement and pooled budget. Under this option the ICB would need to create additional posts in its proposed operating structure for all of the ASC support functions which would remain within the ICB. Whilst this option mitigates some of the risks and concerns in relation to option 2 for both the ICB and council, it doesn't fully mitigate the risks and could further increase the reduction in specialist skills and knowledge in those support function areas that remain

within the ICB.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 4.1 Significant engagement with a number of key stakeholders and partners has been undertaken and continues to take place. In addition, there has been engagement with the various teams across the ICB and with NELC's Leadership team and cabinet members.
- 4.2 An implementation project group has been established and is being overseen by the Senior Leaders in NELC and ICB. This will report regularly to ICB/NELC Joint Committee, NELC's leadership team and ICB Executive.
- 4.3 As it is not proposed that the commissioning activities within the section S75 are to be significantly changed, it is in essence an administration change to the hosting arrangements it is not expected that any formal consultation would be required.

5. FINANCIAL CONSIDERATIONS

- 5.1 There are potentially financial implications that need carefully working through to ensure a smooth transition.
- 5.2 This proposal would see the NEL ASC finance functions move from the ICB ledger to NELC's ledger. The pooled budget between the ICB and NELC would be transferred to NELC for management by the NELC pooled budget manager.
- 5.3 To support the new arrangements for the Section 75 the ICB will need to determine what its contribution to the running of the partnership will be and to enable health commissioning and delivery at place/neighbourhood.

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

A part of the section 75 relates to the delivery and commissioning of some children's services. Currently NELC are the lead, and it is proposed that this remains.

7. CLIMATE CHANGE, NATURE RECOVERY AND ENVIRONMENTAL IMPLICATIONS

There are no known climate change or environmental implications arising from the matters in this report.

8. PUBLIC HEALTH, HEALTH INEQUALITIES AND MARMOT IMPLICATIONS

Having a formal section 75 partnership in place between the ICB and NELC, which combines resources and enables joint commissioning should have a positive impact on the delivery of Marmot and health inequalities. The ability to have oversight of Neighbourhood Health at place should fundamentally enable better health outcomes for people within North East Lincolnshire.

9. CONSULTATION WITH SCRUTINY

This paper will be presented to scrutiny for discussion in March 2026.

10. FINANCIAL IMPLICATIONS

- a. The financial implications of the proposed variation to the Section 75 agreement are significant and will require careful management to ensure a smooth and compliant transition of responsibilities.
- b. The transfer of the pooled budget and associated finance functions from the ICB ledger to the Council's ledger represents a material change in accounting, governance, and oversight arrangements.
- c. A detailed financial transition plan is therefore essential, including:
 - Clear mapping of existing budgets, commitments, contracts, and financial risks.
 - Assurance that all transferring budgets are supported by accurate baseline data, reconciled positions, and robust evidence trails.
 - Confirmation of the ongoing financial contribution from the ICB to support the operation of the partnership and delivery at place, given the changes to national ICB funding from 2026/27.
 - Identification and mitigation of any short-term cashflow, workforce, or operational risks.
- d. Given the complexity and scale of the Section 75 arrangements, ongoing joint financial oversight through the Joint Committee will be critical, supported by strengthened budget monitoring processes and shared reporting.

11. LEGAL IMPLICATIONS

The legal basis and historic position between the parties is set out in the above report. With the changes imposed there has to be a recalibration of the contractual arrangements (the s75 agreement) with the ICB, as described. This will be supported by specialist, nationally recognised external lawyers, commissioned in the past to support previous iterations of the section 75 arrangements. Ongoing activity will be appropriately overseen by the Joint Committee. In time there may be constitutional changes required, should there be any revision of the terms of reference of the Joint Committee, once emerging section 75 matters have come to fruition. These will be the

province of the Monitoring Officer in accordance with established governance routes and transparency requirements.

12. HUMAN RESOURCES IMPLICATIONS

There is a TUPE impact for 18 members of ICB staff who are proposed to transfer to the council under this agreement. This process is well under way and is being undertaken jointly by the North East Lincolnshire Council and the ICB. Employment matters will be dealt with in accordance with established HR procedures in order to achieve the proposals identified during the review.

13. WARD IMPLICATIONS

The delivery of health and social care services impacts all wards within North East Lincolnshire

14. BACKGROUND PAPERS

None

15. CONTACT OFFICER(S)

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