WIRRAL

WIRRAL COUNCIL
PARTNERSHIP GOVERNANCE FRAMEWORK
AND TOOLKIT

February 2009

(Version 2 at 27 Feb 2009)

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Foreword

Welcome to Wirral Council's Partnership Governance Framework and Toolkit. This document has been developed to guide elected members and officers of the Council when working with partnerships. It allows our partners to see the key principles and quality standards that we are committing to, and how we are putting collaboration and co-operation at the heart of the Council.

The promotion of effective partnerships with other organisations is the key to achieving our shared vision for Wirral of a:

"**more prosperous and equal Wirral, enabling all communities and people to thrive and achieve their full potential."**

This commitment is demonstrated, for example, through our leadership and involvement in the Wirral Local Strategic Partnership. Partnership is the key to Wirral's future success, as well as to that of the wider region we support. Wherever possible we will use partnerships to achieve shared priority outcomes that create and sustain a better quality of life for all the people of Wirral.

This toolkit has been developed considering Audit Commission Guidance and other examples of best practice. Particular thanks is given to Birmingham City Council for their assistance and permission to use parts of their toolkit.

[photograph of Leader]

Cllr Steve Foulkes,
Leader of Wirral Council

[photograph of Chief Executive]

Steve Maddox,
Chief Executive of Wirral Council

Section 1: Introduction and context

1. Introduction: a partnership toolkit - why one is needed

The Council has a long history of developing partnerships both within and outside the borough.

However, partnership working presents a number of challenges. It is important to recognise the support that partnerships need for delivering shared outcomes.

We need to adopt a way of working that will ensure consistency, and clearly show that the partnerships we are working with provide 'value for money' and 'added value'. The goal is better services for Wirral citizens.

2. The purpose of this toolkit

The purpose of this toolkit is to help the Council work with its partners to identify if all the partnerships it is involved with have good systems of governance. By governance we mean the processes, procedures and policies that deal with and address issues like accountability, probity and audit.

Excellent performance flows from good governance. And all members of a partnership should conform to codes for the overall good of all involved. The Council recently adopted a Code of Corporate Governance committing itself to the principles of good governance and local accountability.

The toolkit will ensure that for each partnership:

- the Council is clear about its purpose and expected outcomes for the people of Wirral when entering into partnerships;
- the Council's own agreed priorities and objectives are being met;
- there is clarity about accountability and responsibility for outcomes;
- partnership activity and outcomes are monitored, reviewed and evaluated to make best use of resources;
- risks for the Council, and for the partnership, are assessed and the controls agreed;
- each partnership maintains a relevance to its agreed purpose during its lifespan and has in place an effective exit strategy;
- partnerships are properly empowered and their legal status understood;
- reviews are undertaken to evaluate success and further challenge progress and improve effectiveness.

3. Who will use this toolkit?

Both officers and elected members of the Council will have access to this toolkit. The Council will also share this toolkit with its partners and prospective partners ensuring

that the procedures and guidance involved are understood, and the need for them accepted.

The toolkit gives detailed guidance for each stage in the life of a partnership:
- The partnership cycle: **Appendix 1**
- Making the business case – both prior to setting up a partnership and reviewing for continuing relevance: **Appendices 2** and **2a**
- Reviewing a partnership – the framework: **Appendix 3**
- Monitoring, reviewing and evaluating partnership governance and effectiveness: **Appendix 3a**
- Leaving partnerships: **Appendix 4**.

4. Defining a partnership

The word *partnership* is used with increasing frequency in both the public, private and voluntary sectors and can mean different things to different people. The Council's definition has been adapted from definitions used by the Audit Commission[1].

In the context of local government, **a partnership is a joint working arrangement - which is not governed by the Partnership Acts - and where the partners:**
- **are otherwise independent bodies;**
- **agree to cooperate to achieve common goals and outcomes for the community;**
- **share accountability, risks, and resources;**
- **create an organisational structure with agreed processes and programmes.**

Some of our partnerships are more *significant* than others – in terms of the outcomes they seek to deliver, their profile/reputation and the resources that are put into them. The Council is not always the accountable body for its significant partnerships.

The Council has identified nine potential categories for partnerships. These are:

1) key partnerships;
2) procurement arrangements;
3) commercial or commissioned partnerships;
4) networking functions;
5) collaborative/shared service arrangements;
6) public private partnership / private finance initiative;
7) stock transfer Registered Social Landlords;
8) local management arrangements; and
9) grant funding systems.

The Council's priority will be to address issues relating to key partnerships. The Council's definition of a key partnership is a partnership that:
- **is a legal requirement or based on statutory guidance, or;**

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[1] *A fruitful partnership: effective partnership working*; Audit Commission, Nov 1998; and *Governing Partnerships; Bridging the Accountability Gap*; Audit Commission, Oct 2005

- **coordinates, commissions or delivers activities, at a borough-wide or local level, that *substantially* contribute towards our Local Area Agreement outcomes, the Council's corporate objectives or the objectives set out in the Sustainable Community Strategy.**

Please note that some partnerships have their own partnership families. In these cases only the *parent partnership* is regarded as a significant partnership. .

If you are unsure whether you are in a partnership arrangement or would like advice on whether a new arrangement should be formally established as a partnership, please contact the **Head of Legal and Member Services**.

5. Corporate and executive roles and responsibilities

The **Deputy Leader** is the executive partnership champion. The **Director of Law, HR and Asset Management** is the corporate partnership champion and has overall responsibility for the Council's strategic approach to its partnership activity.

The **Chief Officers Management Team** has responsibility for monitoring the strategic impact of the Council's involvement in partnerships. This will provide for a coordinated approach across the directorates and constituencies.

Appendix 5 provides an extensive list of the key roles and responsibilities.

6. Mapping the Council's partnership activity

As part of the development of this framework the Council has developed a partnership register which includes all partnerships that the Council is part of. This has helped to:

- identify when the Council is in a partnership and what sort of partnership it is;
- provide an evidence-base for reviewing partnership arrangements.

A list of the type of preliminary data collected as part of that early consultation on partnerships is in **Appendix 7**.

One of the outputs of reviewing all the Council's significant partnerships will be a reliable baseline to populate a partnership database, available to officers, elected members, partners and the public.

Section 2: Working in partnership

7.   When is a partnership appropriate?

Partnership arrangements are appropriate when they have the potential to deliver:

- **value for money** – when available resources are used economically, efficiently and effectively
- **'added value'** – delivering something that is unlikely to be achieved by another form of working arrangement
- **good governance** – they are consistent and well-managed. (This calls on the partnership to be 'fit for purpose').

A key feature of all partnerships is that all the parties involved agree to the need for the partnership in these terms.

Any other ways of working must be assessed to determine if a partnership arrangement is the most appropriate one.

The outcomes and expectations of any partnership must always be considered against the legal framework in which the Council has to operate. Put simply, is it within the Council's powers to enter into such collaboration?

8.   Making the business case for partnerships

The Council's participation in all new partnership arrangements must be approved by the Cabinet or appropriate Regulatory Committee or, if required under the constitution or by law, by Full Council.

The Wirral Local Strategic Partnership (LSP) should be asked to endorse the creation of new partnerships to ensure continuity and cohesion. This includes local partnerships at constituency level.

All partnerships – both proposed and existing – need to demonstrate how Council participation will benefit the people of Wirral and the Council. This will be assessed by comparing the objectives and intended outcomes of the partnership with:

- the Council's own priorities (as set out in the **Corporate Plan**);
- the priorities of the LSP (as set out in *Wirral 2025 – More Prosperous More Equal*);
- the **Local Area Agreement**.

Partnerships also need to demonstrate:

- fitness for purpose;
- value for money;

- added value.

Taken together, this will make the **business case** for a partnership. Initially, the business case needs to be approved by the accountable head of service. The template can be found in **Appendix 2a**.

Partnership governance and working arrangements will also need to be developed. **Appendix 3a** is the partnership review template that needs to be followed when developing working arrangements for a new partnership or negotiating arrangements when joining an existing one.

The business case process and the partnership development process must be dynamic and overlap. But, for new/proposed partnerships, the head of service **must** get 'in principle' agreement from the Chief Officers Management Team and/or Cabinet or the relevant regulatory committee as appropriate, before documents are signed and firm actions are taken that set in place operational partnership working arrangements.

These processes will culminate in the production of a partnership **Memorandum of Understanding**. This is a document that makes clear the:

- aims and principles of the partnership;
- roles and accountabilities of each of the bodies represented on the partnership;
- procedures under which the partnership will operate.

A model Memorandum of Understanding that exhibits all the attributes of best practice is in **Appendix 8**. This can be adapted to suit any circumstance. No area of this model should be omitted.

The **Head of Legal and Members Services** must advise on any report to Chief Officers' Management Team or governance arrangement before they are finalised. If development of a new partnership or entry into an existing partnership is approved, the accountable head of service will nominate Council officers for the partnership, including a **link officer**. The link officer's role and responsibilities will include:

- providing a point of contact between the Council and the partnership;
- annually reviewing the partnership's business case and its governance arrangements and effectiveness, reporting to the head of service;
- reporting on an exception basis to the head of service if any significant issues arise between annual reviews.

Cabinet, the appropriate Regulatory Committee or Full Council will approve nominations for elected members and, if considered necessary, officer appointments on partnerships.

Appendix 1 gives an overview of this process.

9. Review and evaluation of continuing Council involvement in partnerships

Review

All existing partnerships need to be reviewed annually for continuing relevance to the Council's priorities. There are two aspects to this:

1. Review of the partnership itself; providing assurance that proper systems are in place and that its outcomes and performance are monitored and evaluated.
2. The Council must decide whether its requirements are being met and be assured that the partnership is effective.

The business case for continuing a partnership needs to be confirmed annually. The review process should align with the Council's business planning process.

If a business case cannot be demonstrated then a report needs to be submitted to Cabinet or the appropriate Regulatory Committee (via the Chief Officers Management Team) stating this. (Further information on leaving partnerships can be found in **section 10**)

If the business case is made then the review should continue. **Appendix 3a** contains the review template. **Appendices 6** and **6a** give general guidance on reviews, review teams and reporting arrangements.

The review will show if the partnership has effective governance and delivery arrangements. It will also consider whether the risks involved in remaining in a partnership outweigh any benefits of doing so. If this is the case then the Council should leave the partnership.

It is the responsibility of heads of service to provide the Chief Officers'; Management Team with a formal annual report on a partnership's effectiveness and fitness for purpose, or more regularly if issues arise between the annual reports.

Issues relating to performance targets should be reported to appropriate directors or heads of service.

This exercise is not a substitute for the ongoing monitoring, evaluation, and the reporting responsibility of the partnership itself. **Appendix 3a** should be made available to partnerships.

Partnerships are responsible for their governance arrangements. But the Council also has a duty to ensure that adequate procedures and processes exist regarding the stewardship of public funds. For further guidance on this contact **Wirral Internal Audit**.

Evaluation

The aim of this is to identify the impact of partnerships and whether they are achieving what they were set up to do. The report that heads of service produce as part of the review process must analyse if a partnership is achieving its' short, medium and long-term goals, and if it is not, what options exist.

After the individual annual reviews have been considered by the Chief Officers Management Team, the **Director of Law, HR and Asset Management** will produce an annual report for the Chief Officers Management Team, the Audit and Risk Management Committee, the Standards Committee and Cabinet on the overall impact of the Council's involvement in partnerships, with recommendations on any actions required.

10. Leaving partnerships

At some point, partnership arrangements, or the Council's involvement in a partnership, will come to an end. This could be for one or more of several reasons:

- the partnership achieves all that it set out to do;
- the priorities of the Council / LSP change;
- on review, the partnership is not delivering the outputs and outcomes it was set up to do and a new approach needs to be explored;
- the partnership is replaced by another partnership or working arrangement;
- external funding sources / resources cease;
- on review, an adverse level of risk of continuing the partnership is identified;
- the legal framework upon which the partnership was founded, changes.

Cabinet, the appropriate Regulatory Committee (or Full Council if it has constitutional implications) has the authority to determine if the Council's involvement in a partnership should cease. This does not necessarily mean that the partnership itself will cease.

All Memoranda of Understanding should identify how individual organisations can leave a partnership (see **Appendix 8**).

Within three months of the decision to leave a partnership, the **link officer** will complete the template in **Appendix 4** and submit it to the Chief Officers' Management Team and the **Director of Law, HR and Asset Management**. Any learning or best practice will be identified. Where significant issues are raised, eg system failures, results will be circulated as soon as they are known.

11. Risk assessment and risk management

As part of the business case evaluation, a full risk assessment must be carried out in accordance with the Council's **Corporate Risk Management Strategy**. The Council's **Risk and Insurance Manager** has also produced a specific **Partnership Risk Toolkit**. A copy of the toolkit is attached as **Appendix 9**. For any further information or guidance on risk management contact the **Risk and Insurance Manager**.

Risk management does not stop once an initial business case has been made. Good risk management is key to delivering successful outcomes. Stakeholders in the partnership should achieve a common understanding of:

- the potential adverse conditions or opportunities associated with achieving partnership objectives;
- their relative seriousness or where opportunities exist;
- how adverse conditions can be managed or opportunities exploited.

A designated member of the partnership board should be responsible for maintaining a risk register. It should specify those responsible for managing the action plan to reduce individual risks.

The partnership Memorandum of Understanding should mention the matter of shared risk assessment and risk management mechanisms. Other partnership documents need to identify in detail what systems are in place to monitor, review and evaluate risk and who is responsible for ensuring this is done.

The partnership board should ensure that effective risk assessment is undertaken in all key decision-making processes, and the partnership implements risk management plans to reduce identified risks, set clear deadlines and allocate responsible individuals for particular tasks.

Partnership working is often about accepting higher risks and sharing risk as part of developing new ways of working. This needs to be balanced against the organisation's statutory acceptable levels of risk. Partnership working can often offer additional ways of reducing risk or eliminating elements of it.

As well as risk management plans there need to be business continuity plans covering what actions will be taken if risks are realised.

It is important to note that as part of risk management, insurance is one way of transferring the level of risks. **Appendix 10** details a number of areas where insurance decisions may need to be taken by the partnership. Further advice and information can be obtained from the Council's **Risk and Insurance Manager**.

12. Developing skills for partnership working

The Council recognises that partnership working requires particular skills and abilities, if it is to be effective. The Council will ensure that its training and development programme will include appropriate provision and opportunities for officers and elected members to develop the skills needed for partnership working.

Appendix 11 gives general principles shown by successful partnerships. **Appendix 12** gives examples of skills and knowledge required by partnerships for successful working. The **Director of Law, HR and Asset Management** has responsibility for ensuring that resources are available to develop partnership working skills.

13. Protocol for elected members involved in any work with outside bodies

Councillors should read and follow the protocol in **Appendix 13** when working as part of any partnership; either directly representing the Council, in an advisory capacity, or as part of an interest group. Any issues in this protocol that you do not understand or which require clarification should be discussed with the **Head of Legal and Member Services,** your political group leader or the Chief Executive.

Councillors need to observe, at all times, the relevant **Codes of Conduct** in the **Constitution**, paying particular attention to requirements for making declarations of interests.

If a Councillor serving on a partnership suspects that fraud is being committed, they should report those suspicions to **Wirral Internal Audit** and the **Head of Legal and Member Services** immediately – refer to the **Whistle Blowing Policy**.

14. Protocol for employees involved in any work with outside bodies

Council employees should read and follow the protocol in **Appendix 14** when working as part of any partnership; either directly representing the Council in an advisory capacity, or as part of an interest group. Any issues in this protocol that you do not understand or which require clarification should be discussed with your line manager.

Officers need to observe, at all times, the relevant Codes of Conduct in the **Constitution**, paying particular attention to the requirements for making declarations of interests. For some higher level partnerships, Cabinet or Cabinet member approval will be required before any employee is allowed to represent the Council on a partnership.

If an officer serving on a partnership suspects that fraud is being committed, they should report those suspicions to **Wirral Internal Audit** and the **Head of Legal and Member Services** immediately – refer to the **Whistle Blowing Policy**.

Council staff must bear in mind that acceptance of a role as a charity trustee or company director (even if accepted as part of your work for the Council) is their personal responsibility. Responsibilities to the Charity Commission, as well as under company law, must be fulfilled. The duty to act in the best interests of the charity or company must be balanced with your duty to the Council as an employee, and as a representative within its community leadership role. If in any doubt about this, contact the **Head of Legal and Member Services**.

Appendix 15 provides an appraisal of legal and procedural aspects of partnership working.

15. Complaints

Clarity over the process for dealings with complaints about partnership activity can be problematic. This led to the Local Government Ombudsman to issue guidance on 2007[2]. This states:

> *Complaint handling and redress need to be central in the governance of partnerships.*
> *Local authorities need to establish rigorous, transparent and accessible complaint handling arrangements in the partnership settings in which they are involved.*

When entering any partnership or reviewing an existing one consideration must be given to the process for dealing with complaints about partnership activities.

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[2] *Special Report: Local Partnerships and Citizen's Redress*; Local Government Ombudsman, July 2007.

Appendix 1

The partnership cycle

This diagram gives an overview of our approach to partnership governance and delivery through the life cycle of a partnership: forming, performing and ceasing.

Stage 1 Making the business case.	• Corporate 'fit' • Fir for purpose / added value / good governance • Resources • Timescale • Risk assessment • Exit Strategy	**Appendix 2a** **Appendix 9**
Stage 2 Partnership framework and delivery.	Develop/review: • Memorandum of Understanding • Operational checklist, including: o Governance and risk management o Code of Conduct o Objectives and outcomes o Document history management (audit trail) o Partnership finance/resources o Staff/member development o Partnership communication	**Appendix 8** **Appendix 3a**
Stage 3 Partnership monitoring, review and evaluation.	How effective is the partnership? • Monitor • Review • Evaluate o Is it value for money? o Has it 'added value'?	**Appendix 3a**
Stage 4 Partnership exit.	• Exit feedback • Sharing best practice	**Appendix 4**

Appendix 2

Making the business case for new partnerships

This flowchart guides the head of service through the business case stage of developing a new partnership or joining an existing one.

Complete template 2a and evaluate if there is a **business case** for setting up or joining an existing partnership

No → Yes

Consider an alternative approach

Take to COMT and Cabinet / Full Council * for 'in principle' support. Proceed with developing working arrangements. See template 3a

Is approval granted to set up / join an existing partnership?

No → Yes

Negotiate and finalise partnership working arrangements in consultation with the Head of Legal and Member Services.

Unsatisfactory to COMT → Satisfactory to COMT

Head of service appoints staff representatives and a link officer. Cabinet / Full Council * appoints members / officers

* Approval for new partnerships is only required by Full Council where there are constitutional requirements.

Appendix 2a

Business case template

This is concerned with (tick appropriate box):

Setting up a new partnership		Joining an existing partnership		Reviewing an existing partnership	

Name of the partnership:_____

If the partnership is STATUTORY tick the box ☐

Issue	Key questions	Evidence and evaluation
Assessment of 'fit' with the Council and key policies		

Corporate 'fit'	1. How does the partnership contribute to the:
	   a. **Corporate Plan**?
	   b. **Sustainable Community Strategy**?
	   c. **Local Area Agreement**?	

Partnership - key information		
Strategy	1. List the agreed / proposed objectives and SMART outcomes and targets 2. What is its intended lifespan? 3. What is the exit strategy?	
Membership	1. Which organisations make up the partnership? 2. Are there any key players **not** in the partnership? 3. If yes, which ones?	
Leadership and engagement	1. Who is the partnership accountable to? 2. What is the role of the Council?	
Risk management & equality impact assessments	Attach the completed: 1. **risk assessment** 2. **equality impact assessment (EIA)**	
Excellence and efficiency		

Excellence, Economy, Efficiency and	Give specific examples of how the partnership delivers:
	   a. **value for money**;
	   b. '**added value**'.	

Issue	Key questions	Evidence and evaluation
Effectiveness		

Appendix 2a

Issue	Key questions	Evidence and evaluation
Resources		
Resources	What resources is the Council providing in terms of: a. finance? b. staff? c. accommodation? d. legal? e. IT? f. administration? g. training? h. insurance? i. recruitment? j. payroll? k. health and safety? l. advice? m. communication tools? n. other? [Answer all fields with details]	
Funding	1. When is funding for the partnership due to end? 2. If the Council leaves the partnership will any funding be lost to the borough? 3. If yes, please give details	
Other considerations for existing partnerships		
Reputation	1. Is there the potential for reputation damage to the Council if it leaves the partnership? 2. If yes, what is the risk and how can it be managed?	
Accounting	3. How will the partnership be treated for the purposes of the Council's accounts?	

MY OVERALL EVALUATION IS THAT THE BUSINESS CASE HAS / HAS NOT * BEEN MADE FOR SETTING UP / JOINING / CONTINUING * A PARTNERSHIP ARRANGEMENT.

Completed by:_____ **Date:**_____

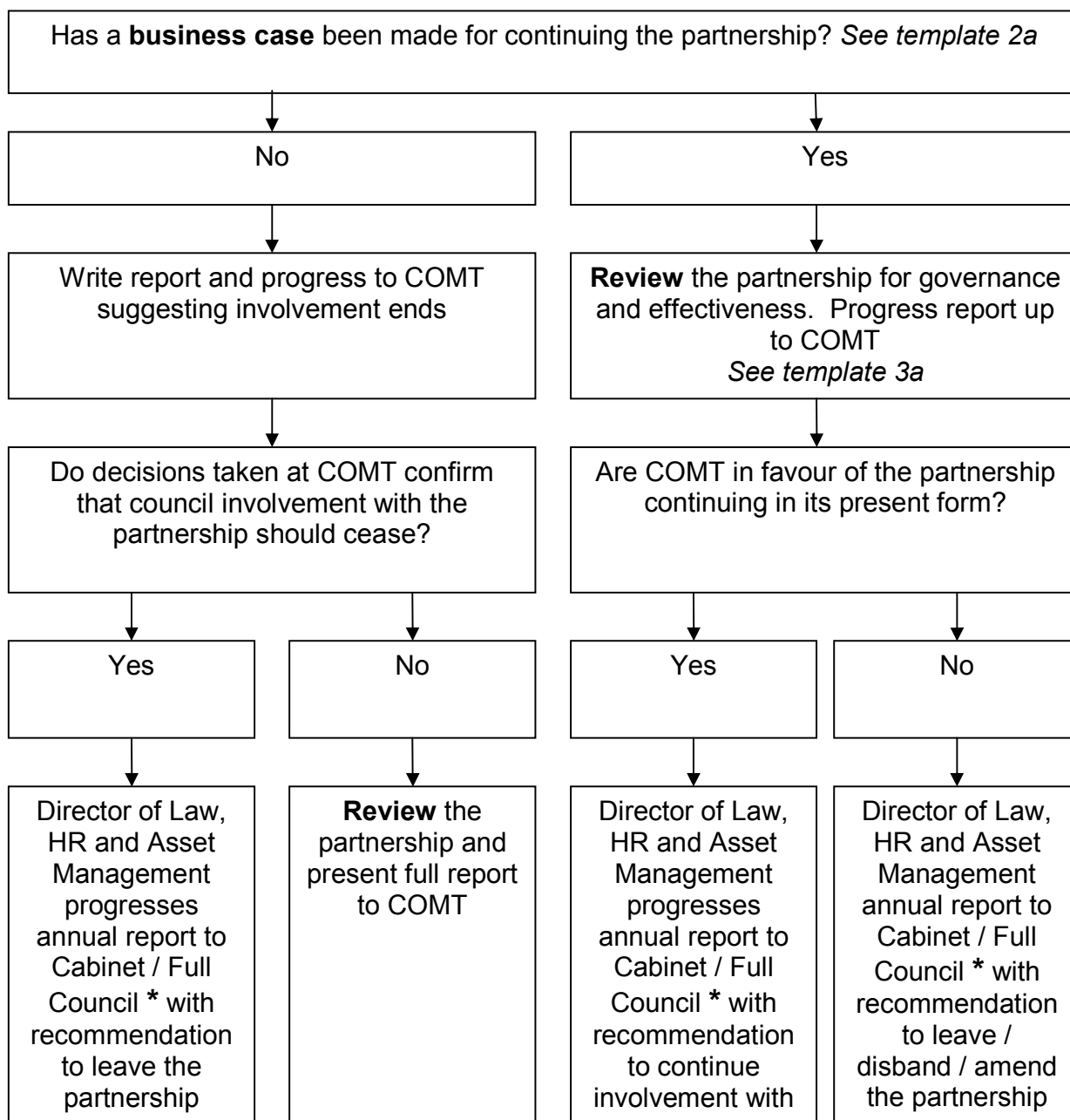**Job title: Head of** _____

Tel. No.:_____

Email:_____

* Delete as appropriate

Appendix 3

Reviewing a partnership

This flowchart guides the head of service and partnership link officer through the review stage of an existing partnership.

Has a **business case** been made for continuing the partnership? *See template 2a*

No	Yes
Write report and progress to COMT suggesting involvement ends	**Review** the partnership for governance and effectiveness. Progress report up to COMT *See template 3a*
Do decisions taken at COMT confirm that council involvement with the partnership should cease?	Are COMT in favour of the partnership continuing in its present form?

Yes	No	Yes	No
Director of Law, HR and Asset Management progresses annual report to Cabinet / Full Council * with recommendation to leave the partnership	**Review** the partnership and present full report to COMT	Director of Law, HR and Asset Management progresses annual report to Cabinet / Full Council * with recommendation to continue involvement with	Director of Law, HR and Asset Management annual report to Cabinet / Full Council * with recommendation to leave / disband / amend the partnership

* Approval is only required by Full Council where there are constitutional requirements

Appendix 3a

Partnership review template

Whether you are setting up a partnership, joining or reviewing an existing one, the issues that need to be considered for partnership effectiveness will be the same. This guidance is to be used by:
- the head of service as a checklist when setting up or reviewing the appropriateness of joining an existing partnership
- the link officer carrying out a partnership review

This guidance should also be made available to the partnership officer responsible for monitoring a partnership's governance, performance and effectiveness.

Completing the template should provide assurance that appropriate standards are being met.

Name of partnership:_____

Head of service:_____

Link officer:_____

Governance and finance		
Formal status		
1. Is there clarity on the **legal status** of the partnership? 2. Is there an agreed **Memorandum of Understanding** or constitution, which sets out a clear purpose and clarity of expectation of the partnership members?		
Assessment	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
Evidence 1. 2. **Actions needed** .		

Composition		
1. Is the partnership realistically sized and resourced? 2. Does it contain the right mix of **skills and knowledge** to get the work done?		
Assessment	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
Evidence 1. 2. **Actions needed**		

Auditing and scrutiny arrangements		
1. Are internal auditing arrangements for the partnership clear? 2. And are there agreed rights of audit access for each constituent member? 3. Does the partnership have any external review or monitoring mechanisms?		
Assessment	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
Evidence 1. 2. 3. **Actions needed**		

Finances and resources		
1. Where does accountability lie for managing the spending of funds? 2. Are financial monitoring arrangements robust, clear and understood? 3. Have procedures for managing and monitoring pooled budgets and resources been developed? 4. Is there clarity over ownership and responsibilities? 5. Is there clarity over the accounting arrangements?		
Assessment	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
Evidence 1. 2. 3. 4. **Actions needed**		

Risk assessment & management		
1. Are systems in place to assess and manage partnership risk? 2. Are business continuity plans in place?		
Assessment	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
Evidence 1. 2. **Actions needed**		

Conduct and behaviour		
1. Is there an agreed Code of Conduct for partners that is signed by all members and enforced by the Chair?		
Assessment	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
Evidence 1. **Actions needed**		

Staffing		

1. Are roles and responsibilities and expected behaviours clear and agreed?
2. Are there opportunities for training partnership staff and members, including:
    a. appraisal and approval procedures?
    b. equality and diversity?
    c. Code of Conduct?		

Assessment	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
Evidence 1. 2a. 2b. 2c. **Actions needed**		

Equality and diversity		
1. Has the partnership carried out an **Equality Impact Assessment (EIA)** on the way that it functions, on its policies and on what it delivers? 2. If no, an action plan needs to be drawn up to do so within the next 6 months		
Assessment	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
Evidence 1. **Actions needed**		

Communication		
1. Is the partnership communicating well with its partner agencies, stakeholders and communities?		
Assessment	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
Evidence 1. **Actions needed**		

Performance and Delivery		
Accountability		
1. Does the partnership have an officer accountable for monitoring its performance?		
Assessment	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
Evidence 1. **Actions needed**		

Outcome-focused planning and performance management		

1. Does the partnership have a credible evidence-base to inform its objectives, outcome-focused planning and SMART targets?
2. Are there action plans in place to deliver these?
3. Do partners share information so that they can effectively:
    a. monitor performance, and
    b. appraise options?
4. And are sufficient joint mechanisms in place for effective monitoring and appraisal?
5. Are findings and recommendations owned and acted upon?
6. Are arrangements in place to tackle issues of non-performance?		

Assessment	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
Evidence 1. 2. 3a. 3b. 4a. 4b. 5. 6. **Actions needed**		

GLOSSARY AND ABBREVIATIONS USED

Completed by:_____ **Date:**_____

Job title:_____

Organisation:_____

Tel No.:_____

Email:_____

Appendix 4

Leaving a partnership

The link officer needs to complete this form within three months of the Council's decision to end its working arrangement with a partnership. It should be submitted to the Director of Law, HR and Asset Management.

ISSUE	COMMENTS
1. **Name of partnership**	
2. **When was the formal decision taken to end the Council's working arrangement?**	
3. **From what date will / did active involvement end?**	
4. **Why was involvement ended?**	
5. **If failure to deliver was identified, was this a result of system failures?**	
5a. **If yes, what were they?**	
6. **Will the partnership continue without Council involvement?**	
7. **Is the Council looking to develop other working arrangements to succeed the partnership?**	
7a. **If yes, what are they?**	
8. **State up to 3 things that the partnership achieved**	
9. **State up to 3 examples of best practice exhibited by the partnership**	
10. **State up to 3 things that the partnership could have done better**	

Completed by:_____ **Date:**_____

Job title:_____ **Tel. No.**_____

Email:_____

Appendix 5

Roles and responsibilities

The role of the link officer is to:

- provide a point of contact between the Council and the partnership;
- assist the partnership work with the Council;
- support the Council's representative(s) on the partnership;
- alert relevant officers to arising issues eg **Internal Audit** and the Council's **Risk and Insurance Manager** on matters of risk, **Legal and Member Services** on matters of interpretation, etc
- undertake an annual review of the partnership's governance and performance effectiveness and submit a report to the head of service;
- report on an exception basis to their head of service if any issues arise between annual reports;
- ensure that quality standards with respect to the Council's governance framework are maintained.

The role of the head of service is to:

- evaluate the business case for proposed and existing partnerships;
- evaluate the annual partnership review and any exception reports, agree the reports and report to the Chief Officers Management Team;
- action any points arising from decisions taken at Cabinet/Chief Officers Management Team;
- identify any learning and ensure the Council benefits;
- coordinate with the link officer to troubleshoot any problems that arise in the day-to-day operation of the partnership that impacts on or involves the Council;
- refer any concerns to the Chief Executive, the Director of Finance, the Head of Legal and Member Services and/or Internal Audit.

The role of the Director of Law, HR and Asset Management is to:

- develop the partnership review programme;
- produce an annual report summarising partnership governance and effectiveness, the outcome of reviews and identifying any actions as necessary;
- ensure support and training is available to officers and elected members to serve on partnerships and carry out their duties effectively;
- ensure that the Council's partnership governance framework and toolkit is maintained and sustained;
- ensure that resources exist to sustain a database of partnership activity. produce an annual report summarising partnership governance and effectiveness, the outcome of reviews and identifying any actions as necessary;
- consider any evaluation report summarising Council involvement in partnerships, analyse and challenge outcomes, impact and direction;

Appendix 5

- support the Chief Officers Management Team to identify and circulate learning and best practice from partnership working;

The role of the Chief Officers Management Team is to:

- ensure that the partnership review programme is carried out and to timescales;
- challenge if partnerships are adding value/offering value for money;
- collate the results of partnership review activity and pass them to the Director of Law, HR and Asset Management;
- ensure that the Council's partnership database is maintained and sustained;
- make the Director of Law, HR and Asset Management aware of partnership training needs;
- circulate learning and best practice on partnership working around the organisation;
- provide a mechanism for the Council to coordinate and discharge its duties under this partnership governance framework;
- receive the joint annual summary report on the overall impact of the Council's involvement in partnerships and agree any actions which do not require an elected member decision;
- ensure that partnerships are properly supported and that resources are provided to allow partnerships to succeed;
- monitor the overall performance and effectiveness of partnerships and advise Cabinet on any further action required;
- evaluate whether partnerships 'act together' and make differences to people's lives.

The role of Cabinet is to:

- agree Council involvement in new partnership working arrangements;
- appoint, substitute or remove elected members (and officers on higher level partnerships) on partnership bodies, or where appropriate make recommendations to Council;
- receive reports from the Director of Law, HR and Asset Management on the effectiveness of the Council's involvement in partnerships;
- agree future direction and/or any actions arising from evaluations;
- assess the Council's continued involvement in partnerships.

Appendix 6

The review

Although in practice, the day-to-day workings of the review are likely to be carried out by the link officer, how reviews are conducted will vary. This will depend largely on the working relationships between individuals/departments/organisations, etc

It is likely that link officers will know what works best in their partnerships when carrying out a review.

For smaller partnerships a link officer may have sufficient knowledge and expertise of a partnership to do a challenging desktop review.

For the larger and more significant partnerships, it may be appropriate to set up a small review team to give a steer to the officer(s) doing the groundwork. In these cases the nucleus of any review team should include:
- the accountable head of service for the partnership;
- the partnership link officer.

For the partnerships that sit under the LSP it may also be appropriate for a director to sit on the review team.

Partnership reviews are not intended to be laborious and drawn out processes. A quick but thorough and challenging examination should mean that most reviews should not take any longer than one month to complete the initial groundwork, with a further month to compile the report to COMT.

The review process itself should not be resource intensive, bureaucratic nor excessively time-consuming. In most cases, the information required will be to hand and will just needed pulling together in one place and evidencing.

In some cases it may be helpful to involve a *critical friend* in the review process.

Appendix 6a

Reporting to the Corporate Management Team

Report template

Name of partnership:_____

Area of focus	Findings and gaps	Evaluation	Recommendations
1. Are there adequate governance and financial management procedures in place?			
2. Is the partnership delivering the outcomes contained in the Local Area Agreement?			
3. Does the partnership adequately deal with risk?			
4. Does the partnership take its responsibilities regarding matters of equality of outcomes seriously?			
5. List up to 5 areas of best practice that is exhibited by the partnership			
6. Are there any other areas you wish to comment on that you think may improve the partnership's overall			

Area of focus	Findings and gaps	Evaluation	Recommendations
effectiveness?			
7. In your overall opinion and from the evidence you have reviewed, is the partnership: a. fit for purpose? b. giving an 'added value, or is it likely to? c. providing value for money?			

Completed by:_____ **Date:**_____

Position(s):_____

Organisation(s):_____

Contact details:_____

Appendix 6b

Improvement plan template

Name of partnership:_____

Outcome	Action	Issues/risks	Means of verification	Lead officer	Completion date

Monitored by:_____

Position:_____

Organisation:_____

Contact details:_____

Appendix 7

Partnership Register

The Directorates and Chief Officers Management Team have overall responsibility for ensuring that the information on the database is accurate and maintained. The **Director of Law, HR and Asset Management** has responsibility for ensuring that the resources exist to sustain it.

The Council first compiled a Partnership Register for 2007/8. This was reviewed in 2008/9. A copy of the index of partnerships is attached as Appendix 17. This will be used as the baseline to populate the register. The following data has been sought in relation to partnerships:

- Name of partnership;
- Date established;
- Period of partnership;
- Purpose of partnership;
- List of partners;
- Wirral Council officer representatives;
- Wirral Council member representatives
- Annual revenue budget;
- Annual capital programme;
- Percentage of partnership funding from Wirral Council;
- Other bodies providing funding for the partnership;
- Is Wirral Council the accountable body;
- What are the arrangements for reporting to the Council;
- Is there a formal agreement;
- Is the partnership governed by Council Standing Orders?
- What ethical arrangements exist;
- Is there provision for declarations of interest at meetings;
- What training is carried out.

From the implementation of this framework and toolkit the following data will be held on the register and each directorate will be responsible for providing the Director of Law, HR and Asset Management with the necessary information for each partnership that they lead on to enable the register to be maintained and regularly updated:

- Name and type of partnership including any legal status, ie statutory or non-statutory.
- Partnership areas of work (geographical, theme and client groups).
- Membership of the partnership.
- Elected member contribution to the partnership.
- Organisation(s) that the partnership is accountable to.
- Head of service accountable for the partnership.
- Name of the partnership link officer and contact details.
- Start date and proposed end date of the partnership.

- How the partnership contributes to the Council Plan outcomes.
- How the partnership contributes to the Sustainable Community Strategy outcomes.
- How the partnership contributes to the Local Area Agreement outcomes.
- Funding sources available to the partnership.
- Council resources available to the partnership including:
  - finance;
  - staff;
  - accommodation;
  - legal;
  - IT;
  - administration;
  - training;
  - insurance;
  - recruitment;
  - payroll;
  - health and safety;
  - advice;
  - communication tools;
  - other.

Appendix 8

A model Memorandum of Understanding

A Memorandum of Understanding must address the following headings since this model combines all the attributes of best practice.

Aims and Objectives of the Partnership
List the aims and objectives of the partnership here. Good practice would be a separate paragraph with a short explanatory sentence for each aim and objective.

Partnership Principles
The following list should be included under this sub-heading. An explanatory sentence could follow each bullet point. This list is not exhaustive.

The members agree to work together actively to achieve the aims of the partnership, on the basis of:
- visible commitment and 'ownership' by the various member organisations and individual representatives;
- mutual trust and respect;
- openness and transparency;
- effective communication and accountability;
- shared ownership of resources, where appropriate;
- combined expertise;
- creative and innovative solutions to problems;
- identification and sharing of best practice, based on mutual learning;
- removal of barriers to equality of access and opportunity;
- clear purpose, clarity of expectations and agreed targets for action;
- effective decision-making;
- shared mechanisms for risk management, monitoring, evaluation, reviewing and reporting on performance, progress and success;
- allowing each constituent member unobstructed access to the audit records of the partnership, on request.

Terms of Reference
List the Terms of Reference (the purpose of the partnership) here. Good practice would be a separate paragraph with a short explanatory sentence for each Term of Reference.

Roles and Responsibilities
List the roles and responsibilities of each of the constituent members of the partnership here. It may be appropriate to talk more generally about what the voluntary and community sector, the business sector and the public sector members each bring to the partnership as groups, and the areas of the partnership activity that they will be responsible for delivering.

Appendix 8

Membership and Terms of Office (including any special provisions for Council Members / Officers)
List information like:
- the number of representatives from organisations in the public, private and the voluntary and community sectors, which are actively involved in the area. (Equal representation is not a requirement.) and why they were chosen;
- a list of the constituent members and the number of representatives they have on the partnership;
- who chairs and vice-chairs the partnership;
- how often the membership is reviewed and any time limits that an individual representative can serve on the partnership;
- how the membership of the partnership reflects the characteristics and aspirations of the area / people it has been set up to serve.

Equalities and Inclusion
A statement on how the partnership will operate on the basis of principles that actively value the benefits of diversity and ensure fair treatment and equality of opportunity. This includes representation and participation on the partnership.

A statement on how and when the partnership will carry out Equality Impact Assessments on its functions, policies and services. The Equality Impact Assessment should be carried out within 6 months.

Accountability

A statement on to whom and how the partnership is accountable and what that accountability includes.

A statement on the constituent members' accountability to each other including any expectations of behaviour.

Meetings

A short statement/sentence on:
- the minimum number of meetings in a period
- posting of meetings – including if open or closed
- convening of extraordinary meetings
- responsibility for the setting of meetings, agendas, working papers, minutes, etc.
- venues – why and how they are chosen
- acceptability of meeting times
- representation and quorum
- expectation of behaviour in meetings
- replacements at meetings and any protocols to be followed
- Declarations of Interest and protocols on withdrawal from meetings.
This list is not exhaustive.

Appendix 8

Disrepute and Conflict Resolution

A statement on behaviour that could reasonably be expected to bring a partnership into disrepute. A short list could include:

Members of the partnership:
- must not use their position improperly, confer on, or secure for themselves or any other person, an advantage or disadvantage
- must ensure that activities are not undertaken for political purposes
- must not unduly influence any person in the paid employment of any of the partner agencies.

A statement on the systems and procedures that exist to resolve issues of conflict within the partnership.

Secretariat

A short statement on which constituent member(s) will provide the secretariat function.

Termination of Partnership Involvement

A short statement on written notification to the Chair and secretariat of the intention to leave the partnership. Also state any notice period required or any exceptions.

Review and Alteration to the Memorandum of Understanding

A short statement on how often the Memorandum of Understanding shall be reviewed and protocols for changing/amending it.

Appendix 9

Partnership Risk Management for the Public Sector
and Public Service Organisations

A Guide and Toolkit

Contents

1   Introduction

In today's working environment, it is increasingly likely that your service will deliver at least some of its services in partnership with other organisations. This may be as a result of legislative requirements, or because you have identified a good business opportunity with another organisation.

Working in partnership usually means that organisations will commit resources, which may be significant, in terms of officer time or direct financial funding to develop and then deliver the desired outcome. It is therefore essential that all of the partners identify, understand and manage their role in the partnership in the most appropriate way. Part of this process should involve identifying the risks, or what might go wrong, preventing the partnership from achieving its objectives. If this is done properly, and at the start of the process, there is a much better chance that the partnership will be successful and all parties enjoy a win/win outcome. It doesn't matter if the partnership is small, involving only two parties, or a large and complex multi-agency arrangement: the same principles apply.

There are many different forms of partnership but partnerships generally fall into one of two distinct types: procurement partnership or mutually supportive partnership. This toolkit concentrates on the latter type of partnership, where two organisations come together in a mutually supportive manner, to work together to improve services. Typical examples are internal audit or revenues and benefits partnerships where all the partners are local authorities, albeit perhaps supported by a commercial organisation with which the partners have a contractual relationship. The former has a much stronger client: contractor split to the partnership where the gains for each partner differ (money for the contractor; services for the client). The risks facing this sort of partnership are outside the scope of this toolkit.

Risk management is not about risk avoidance – it is about taking managed risks. That is what modern life is based on, but we may forget how to do this in partnerships and other complex arrangements. You can use risk management as a common language for managing a partnership, checking that it's working, and ensuring that the service recipients are gaining from all your effort.

This guidance sets out some tools which you can use to determine the significance of the partnership to your organisation, identify and analyse the risks both of going into and staying out of the partnership, and manage those risks. IT IS NOT INTENDED TO BE A COMPLETE PANACEA as there are too many variables and complexities to set down in a summary toolkit such as this.

We recommend that you use as many, or as few, of the tools within this guidance as you need to help you and your partnership. The most important thing is to involve all the relevant people in the partnership in deciding which approach to use. This is because the successful management of risk will depend on the buy-in of the key players. All key players have to own the solutions, and be persuaded of the benefit of doing so.

As well as using risk management techniques, you should also consider using a stop/review/go-ahead process, sometimes called a Gateway Review[3]. This means that all partners identify the critical stages of the partnership, which will be transparent and reasonable, and make sure that time is taken to review the progress of the partnership against its objectives. Do not be afraid to stop the partnership altogether if it no longer seems to be the right approach to take or isn't working: that is better than progressing down a route which wastes public resource and your time for limited or no benefit.

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[3] **Office of Government Commerce - Best Practice OGC Gateway™ Reviews**

Risk management should be seen as an integral part of the partnership process, which needs to have resources devoted to it, as with any other areas of work, if it is to be successful. Resources for managing the risks should be agreed at the outset, based on the risk prioritisation, and reaffirmed as part of the gateway review process that you agree between you all.

The techniques to identify risks and develop methods to record and manage them will depend on the type and complexity of the partnership, but it is vital that all partners are involved at the start. It is important to ensure that all partners' risks are recognised and included in joint risk registers, which are shared and regularly reviewed and updated by all the partners.

> RISKS **OF** THE PARTNERSHIP – are things external to the partnership the partnership might impact on, for example a major change to people's jobs

Key partnership risks should be managed through your own internal risk process looking at both the risks TO the partnership and the risks OF the partnership. Risk registers should be drawn up both for the process of forming a partnership and for the live partnership. The risk register for the live partnership, however embryonic its form, is a vital document to consider as part of the decision to proceed, or not, with the partnership.

> RISKS **TO** THE PARTNERSHIP – are risks internal to the partnership that can set the partnership off course and may even cause it to fail

Successes and achievement of the outcomes of partnerships should be celebrated and widely shared, particularly where you can show that a managed risk has been taken within a partnership which has led to savings in time and/or money.

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What is a partnership?

A suggested definition is where the partners;

- are otherwise independent bodies and
- agree to co-operate to achieve a common goal or
- create a new org structure or process to achieve the goal separate from own orgs or
- plan an implement a jointly agreed programme often with joint staff resources and
- share relevant information or
- might pool resources, risks and rewards
- and the partnership is not subject to the normal command and control management

---

2   Section 1: How to use this toolkit

If this is the first time you have used this document or you are new to thinking about partnership risk, it will be worthwhile reading the document all the way through.

To use this document as a tool, please go to Section 2 (page 4) and follow the partnership assessment to decide which the appropriate tool is.

> ***1.1.1.1.1   HOW TO CLASSIFY YOUR PARTNERSHIP RISKS***
> Section 2

Low Risk Appendix 1	**Medium Risk** Appendix 2	***1.1.1.1.2 HIGH RISK***

3
4

> **Identifying risk, outcomes and controls**
> Section 3

7

> **Assessing likelihood and impact**
> Section 4

> **Monitoring and reporting risks**
> Section 5

> **Specific partnership risks**
> Section 6

> **What partnership models are there?**
> Sections 7 and 8
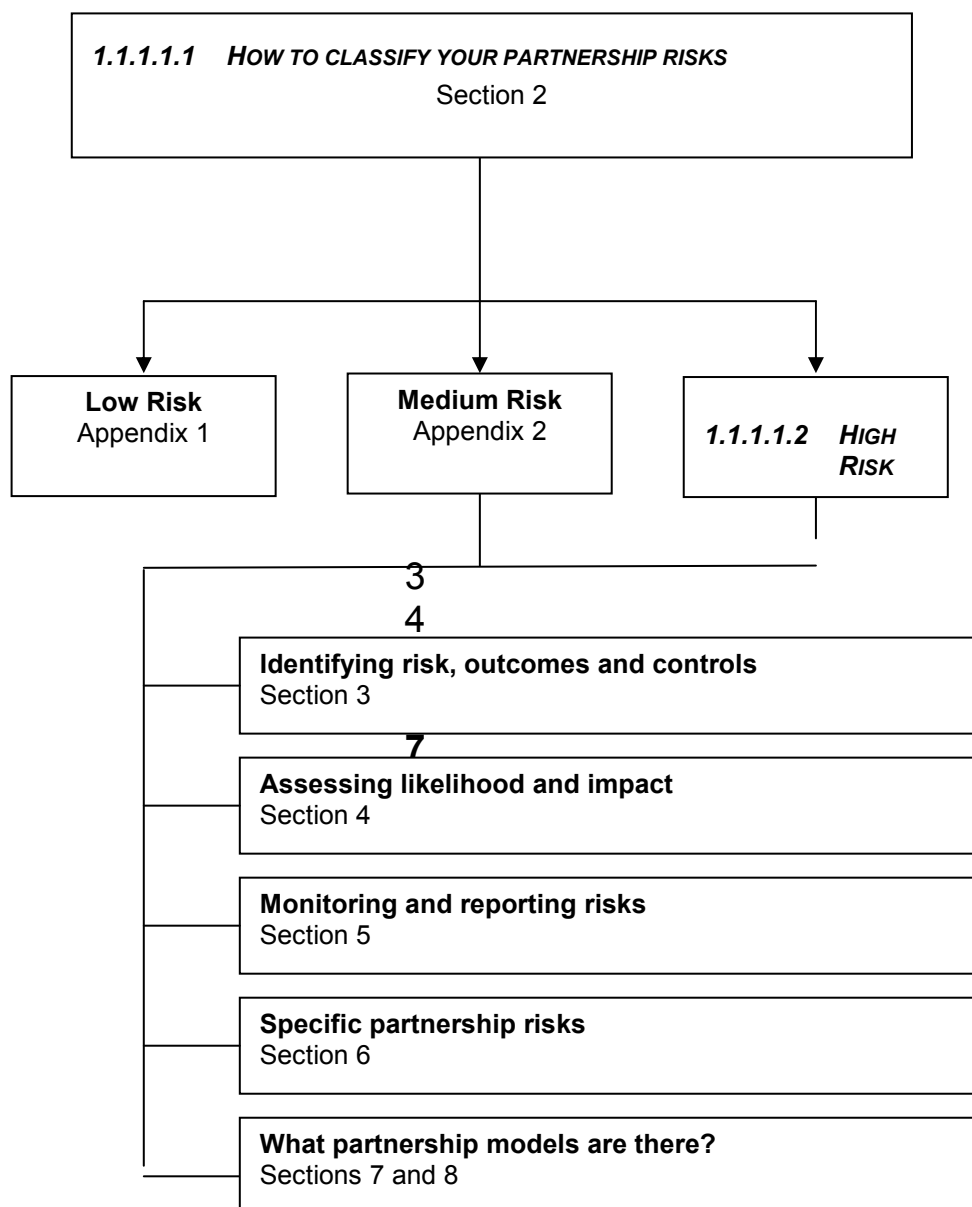
Section 2: How to classify your partnership risks
8

Partnerships can vary hugely in size and complexity, from a mutual coming together to solve a joint problem (for example, a recruitment gap) to a multi-agency partnership used to deliver a completely new set of services in a completely new way. From a risk management perspective, it is not necessarily appropriate to devote the same resources and attention to every partner or partnership, although the risks involved are not necessarily in proportion to the size of the partnership and will change as it develops and matures.

Two simple tools can help you identify how important the partnership is to your organisation and thus, where you are on the above spectrum. Risk management activities can then be proportionate to the risks associated with a particular partnership agreement.

Diagram 1 below shows a simple way of assessing the relative importance of different partnership activities against the size of the partner:

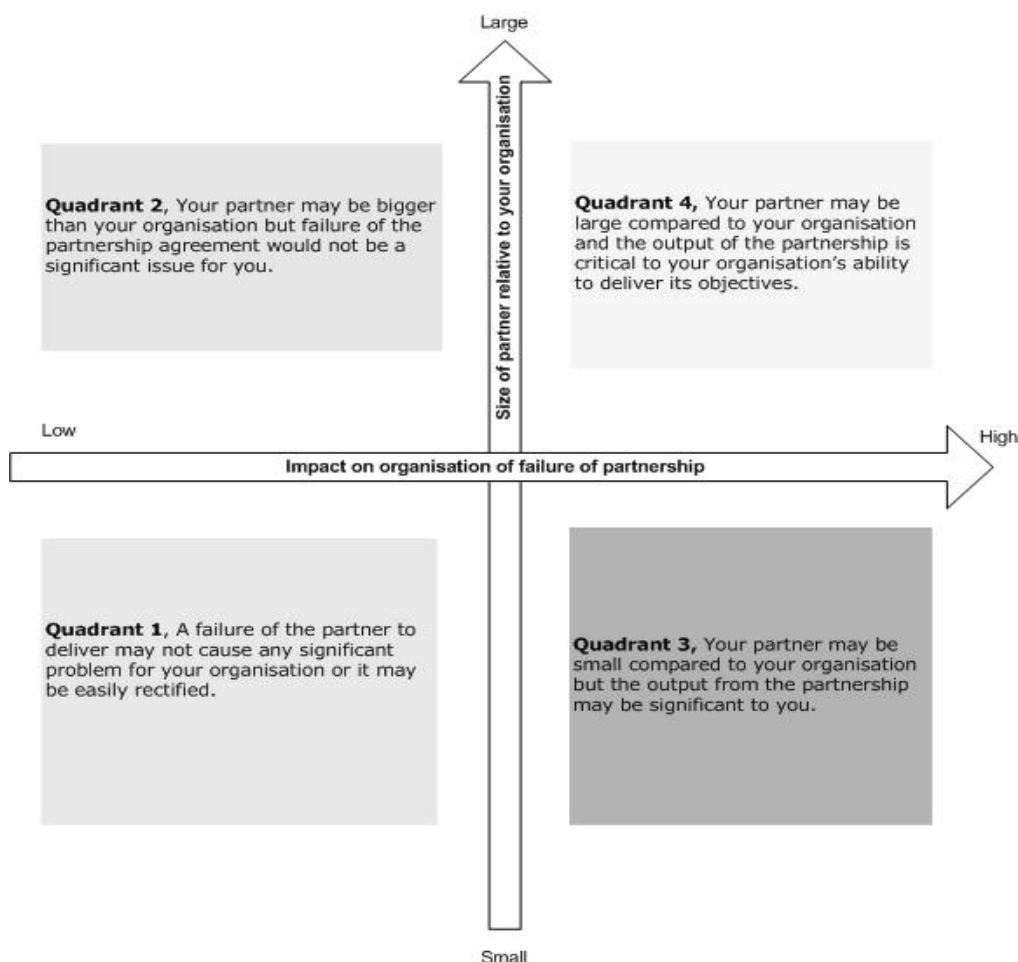*Diagram 1 - Size of partner v impact of failure*

Diagram 2 shows a simple way of analysing the complexity of the partnership against the impact on your organisation of its failure.
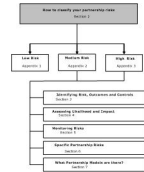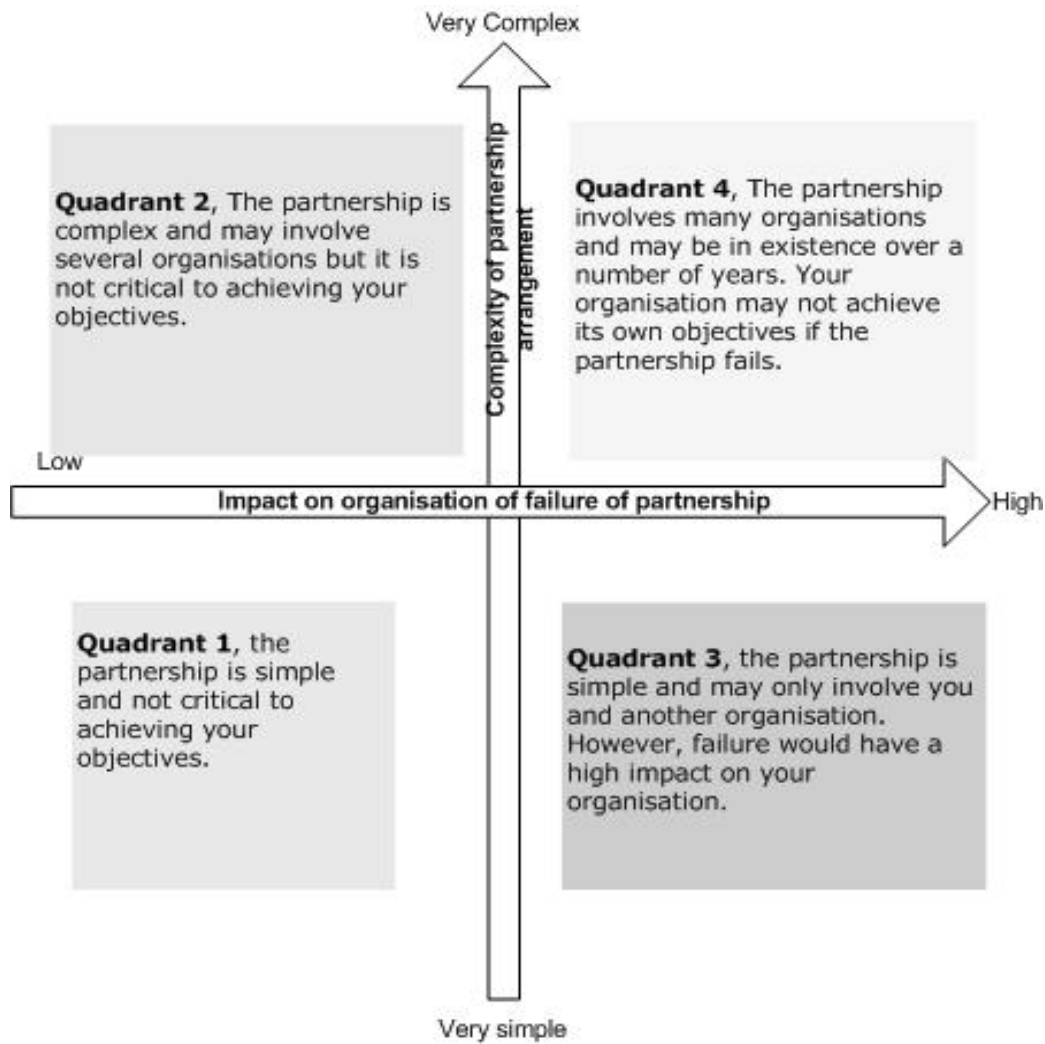
Diagram 2 - Complexity v Impact of failure

Identifying and assessing partnership risks

Based on the above analysis, you can go on to allocate a risk score to your partnership.

Diagram 3 - Putting diagrams 1 and 2 together

IMPACT of failure of partnership	**SIZE** of partner relative to organization	**COMPLEXITY** of partnership	**RISK**	*8.1.1.1.1 o To*
High Risk	**Large**	**High**		8.1.1.1.1.1 Appendix 3
		Low		
	Small		**High**	
		High		
		Low	**Med**	**Appendix 2**
Low Risk	**Large**	**High**		
		Low		
	Small	**High***	**Low**	**Appendix 1**
		Low		

* This category may be found where there are many partners and, while the partnership is critical to the organisation, individual partners are not. The whole process is about ensuring that your risk management efforts are prioritised towards the most critical areas first.

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> **2   ADD ANOTHER MATRIX**
> **3   You might want to add some more of your own matrices to prioritise the risk further, such as the availability of equivalent partners or competition for the partners.**
> **4**
> **5   The high risk might be where your potential partner is the only one that can provide that particular service combined with a high impact of failure.**
> **6**
> **7   The mutual need for each other**

10 Section 3: Identifying risk, outcomes and controls

Before going on to analyse risk, here is a quick guide to the terminology. The five key terms are cause (some people refer to this as hazard), risk, outcome (or consequence), control and tolerance. A simple example helps explain. A hole in the road is a cause, leading to the risk that someone might fall into it, with the outcome that they hurt themselves. Putting barriers, signs and lights round the hole are all controls. Your tolerance for risk will determine quite how high the barriers are, how well lit the hole is and the nature of the signs that are put up.

At every stage of a partnership, from the moment it becomes more than just a bright idea, you need to ask the following questions:

- What are the risks?

- What is the balance between opportunity, innovation and risk? In other words, what risks can you tolerate because they are outweighed by the potential benefits or because they are highly unlikely to happen or because the cost of the controls exceeds the potential cost of the risk?

- What are the causes and likely outcomes of any risks?

- How likely are they to happen?

- What is the impact if they do?

- What controls are in place to manage the risk, reducing the likelihood or impact of it occurring?

11 When should risk identification be undertaken?

As mentioned on page 1 whenever a new partnership arrangement is being considered, part of the Business Case process should be an initial evaluation of the risks and opportunities which it presents.

As mentioned previously, risk can be thought of in 2 senses - risks of the partnership, that is, the uncertainties which the partnership itself can create for your service or even the Council as a whole – and risks to the partnership, by which we mean the uncertainties that outcomes for the partnership will differ from those we intend. The initial risk identification exercise should cover both of these aspects. Even if your partnership is already in existence, an initial exercise like this can provide you with a baseline picture of the risks.

Once a partnership is in operation, a formal review of the risks to it should be undertaken at least once a year. This could form part of the review of risks to your services which you carry out as part of the Council's service planning process.

In addition to the formal annual review, you should reconsider the risks to your partnership whenever there is a significant change, such as –

- moving into a new phase in the partnership's lifecycle;
- when there is a reorganisation or a change of staff;
- when agencies join (or leave) the partnership, and;
- when there are unforeseen changes to services and connected partnerships on which yours depend.

11.1.1 How to identify risks

Wirral Council's recommended process for identifying risks is through free-thinking sessions. In order to get the widest perspective on the risks to a partnership, representatives of all organisations involved should attend these.

Identifying the risks essentially involves answering three questions:

1. What are the objectives of the partnership?
2. What circumstances, actions, situations or events could frustrate or prevent the achievement of each of those objectives?
3. What are the consequences of each risk materialising?

Referring to the Council's standard risk categories (Appendix5) will bring structure to this exercise. You can also use the list of specific partnership risks shown in Section 6 to generate ideas. However, the list is just a guide and should not be treated as exhaustive.

How to describe your risks

It is good practice to include both the cause and the consequence(s). The following example should help to illustrate this and also explain what does and does not constitute a risk:

Objective: To travel by train from A to B for a meeting at a certain time.	
Missing the train causes me to be late and miss the meeting.	√ - this is a risk which can be controlled by making sure I leave plenty of time to get to the station.
Severe weather prevents the train from running and me from getting to the meeting.	√ - this is a risk I cannot control, but against which I can make a contingency plan.
Failure to get from A to B on time for the meeting.	X – this is simply the converse of the objective.
Being late and missing the meeting.	X – this is the impact of the risk, not the risk itself.
There is no buffet on the train so I get hungry.	X – this does not impact on the achievement of the objective.

(Crown Copyright 2004 – taken from HM Treasury's "The Orange Book")

The most effective way to capture and manage the output from risk identification sessions is by creating a risk register for the partnership. This should be considered mandatory for each medium and high-risk partnership. A template for a risk register is shown in Appendix 4.

Where a risk to a partnership also constitutes a risk to the achievement of a sectional objective or a departmental aim, it should also be recorded on PIMS.

An alternative method of identifying the risks, the causes and controls is to tabulate them for each stage of the partnership's development. (See Appendix 2).

Once you have identified the risks, an approach which can be helpful in understanding them better is the "bow tie'' method. This tool is increasingly used in assessing risks and determining controls. An example is shown in diagram 4 below.

Diagram 4 - The bow tie

Controls for causes	Causes	The Risk	Outcomes	Controls for outcomes
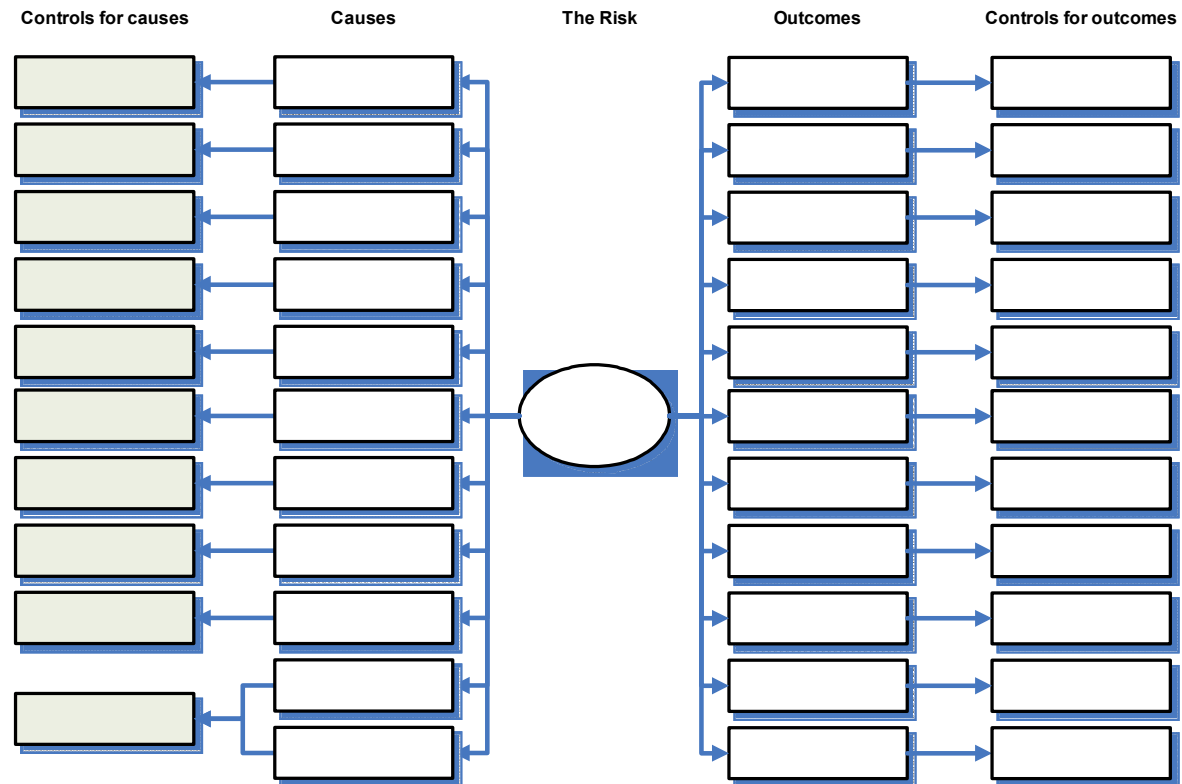
In this example the risk is in the middle (that is what makes it a "bow tie"), but you can adapt the model to any shape, as long as you are specific about the causes and the outcomes so that you can create controls – current and required. In this example, the cause of a risk and any controls that are already in place to reduce or negate the impact of that cause are on the left of the diagram, while the outcomes of a risk and controls to reduce or negate the impact of those outcomes are on the right.

A particular control may relate to a single cause or outcome or may influence a number of causes or outcomes. The risk, if it occurs, may result in a number of outcomes that have been identified and there may be several controls that will act to reduce the outcomes. Again, a particular mitigating control may influence more than one of the potential outcomes.

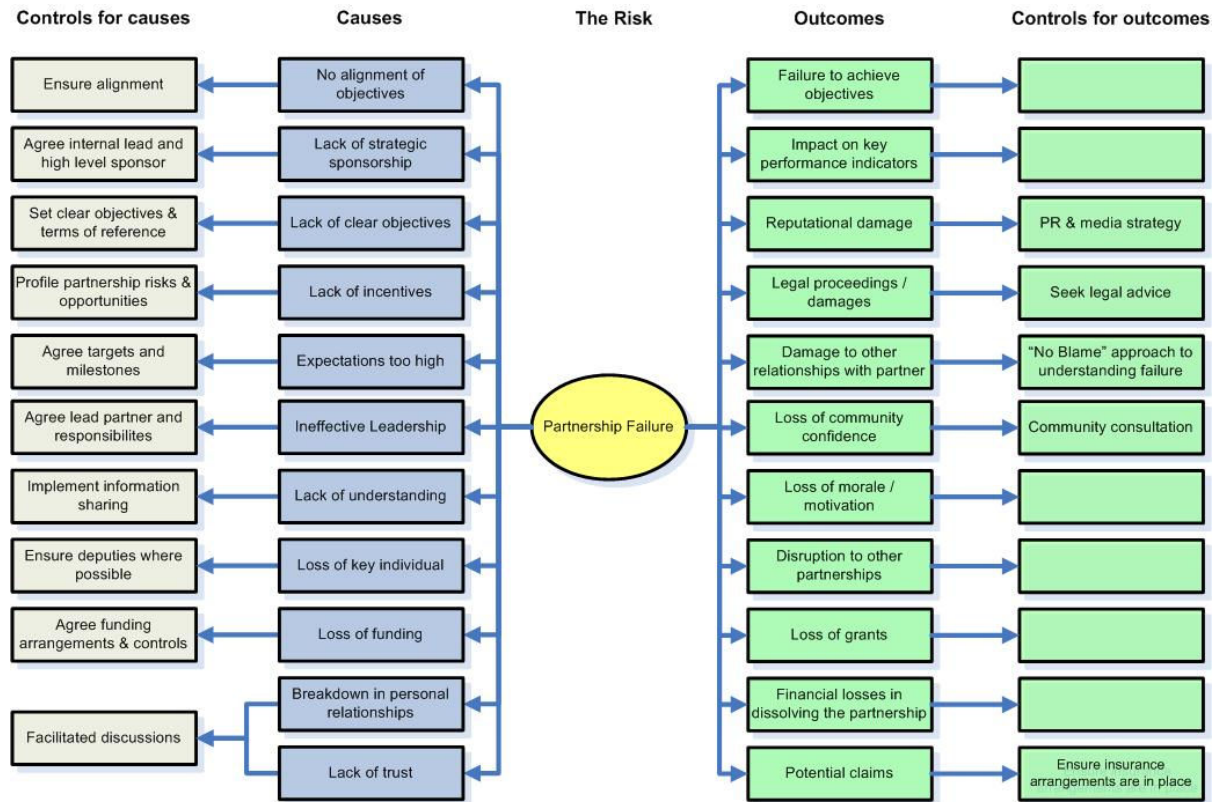If the "bow tie" method is used to analyse the risks in the different stages of a partnership, the information generated can be recorded on the table shown on page 25.

Type of controls
The section below indicates the types of controls that can be implemented. Typically, controls that affect causes will be those of elimination and detection, and controls that affect outcomes will be those of mitigation and contingency response.

Diagram 5 – a sample of a partially completed Bow Tie

Controls for causes	Causes	The Risk	Outcomes	Controls for outcomes
Ensure alignment	No alignment of objectives		Failure to achieve objectives	
Agree internal lead and high level sponsor	Lack of strategic sponsorship		Impact on key performance indicators	
Set clear objectives & terms of reference	Lack of clear objectives		Reputational damage	PR & media strategy
Profile partnership risks & opportunities	Lack of incentives		Legal proceedings / damages	Seek legal advice
Agree targets and milestones	Expectations too high		Damage to other relationships with partner	"No Blame" approach to understanding failure
Agree lead partner and responsibilites	Ineffective Leadership	Partnership Failure	Loss of community confidence	Community consultation
Implement information sharing	Lack of understanding		Loss of morale / motivation	
Ensure deputies where possible	Loss of key individual		Disruption to other partnerships	
Agree funding arrangements & controls	Loss of funding		Loss of grants	
Facilitated discussions	Breakdown in personal relationships		Financial losses in dissolving the partnership	
	Lack of trust		Potential claims	Ensure insurance arrangements are in place

Types of controls ………..the four "Ts"……………….

All the above material in the "bow tie" analysis leads directly to the next question, which is "what do you do about the risk?" Below is a simplified list of control options that are available to an organisation that has worked out where controls are needed. You need to think about these options whether or not you are using the "bow tie" method.

Terminate (or Avoid)

Stop doing the risky activity or partnership. This in turn might lead to other risks or disadvantages, especially where you provide a statutory service, so use this control with caution.

Transfer

Get someone else to take on the risk, either by making them responsible for it in a contract, insure it (insurance is an important risk control), or pass the risk on by some other method. Again this control needs to be used with caution, as the price of transferring the risk might be greater than the risk itself.

Tolerate (or Accept)

Put up with the risk. You might have worked out that you have no control over the risk, or doing something about it is out of proportion to the risk.

Treat

Do something about it. Here, we have another four options for you to select from:

Treating the risk – the four options……DDPC

Directive
Stop the risk arising in the first place. Through your "bow tie" analysis you have worked out all the causes that need to be in place to make the risk happen. You may be able to find one particular cause which, if removed, would stop the risk from happening. For example, a fire needs heat, oxygen and fuel. Take one of those away and you don't have a fire. What are the equivalent areas in your risk?

Risk Area for working out Directive Controls	Three things needed for the risk to arise – take out any one of these and the risk DOES NOT ARISE		
Fire	Heat	Oxygen	Fuel
Fraud	Means	Culture	Opportunity
Partner financial failure	Too much commitment	Inadequate Funding	Timing wrong

Detective
Spotting the risk arising early enough to nip it in the bud perhaps with careful tracking of key performance indicators to make sure things are on target and to set alarm bells ringing early enough to correct the fault

Preventive
It's started, but you can limit the damage. For example, one partner is having problems coping with delivery capacity, but through the arrangement you have set up, you can provide some intervention to help that partner, such as more funding or people resource.

Corrective
It's all gone wrong, but you have a contingency plan. Business Continuity Management (BCM) is an important control area of risk control that is becoming more prevalent since the advent of the Civil Contingencies Act.

The private sector has used BCM as part of good governance for some time. The basic steps are to

- Work out what can go wrong
- Work out what you really need to do to keep the most important parts of your partnership working
- Pre-plan what you could do in advance, and at the time of things going wrong.

For example, you might keep up a relationship with another potential partner who wasn't interested in being part of the initial partnership but might be able or willing to step in at a later date.

12 Section 4: Assessing likelihood and impact

The next stage is to understand the risk in terms of its likelihood and impact. Wirral Council's uses a 5-point scale for assessing these.

> Your partners will also have their own criteria for assessing impact and likelihood. It is therefore important to agree a common approach.

The diagram below shows Wirral Council's likelihood and impact matrix.

*Diagram 6 - Likelihood and impact matrix*

		1 Very Low	2 Low	3 Medium	4 High	5 Very High
Likelihood	5 Very High					HIGH
	4 High				HIGH	
	3 Medium	LOW				
	2 Low				MEDIUM	
	1 Very Low					MEDIUM
		1 Very Low	**2 Low**	**3 Medium**	**4 High**	**5 Very High**

Impact/consequence

This process of assessment allows risk management actions to be prioritised. If there are risks that are assessed as being in the "**High''** area of the matrix, then these are where immediate attention and actions to reduce the risk should be focussed. Those risks in the "**Medium**" section of the matrix may warrant further attention to reduce the risk, but are not as critical as those in the red section.

Many of the risks in the "**Low**" section may warrant no further action as they have minor impact and are very unlikely to occur. There may also be some risks that are very unlikely to occur but that would have catastrophic consequences for the organisation and partnership if they do. For example, the complete failure of a major partner might be very unlikely, but if it were to occur, the impact could be disastrous.

The line between medium and low is the tolerance line: any risks below the line (and in the low area of the matrix) can be tolerated; any risks above the line need to be controlled in some way.

Section 5: Monitoring and reporting risks
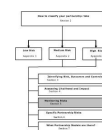
Depending on the size and complexity of your partnership, you may have a long list of potential risks. The impact and likelihood matrix will help you prioritise the risks that you will want to tackle first. Similarly, the risks with the highest scores are also those which should be monitored most closely.

The purpose of monitoring is to review progress in implementing control actions and to see whether they are having the intended effect. One way of doing this, is to study events, situations or changes (sometimes called 'trends'), which could potentially affect the risks you have previously identified. Reviewing relevant performance indicators can also be helpful in this respect. For example, if you have identified the absence of key members of staff as a potential risk, reviewing attendance figures could help you to understand whether this is an increasing or diminishing threat and whether the risk scores need to be amended.

Trends and indicators should be regularly and systematically monitored, ideally in regular meetings involving key members of each organisation in the partnership.

Monitoring is a long-term management challenge, and you need to set your risk priorities on the same timescale as the partnership. For example, in a three year partnership, you may select to spend the first six months concentrating on the top six[4] risks, then the next six and so on, constantly reviewing the changes in risk profile. Similarly, you will want to prioritise risk management during the partnership's implementation phase and in line with the implementation plan's timescales.

Diagram 7 - Sample Timeline for dealing with risk
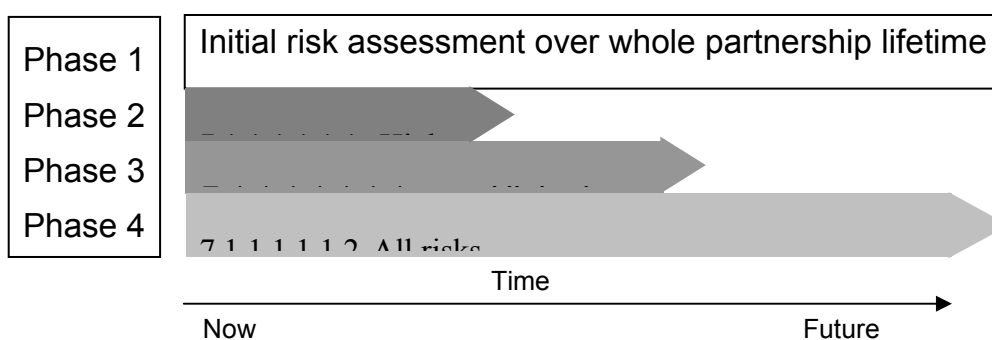
The table below shows, for each level of risk, the <u>maximum</u> interval between each review.

13 Overall Level of Risk	14 Frequency
Red (High)	3 months
Amber (Medium)	6 months
Green (Low)	12 months

The risk register should be updated after each review.

Managing partnership risks

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[4] Choose the number you prefer – six is just included by way of illustration – but don't choose more than say 20 – the number has to be proportionate to the overall project importance and resources available.

The success of any project can be measured by how it achieves its objectives: in the case of a partnership the key success criteria will generally be whether the partners have achieved more together than they could have achieved separately. In aiming for this objective, however, it is vital that partners do not lose sight of the environment within which they operate and make sure that value for money is achieved; appropriate controls are in place so that expenditure is reliably recorded; that it complies with all relevant accounting requirements, authorities and regulations including the Partnership Directives of the European Communities; and that the risks of waste, impropriety and fraud are minimised. The range of partnership models, from a loose alliance to a multi-agency contract, means that the nature of the risks faced by a partnership will vary considerably. A comprehensive risk framework, with appropriate checks and controls, will help ensure that these issues are addressed.

In determining how to control risk, it is important that any proposed controls and the cost of applying them are proportionate to the risk. Apart from the most extreme undesirable outcome (such as loss of human life where the risk is greater than one in a million[5]) it is normally sufficient to select your controls to give a reasonable assurance that any possible loss can be tolerated by the partnership. Audit processes can make an important contribution by adopting a forward looking and constructive approach to:

➢ Reviewing how public bodies and agencies identify possible partnership opportunities and seek potential partners.
➢ Highlighting successful partnerships backed up by practical examples which could be more widely applied
➢ Supporting well managed risk taking and innovation that is likely to lead to sustainable improvements in both the efficiency and effectiveness of partnership and the quality of the service provided.
➢ Ensuring that public bodies and agencies have overall organisational and management capacity to undertake large, novel and/or contentious projects.

All activity by public bodies involves some risk, for example:

- Key outputs are not delivered on time, to budget and to the required quality;
- Financial impropriety, fraud and waste;
- An unexpected event, which knocks planned activities off course;
- An opportunity missed to do something better and more cost effectively.

Partnership is no exception and all of the above risks need to be considered in decisions relating to partnerships and managed where appropriate.

15 Reporting partnership risks

As mentioned in the Council's Partnerships Guidance and Checklist, there should be governance and performance management arrangements for each partnership in which the Council is involved. These should include the framework for reporting performance issues, including risks.

Good practice would be to present the latest version of the partnership risk register, highlighting any changes, to each meeting of the partnership board (if there is one) or whichever forum is responsible for scrutinising the performance of the partnership. For example, for a medium risk partnership affecting a single division of one department, it may be sufficient to report to the register to the management team of the department concerned.

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[5] HM Treasury *Managing Risks to the Public Appraisal Guidance* Oct 04, pp 25 & 29.

Where any risk associated with a given partnership is also considered to be a key risk for a particular Council department, progress in managing it should be reported to the relevant Overview and Scrutiny as part of that department's Quarterly Performance Monitoring Report.

16 Section 6: Specific partnership risks

The following[6] sets out the key partnership risks and how they might be addressed:

Unnecessary partnering
Clearly justify the need for the partnership. The business case should be independently reviewed when outcomes are of significant value or strategic importance.

Activity does not represent value for money
The partnership should deliver services more efficiently than the separate bodies could achieve and Gershon savings should be achieved. Benchmarking will help ensure that the partnership remains worthwhile.

Partnership fails to deliver
Assess the financial viability of the partnership and the past performance of the separate partners. Each partner should draw up contingency plans for how they will ensure public services are delivered in the event of the partnership failing to deliver.

Activity is not of the quality required
Ensure that each partner is aware of what is expected of them and that performance management is given sufficient emphasis. Formalise in the partnership agreement the approach to performance management.

Impropriety and fraud
Have a fraud prevention strategy with separation of duties and regular independent review of the adequacy of internal systems to minimise the risk of fraud. Agree the process for internal and external audit to avoid duplication but also ensure full coverage.

Missed opportunities
Remain alert to other opportunities, new partners and developing the partnership to bring in additional services.

Failure to stop a failing partnership
If the partnership is floundering, do not plough on regardless of failing performance, thus wasting public resource and time. Use gateway reviews[7] at critical points in the partnership to measure progress. This means that you:

- Determine beforehand where the natural review points occur in the lifespan of the partnership
- Agree in advance the key success criteria
- Agree in advance the level of failure that would mean that the partnership needs to be stopped, or readjusted for optimum performance
- Compare performance against those performance indicators
- Stop the partnership, go on, or put in place the adjustments for managing the risks.

> **THE RISK OF SUCCESS**
> A group of successful professionals collaborated in a syndicate for the National Lottery. After several small wins, the partners could not agree between them how a large win would be shared, and the partnership disintegrated into negative bickering.
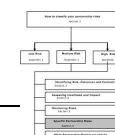
Risk sharing
Partnerships can fail because there has been no up-front and transparent discussion and agreement on risk sharing, and no arrangements in place for dealing with such risk. For example, someone is injured as result of a decision by a partnership. Who pays? The worst possible outcome is that the injured party suffers several years of long and complicated wrangling between the respective insurance companies as to who pays. One solution is to set

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6 Adapted from OGC Guidance

7 Office of Government Commerce - Best Practice OGC Gateway™ Reviews

up a limited company for the partnership, and buy insurance for it. Another is to purchase "difference in conditions, difference in limits (DIC/DIL)" insurance for the partnership from the main partners' insurance companies.

Sharing the risk of success

Who owns the intellectual property rights to the outcomes of the partnership? Agree an arrangement beforehand, which is signed off by all parties, for dealing with positive outcomes. The worst possible outcome is that the partnership flounders as success rears its head because the partners cannot agree who gets the benefit of the success.

Design and construction risks

- Surveys and investigations fail to identify problems
- Construction lasts longer than expected
- Construction costs are higher than expected
- Inability to agree on a specification for accommodation
- Facilities are not provided to the required specification
- Need to avoid the perception of a take over (and, thus, an unequal partnership) if one partner moves in with the other
- Alternative service provision is required during the delayed completion

Risks associated with Private Finance Initiative projects
Appropriate risk allocation between the public and private sectors is the key to achieving value for money on PFI projects. If the private sector is asked to accept responsibility for a risk that is within their control, they will be able to charge a price for this part of the deal which is economically appropriate.
However, if the organisation seeks to transfer a risk which the private sector cannot manage, then the private sector will seek to charge a premium for accepting such a risk, thereby reducing value for money.

Commissioning and operating risks

- Partner fails to meet agreed performance standards for service delivery
- Partner fails to make assets available for use
- Operating costs are more than expected
- Operating income is less than expected
- Assets underpinning service delivery are not properly maintained

Demand risk

Demand risk is the risk that the level of demand assumed in a partnership business plan, proves to be incorrect and therefore the pricing or partner contributions vary from those anticipated. It is not always desirable to transfer or share demand risk since the level of usage required of an asset or service may not be within the public sector's control. The partners should carry out, at an early stage, an appraisal of the likely demand for services before designing the specification for a specific project. This appraisal should include an assessment of the factors likely to influence demand for the services being supplied and an evaluation of the robustness of the assumptions made. Partners should have frank discussions with each other as part of the partnership planning process to agree their joint approach to demand risk.

Residual value risk

Assets purchased, created or input into the partnership may have a residual value. You will need to be clear who will own this asset if the partnership should end and who is responsible for its ongoing maintenance.

Technology/obsolescence risk
There is a risk that the quality of service delivery may be affected if the equipment or other assets used in the service delivery become out of date. Alternatively, there could be a need to make further financial investment in the project in order to introduce equipment or other assets which are based on new technology. This is an important factor in all long-term partnership projects and is likely to be particularly important in IT projects or those where services are dependent on other specialist equipment or software. Technological refresh should, therefore, be built into the agreement. All parties to the partnership should contribute an agreed amount to the refresh budget, allowing the partnership to remain up to date. This can apply to all manner of assets, including contractor methods, materials, vehicles and so on.

Where the partnership is contractual and there is a risk (as with an IT system) that an asset might become technologically obsolete by the end of the partnership agreement period, the organisation should consider the pros and cons of including a payment arrangement, which the partner only becomes entitled to if the asset is still usable at the end of the period. The organisation should weigh the likely benefit that may arise from encouraging the partner to keep the asset technologically up to date against any impact the existence of a transfer payment may have on subsequent competitions, as it may affect other suppliers' interests in bidding or their pricing strategy for a new partnership agreement once the initial one expires.

Regulation risk
This is the risk that the balance of a deal may be affected by regulatory changes (such as changes in taxation type or rate), planning regulations, or other legal aspects. A major difficulty is that there are many different types of regulation which may affect a project. The approach to regulatory risk should be agreed in whatever way is deemed appropriate as part of the partnership agreement.

Financing risk
Most partnerships are intended to be either cost neutral (better service; same cost) or to save money, but they may need some pump-priming to get them underway. The risks vary according to the source of those initial funds.

Where the partners fund the set-up costs from their own capital, the main risk is that the anticipated savings do not materialise and so the cost/benefit analysis is not accurate and the return on the investment is not as anticipated. The cost/benefit analysis and business case should be prudent, with a worst-case scenario included.

If the funding is external, there are two main areas of risk, depending, once again, on the source of the funds. Where pump-priming is provided by means of a grant, the risk is that the partnership is, in reality, financially reliant on that grant and cannot survive when the grant ends. If the funding is from debt, the risk is that the partnership cannot fund the debt repayments. Again, in both cases, prudent forecasting, a realistic business case and a rigorous cost/benefit analysis process should minimise the risk of these eventualities.

Risk of partner default
Your partner may find that it has underestimated the work involved in forming and maintaining a partnership, or the organisation's leadership may loose its appetite for partnership leading to a default. Ensuring that the partnership is mutually beneficial and cheaper for both partners than operating independently is vital to reduce the likelihood of such an event occurring. A detailed partnership agreement will also reduce the risk and an exit strategy will minimise the impact should the worst happen.

Political business risk
Each partner must take responsibility for the risks of political embarrassment or the risk to the delivery of their core business/service should the partnership fail to deliver.

Reputation risk

Each partner should also be aware that reputation risk can be transferred from one public sector body to another and that by coming together to deliver services your reputations are also coming together. The public and media are unlikely to differentiate between two public sector bodies if something goes wrong and it is important to agree a joint approach as part of the partnership development process.

Partnership relationships

The partnership relationship is a further vital element in managing partnership risk. The importance of good relationships is demonstrated in the diagrams below.
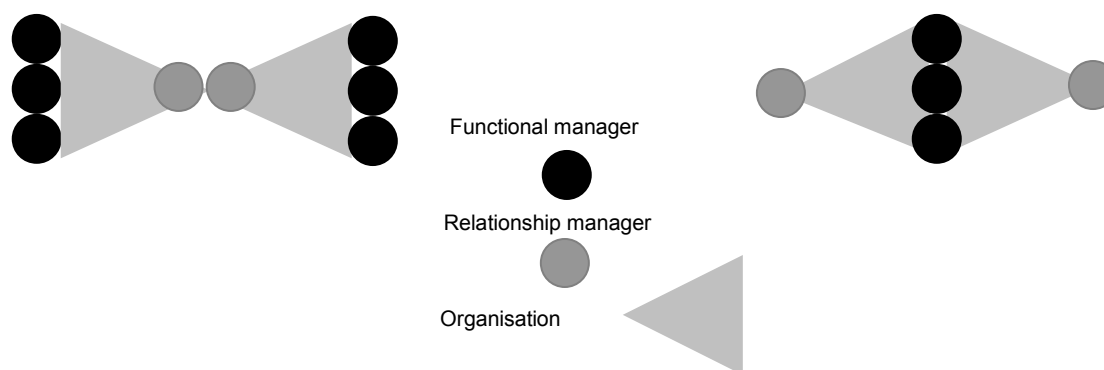
17 Section 7: Managing dual party partnerships

Model A	Model B
Shows the relationship focused solely through the partnership managers who are the only points of contact for their respective organisations. Could be phase 1 of designing the multi-agency relationship. An example is that of a single-function partnership, such as an internal audit partnership.	Shows the partnership agreement relationship managers at the apex of each organisation with functional relationships operating at several points at the interfaces of the relationship. Could be phase 2 of designing a multi-agency relationship. An example is that of a complex service partnership, such as a corporate services joint provision partnership.

Diagram 8 - Model A   *Diagram 9 - Model B*

Functional manager

Relationship manager

Organisation

ADVANTAGES	ADVANTAGES
• There is strong control focused on the relationship managers • Communication channelled through the relationship managers • This is a model to be used where absolute control is necessary, such as in respect of a very vulnerable person or issue • Change can be implemented quickly as there is only one point of contact • It is easy to exit this relationship • Potentially very speedy decision making and quick to implement	• The relationship managers are mature in their relationship with each other and with their organisation. • Meetings can happen without them having to be present. • There is good feedback from their internal team, which is reviewed regularly with their opposite number in the other organisation. • The conversation between the relationship managers can concentrate on the achievement of the performance indicators for the relationship, quality of service and where value add can be improved using examples of where things have gone right, as well as areas that need to be adjusted for improvement
DISADVANTAGES	DISADVANTAGES
• The relationship managers hide their organisations from the other partner – they front up the relationship. • They rarely have a transparent conversation about quality of service. • This relationship is tense with pressure from the organisation focussed on the relationship manager. • Time with each other is curtailed. • Because of the pressure, the conversation mainly rests around things that are wrong with the relationship, rather than the things that are right and those that can be improved. • This could be a slow relationship to implement as the relationship managers act as a funnel for all aspects	• Change is slow to implement as there are many points of contact • Communication can get out of control if there are not good feedback loops between the relationship managers and their functional management, and between the relationship managers themselves • It is difficult to exit this relationship

18 Section 8: Managing risks in multiple partnerships

Model C	Model D
Strategically focused	**Operationally focused**

Could be phase 3 of managing the relationship An example is a Local Resilience Forum set up to manage community emergencies such as flood or foot and mouth disease.	Could be phase 4 of managing the relationship An example is a Local Strategic Partnership

Diagram 10 - Model C   *Diagram 11 - Model D*

ADVANTAGES	ADVANTAGES
• Strong central communication between relationship managers • Strong control at the centre • Confidential information can be managed properly • Communication plans can be well controlled	• Excellent communication between functional management • Better opportunity for sharing good practice • Good opportunity for making things happen from ground up
DISADVANTAGES	DISADVANTAGES
• Functional management don't feel too involved • Communication between functional managers is limited, unless strong links are put in place – normally led by the relationship manager • The relationship manager becomes a barrier to change	• Needs a good communication process between functional management and relationship managers • Needs a good communication process between relationship managers

19 Appendix 1: How to manage low risk partnerships – key questions

If, in assessing your partnership (pages 4 and 5), most of your answers are in quadrants 1 or 2, then these are the key things you need to consider in the early stages:
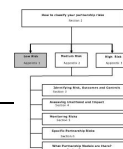
Key tasks you need to consider	Is it needed?	Is it signed off/agreed?	Who is responsible?	Status
Formal partnership agreement (duration and gateway reviews)				
Define roles and responsibilities				
Governance arrangement in place				
Aims and objectives set out clearly				
Performance monitoring arrangements (including budget and VFM)				
Performance reporting arrangements (incl. budget & VFM)				
Insurance and risk sharing requirements				
Business continuity arrangements				
Human resource implications (health and safety, equality, pay and conditions, diversity and data protection and so on)				
How to deal with under or over achievement against targets				
Exit strategy and handover processes				
Risk management arrangements				

20 However, within your plan for the lifetime of the partnership it would still be sensible to include a full assessment of the risks at some point. For example, in a 3 year partnership you might complete the checklist at the beginning and then carry out the full assessment in 18 months time.

Appendix 2: Medium risk partnerships – risk assessment

In order to manage the risks in a medium risk partnership, it is worth breaking down the process into its component parts over time/maturity.

Diagram 12[8] - The Process
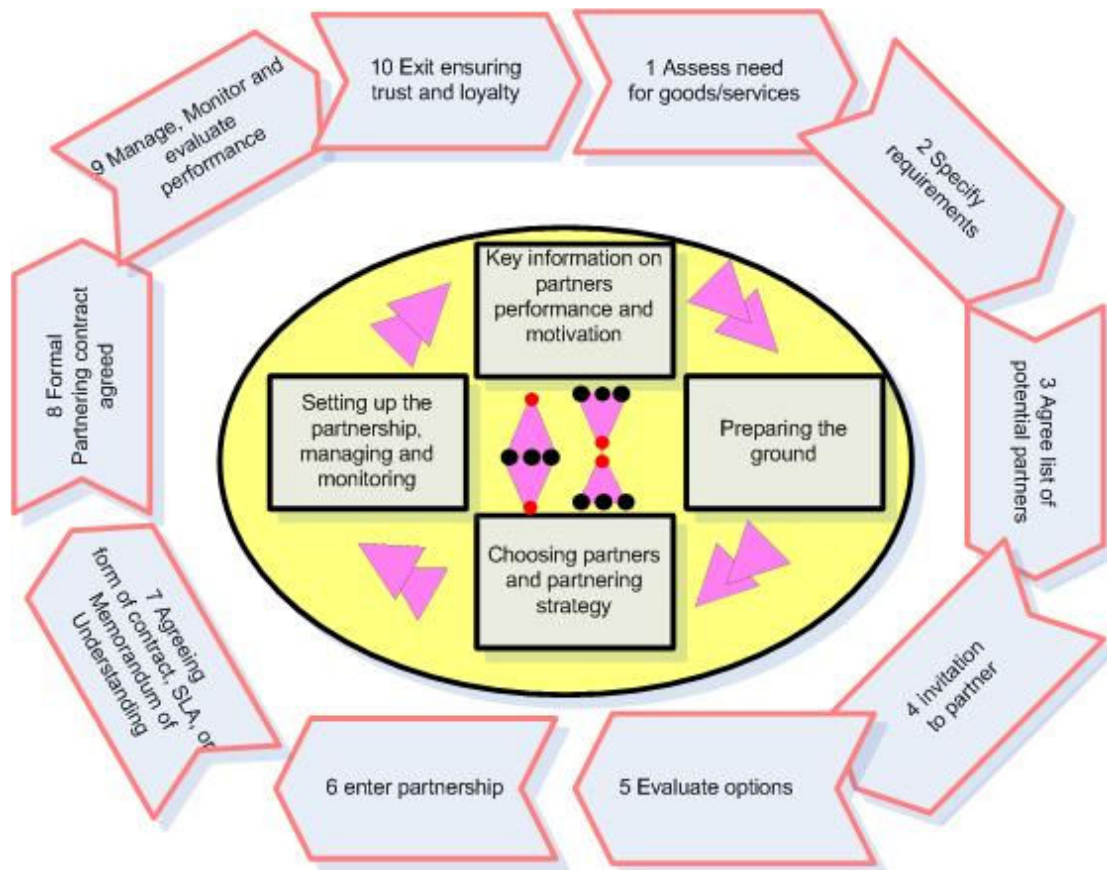
Once you have broken down the process into these component parts, then you can work out more precisely what the risks are and where they might occur, using the following checklist as a guide.

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[8] Adapted from http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/Partnership/vfmPartnershipguide.pdf

Appendix 2: Medium risk partnerships – risk assessment sample checklist	RISK/ISSUE	CAUSE	L	I	OUTCOME	L	I	CONTROLS
Assess the need for a partnership								
Specification of requirement and outcomes for the partnership								
Agree a list of potential partners								
Invitation to participate								
Agree criteria for potential partners								
Enter partnership								
Draw up business case and cost/benefit analysis								
Agreeing the form of partnership agreement								
Formal decision to proceed								
Managing, monitoring and evaluating the performance of the partnership								
Exit strategy								

Example Completed Partnership Risk Assessment – Medium Risk Partnerships

	Risk/ Opportunity	Causes		Outcomes		Controlled risk rating	
		Detail	Controls	Details	Planned Controls	L	I
Assess need for goods/ service	Identification of "best areas" for partnership working	Political drive to partner at all costs	Justification of business case to be documented and agreed by all parties	Partnership unnecessary and wasting time and resource	Identify opportunities and base case BEFORE entering partnership		
	Option for selecting who and why to partner with	Legal reason	Find a partner who can deliver the service.	Compliance	Ensure that the partner has the resources to deliver the service(s)		
		Lack of internal resources/skills/ authority to deliver service					
Specification of requirement	Agreeing shared scope and objectives	Lack of communication or misunderstanding	Suggested scope to be submitted	Inability to performance monitor the delivery of the partnership and/or know when the exit strategy should be initiated	Signed approval from all parties to the scope		
					Regular review to ensure there is no scope creep		
	Continuity arrangements of the partnership including governance procedures	Clear working arrangements for all partners	Guidance and structure information to be submitted with bid	Failure to meet legal requirements re governance	Constitution for partnership drawn up early in the implementation		
Agree list of potential partners	Unable to find a single partner to supply all areas of the specification	Scope is too big	Break down the scope into manageable proportions	Partnership complexity increased requiring additional resource	Re-scope internal resources		
					Contract external resources		
	Internal issues with potential new partner	Unable to agree on suitable partners	Identify reasons for concerns with potential partner and address, discount or find an alternative partner	Time table could slip Fail to meet political imperative to partner Loss of grant funding Service suffers Uncertainty for staff	Communi-cation with all stakeholders		
Invitation to participate	Preferred partner isn't interested	Partnership option is not lucrative/ attractive	Obtain feedback from potential partners	Reappraise scope	Consult with all stakeholders		

PRM

Example Completed Partnership Risk Assessment – Medium Risk Partnerships

	Risk/ Opportunity	Causes		Outcomes		Controlled risk rating	
		Detail	Controls	Details	Planned Controls	L	I
	Gap analysis between scope and agreement not carried out	Agreement that does not deliver requirements	Consult with wide range of stakeholders	Signification scope changes required	Re-scope		
			External review of tender				
Agree criteria for potential partners	Potential partner doesn't agree with bid criteria or underestimates the impact of the criteria on their organisation	Undermines the relationship between the partners as it will not be on a mutually agreed basis	Carry out feasibility study of the partnership proposals and criteria	Failure to meet expectations of the partnership or fail to deliver what is needed	Re-visit partnership negotiations to ensure discussions are on an understood basis		
	Additional added value of the partnership	Reputation opportunities	Track record	Enhanced delivery of partnership	Ensure delivery of both sides of all aims and objectives		
Enter into the partnership	Clarity of exit strategy	Wasted public resource	Clarify partnership management	Scope change to include exit strategy	All partners to agree to exit strategy		
	Prospective partner reject agreement	Prospective partner does not have the resources to devote to the partnership or its development	To offer additional time for recruitment of resources. Reconsider structure and requirements of partnership	Time table issues	Communi-cation to all stakeholders		
				Re-visit agreement	Offer to another prospective partner(s) or re-negotiate		
Agreeing the form of partnership agreement	Short fall between agreement and expectations	Agreement that does not deliver requirements	Consult with wide range of stakeholders	Formal new scope discussions	New scope signed off by all partner(s)		
			External review of initial scope	Prospective partner pulls out	Look for other partners		
	Agreement cannot be ratified	Shared objectives cannot be agreed	Mediation discussions	Formal new scope discussions	New scope signed off by all partner(s)		
				Prospective partner pulls out	Look for other partners		
Formal decision to proceed	Unable to proceed with formal signing with all partner(s)	Geographical/ lack of delegated authority/ timetabling	Timetable established to suit all partner(s)	Time delay	Formal apportionment to be held outside working hours		
	Prospective partner(s) internal issues/ ratification of agreement	Agreement issues identified	Communi-cation between partner(s) prior to formal	Formal new scope discussions	New scope signed off by all partner(s)		

Example Completed Partnership Risk Assessment – Medium Risk Partnerships

	Risk/ Opportunity	Causes		Outcomes		Controlled risk rating	
		Detail	Controls	Details	Planned Controls	L	I
			agreement		Additional clause included		
Manage, monitor and evaluate performance	Agreed reporting arrangement by all partner(s)	Passive monitoring	Active monitoring to be set up including performance indicators	Objective are being met and reported	Not losing sight of aims and objectives		
	Not setting out escalation procedures could lead to relationship problems	Lack of communication	Medication discussions	Review monitoring arrangements	All partner(s) agreeing to new arrangements		
Exit strategy	Handover procedures to manage partnership closure	Professional closure enhances the reputation of all partners	To ensure that all partners have their exit agreed	New partnership approaches made	Reputation		
	Continuity of objectives achieved lost if exit plan is not controlled	Inadequacy of exit arrangements	Incentive included in original scope to manage the exit	Bad references/ media attention	Engage with public relations team to manage issues		
		Exit early due to irresolvable differences	Mediation				

22 Appendix 3: High risk partnerships – checklist

Introduction

The attached checklist[9] is designed to facilitate an in-depth risk management exercise for complex and high risk partnership arrangements (PA). The complete set of answers to the questions raised here provides for an initial review of a MAJOR new partnership, a renewal of an arrangement, or a planned review, depending on which sections are completed. This review process should be used in full only on HIGH RISK PARTNERSHIPS, and should be conducted incrementally over a period of time. The matters raised in the checklist should be prioritised and any proposed PA should ensure that all high priority matters are dealt with before the PA starts. Partners should not, however, make failure to complete the entire checklist an excuse for not going ahead: all PAs involve a leap of faith at some point and there comes a stage when simply getting on with it is more important than finalising every last issue.

> This is a "due diligence" process, a term used in the private sector for an acquisition of another company or any major legal change.
>
> The prospective purchaser calls for an in-depth analysis of all aspects of the new arrangement, looking into past performance and gathering evidence as appropriate.

This checklist is a summarised version of a more complete "due diligence" process. A full copy can be obtained from Public Risk Management Ltd.[10]

The checklist is split into several sections to make it easier to use. Each partner in the partnership should satisfy itself that it has met the issues addressed in the checklist. The sections covered are:

- Preparation, set-up and engagement
- Commercial
- Finance
- Compliance and regulatory matters
- Human resources
- Information security
- Business continuity and disaster recovery
- Business trialling and modelling
- Performance
- Other

Each section also identifies, by means of a tick in the box, when each of the following three activities occurs:

- Inception or renewal of the arrangement
- A planned review
- Any significant material changes in the arrangement

No.	High risk partnerships – Suggested checklist	Inception or renewal Suggested areas		Planned review & material change

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[9] Special thanks to the Isle of Wight Council for the use of this document which has been appropriately adapted.
[10] tel 01626 355333 or email info@publicriskmanagement.co.uk

No.	High risk partnerships – Suggested checklist	Inception or renewal Suggested areas		Planned review & material change
1.	**Preparation, set-up and engagement**			
1.1	Is there a justified and proven need for a partnership arrangement?			✓
1.2	Is the PA approved?			✓
1.3	Was the PA planned or unplanned?	✓		
1.4	Have the needs to be met, aims and objectives of the PA been determined, defined and documented?			✓
1.5	Have the PA's aims and objectives been aligned with the strategy and policy for partnering **and** the strategy for the delivery of this service?			✓
1.5.1	Are the costs of the PA, the benefits and the value created consistent with the needs to be met			✓
1.6	What is the classification of the PA?			✓
1.6.1	Is the PA corporate or non-corporate?	✓		
1.6.2	Is the PA a separate company?	✓		
1.6.3	Is the PA a registered charity?	✓		
1.7	Who are the partners and the contact points?			✓
1.8	Who is the lead partner, if appropriate?			✓
1.9	What is the target/actual date for the commencement of the PA?	✓		
1.10	What is the planned duration of the arrangement?	✓		
1.11	What are the cessation/termination arrangements?	✓		
1.12	Which statutory, Local Government or other external governance framework applies?			✓
1.13	Which internal governance model was selected for this PA?			✓
1.14	Which constitutional model was selected for this PA?			✓

22.1.1.1.2   Commercial

No.		Inception or renewal Suggested areas		Planned review & material change
2.1	When was the last visit to the partners'/PA's premises/facilities?	✓		
2.2	What position does the PA occupy in the sector currently?	✓		
2.2.1	Has this position changed significantly since inception?			✓
2.3	Do the partners/PA have a website?	✓		
2.4	Has there been any press coverage; regarding the partners in relation to the PA; or the PA itself?			✓
2.4.1	What was the effect of the press coverage?			✓
2.4.2	What are the procedures for the review and approval of press releases?	✓		
2.5	What partner references are held on file?	✓		
2.6	Has the PA lost any clients due to poor service?			✓
2.7	Are role profiles/job descriptions/CVs available for PA managers/account managers and/or relationship managers?			✓
2.8	What is the current reporting structure for the partner/PA team?			✓
2.9	Do the partners have a business strategy/ business plan that supports this PA?			✓
2.10	Will the PA be taking on the totality of the service or will any part of it be delivered by other means?			✓
2.10.1	If so, what level of reliance will be placed on this arrangement?			✓
2.11	Does the PA (or a partner) pass on any of the service requirement to an outsourced arrangement?			✓
2.11.1	If so, what level of reliance is placed on this arrangement?			✓
2.12	When was the last walkthrough test of the PA capability undertaken?			✓
2.13	Have any references been taken from other clients of the partners/PA who have similar service arrangements?			✓
2.14	To which relevant professional bodies / professional organisations do the partners/PA belong?	✓		
3.	**Finance**			
3.1	**Finance – this section applies to the PA and/or the partners involved**			
3.1.1	Who is the financier of last resort?	✓		

No.	High risk partnerships – Suggested checklist	Inception or renewal Suggested areas		Planned review & material change
3.1.2	Who is the PA banker?	✓		
3.1.3	Name of the PA bank accounts	✓		
3.1.4	Names of the PA cheque signatories	✓		
3.1.5	Will PA staff/partner staff be able to commit authority funds and resources?	✓		
3.1.6	Provide full details of the funds, funding, grants and concessions provided to the PA.			✓
3.1.7	What are the internal and external audit and non-financial audit arrangements for the PA?	✓		
3.1.7.1	Which is the accountable body?			✓
3.1.8	Have all voluntary funds in which the authority has an interest been registered with the Directorate of Finance and Information?	✓		
3.1.9	What are the VAT arrangements for the goods, works and services procured by the PA?			✓
3.1.10	Have the following been determined, defined and documented: • Capital, leasing, expenditure and income plans • All sources of income • The conditions of any grants • On-going revenue liabilities where the grant was capital • Procedures for the return of funds not spent • Procedures for over-spends • Match funding • Responsibility for compliance with all funding and grant conditions			✓
3.1.11	Does the PA have a financial plan, (a) specifically outlining the expenditure and income over the next financial year, (b) consistent with the delivery plan?			✓
3.1.12	What are the arrangements for taxation?	✓		
3.1.13	What are the arrangements for petty cash and reimbursement?	✓		
3.1.14	What are the arrangements for ordering goods and services (for the PA)?	✓		
3.1.15	What insurance cover is provided?	✓		
3.1.16	Detail the provision of separate accountancy codes	✓		
3.2	**Finance – this section applies to PAs that are companies and applies to contractors**			
3.2.1	Obtain a copy of the company and ultimate holding company last audited Director's Report and Financial Statements, and any more recent quarterly financials.	✓		
3.2.2	If available, obtain Credit Analyst's report	✓		
3.2.3	Run D&B and S&P check	✓		
3.2.4	Perform a Company Search	✓		
3.2.5	Financial results - cover:	✓		
3.2.5.1	What are the net assets of the company and how have they moved recently?	✓		
3.2.5.2	Are any of the assets "intangible" (e.g. capitalised software development costs, goodwill etc), how have they moved?	✓		
3.2.5.3	What are the liabilities and other commitments of the company and how have these moved?	✓		
3.2.5.4	Are there any "contingent liabilities" (e.g. court cases against the company)?	✓		
3.2.5.5	Is there a holding company?	✓		
3.2.5.6	What financial appraisal has been conducted over sub-contractors and other outsource service providers?	✓		
3.2.5.7	Are revenue and profits growing (turnover, margins, profitability, ROCE etc)?	✓		
3.2.5.8	Review the rate of growth and assess whether this results in any strain on resources	✓		
3.2.5.9	Can the company easily pay its liabilities as they fall due (liquidity)?	✓		
3.2.5.10	Is the company committed to this type of business?	✓		
3.2.5.11	Is the company too reliant on any particular customer, product, supplier, financing or other outsourcing arrangement?	✓		
3.2.5.12	What are analysts' views on the share price, business and the competition?	✓		
3.2.5.13	Are there any current events to consider that have had or will have a material impact on the business?	✓		
3.2.5.14	Perform ratio analysis and identify any adverse or positive trends.	✓		
3.2.5.15	Is a bond or parent company guarantee required?	✓		
4.	**Compliance and regulatory matters**			
4.1	Are the partners/PA regulated ?	✓		
4.1.1	If yes, regulated by which body?	✓		
4.1.2	Have there been any breaches or fines over the past three years?			✓

No.	High risk partnerships – Suggested checklist	Inception or renewal Suggested areas		Planned review & material change
4.2	Who is responsible for compliance and who is responsible for following up actions?			✓
4.3	What is the status of any outstanding actions?			✓
4.4	Does the PA have formally documented procedures, which relate to the services provided?	✓		
4.5	Is the PA vires?			✓
4.6	If this is a service performed for other clients, are there any SAS480 type arrangements in place?	✓		
4.7	Has the PA been subject to a complete risk assessment?	✓		
4.8	Does the PA have a risk register?	✓		
4.9	Does the PA have a risk mitigation strategy?			✓
4.10	Are PA risk mitigation actions documented?			✓
4.11	Are actions regularly followed up?			✓
4.12	Is the risk register regularly updated?			✓
5.	**Human resources**			
5.1	Have any staff undergone a TUPE transfer to the PA?			✓
5.1.1	Are the procedures for this documented?	✓		
5.2	Is there an employee handbook?	✓		
5.2.1	When was it last updated?			✓
5.2.2	Does the PA have a formal grievance/disciplinary procedure?	✓		
5.3	Is the PA/are any of the partners an "Investor in People"?			✓
5.4	Are PA staff directly recruited by the PA?	✓		
5.4.1	What is the PA's recruitment policy?	✓		
5.4.2	Do all members of staff have a job description/role profile?			✓
5.5	Are employees put through a formal induction programme?	✓		
5.6	Is there a formal appraisal process?	✓		
5.7	Do all employees have a contract of employment?	✓		
5.8	How many people does the PA employ?			✓
5.8.1	What proportion of staff are permanent, temporary, contract?			✓
5.8.2	What is the level of staff turnover? How many current vacancies are there?			✓
5.9	Who is responsible for Health and Safety at work policy?	✓		
5.10	What is the PA's training and development policy?	✓		
5.11	How does the PA plan to absorb the staff/manage the culture shift for staff working on this arrangement (where seconded or TUPE'd)?.			✓
5.12	Is there a manager/staff forum (possibly involving trade unions)?	✓		
6.	**Information security**			
6.1	Do the partners and/or does the PA subscribe to or use BS7799?	✓		
6.2	Does the PA have specific information security policies and procedures?	✓		
6.3	What are the procedures for dealing with information security breaches?	✓		
6.3.1	Have there been any breaches?			✓
6.4	Are the partners/is the PA registered with the Office of the Information Commissioner and is the registration up to date?			✓
6.5	What policies and procedures are in place to ensure that the partners/PA complies with all applicable parts of the Data Protection Act, including the classification of data.			✓
6.6	How frequently are information security practices reviewed or tested?	✓		
6.6.1	What was the outcome of the review?	✓		
6.7	Does the PA have record keeping and retention policy?	✓		
6.8	Where are records stored and archived?	✓		
6.9	Is there an information security education and awareness programme developed?	✓		
7.	**Business continuity and disaster recovery**			
7.1	Do the partners/does the PA have a contract (e.g. with SG-RS or Comdisco) for disaster recovery?	✓		
7.1.1	If no, what backup facilities exist?	✓		
7.2	Do the partners/does the PA have disaster recovery and business continuity planning standards.	✓		
7.3	Do the partners/does the PA have current DR and BCP plans, procedures and testing plans?			✓
7.4	Has the PA classified its processes and identified the critical processes?	✓		

No.	High risk partnerships – Suggested checklist	Inception or renewal Suggested areas		Planned review & material change
7.5	In respect of the critical processes, are maximum recovery times specified?	✓		
7.6	How frequently are the plans tested?	✓		
7.6.1	What was the result of the last test?			✓
7.7	Where is back up media stored?	✓		
7.8	What mechanisms are in place to advise clients of downtime?	✓		
7.9	Does the PA have backup power and UPS on site?	✓		
8.	**Business trialling and modelling**			
8.1	What business processes has the PA defined that should be tested before "go live" of the arrangement?			✓
8.2	Are relevant business processes tested and documented/signed off before "go live"			✓
9.	**Performance**			
9.1	Have service delivery performance criteria been specified for this PA?			✓
9.2	Has the management information (MI) been specified to support the measurement of the performance of the delivery of the service?			✓
9.3	What measurements are taken and when?			✓
9.4	Have performance targets been set for the delivery of the service?			✓
9.5	Are the performance measurement criteria, the MI and the measurements consistent with the Best Value Indicators, Quality of Life Indicators?			✓
9.6	What performance reports are produced?			✓
9.7	Has there been a BV inspection?			
9.8	Does the PA have procedures for responding to material changes in the performance of the delivery of the service?			✓
10.	**Other**			
10.1	Do the partners and the PAs have a money laundering, fraud and anti-corruption policy?			✓
10.2	Do the partners and the PAs provide money laundering, fraud and anti-corruption training regularly to all staff?			✓
10.3	Is a standard confidentiality clause inserted into all agreements?	✓		
10.4	What are the procedures for dealing with conflicts of interest?	✓		
10.5	Are regular Partnership meetings held?			✓
10.6	Are meetings minuted?			✓
10.7	How are members of staff chosen to represent the authority on a PA?			✓

Appendix 4: Risk Register Template

Partnership Name		Partnership Manager		Author	
Version No.		Date			

22.2 Risk Register

Summary							Description				Controls			
Risk Number	Date Raised	Date Last Reviewed	Owner	Category	Status	Links to Other Plans/Projects	Description of Risk	Likelihood Score	Impact Score	Total Score	Description of Controls	Responsibility	Target Date	Status
										0				
										0				
										0				
										0				
										0				
										0				
										0				

22.2.1 Appendix 5: Risk Categories

STRATEGIC 23 *Risks that relate to doing the wrong things*	**23.1 OPERATIONAL** *Risks associated with the nature of each service or activity*
• Insufficient forward planning or horizon scanning • Incorrect strategic priorities • Community planning oversight or errors • Policy decisions based on incomplete or faulty information • Failure to exploit opportunities • Inappropriate capital investment decisions	• Poor partnership working • Failure to continuously improve / innovate • Inadequate service continuity planning • Over-reliance on contractors / suppliers • Breakdown of work system • Poor project planning and management
23.2 INFORMATION / TECHNOLOGICAL 24 *Risks that relate to the loss of or inaccuracy of data and the use of / reliance on technology*	**REPUTATION** 25 *Risks that relate to the organisation's image*
• Systems and management data not up to date • Ineffective prediction of trends and poor forecasting • Breaches of security of network and data • Obsolescence of technology • Lack of network resilience	• Unfulfilled promises to the electorate • Ineffective PR / Media strategy • Association with unsuitable organisations • Poor standards of service • Failures in corporate social responsibility
25.1 FINANCIAL *Risks that relate to losing monetary resources or systems of financial planning and control*	**PEOPLE** 26 *Risks associated with employees and the management structure*
• Occurrence of fraud • Unreliable accounting records • Failure to prioritise, allocate appropriate budgets and monitor / report • Failed resource bids • Sustainability of time limited funding	• Over-reliance on key officers • Inefficient/ineffective management processes • Failure to recruit/retain qualified staff • Lack of investment in training • Poor absence management
REGULATORY / LEGAL / STATUTORY *Risks related to the legal and regulatory environment*	**26.1 PHYSICAL** *Related to fire, security, accident prevention and health & safety*
• Compliance failures (e.g. procurement, LA 21) • Inadequate response to/failure to prepare for/ implement legislative change • Intervention by Regulatory Bodies and Inspectorates • Failure to meet targets agreed with / imposed by Central Government • Breaches of contract, failures in duty of care	• Loss of intangible assets • Failures in health & safety management • Loss of physical assets

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Appendix 6: Further Information and Guidance

27 Associated Council Policies and Documents

- Corporate Risk Management Strategy
- Partnerships Toolkit
- Contract Procedure Rules and Financial Regulations

http://10.107.1.50:8888/pp/Docs/Constitution_part4.pdf

- Code of Corporate Governance

http://10.107.1.50/Personnel/Forms/Code of Corporate Governance.doc

28 Sources of Further Guidance

Improvement Network
http://www.improvementnetwork.gov.uk/imp/core/page.do?pageId=1006274

Audit Commission 'Governing Partnerships'
http://www.audit-commission.gov.uk/Products/NATIONAL-REPORT/1CDA0FEF-E610-463c-B3F3-220F607B1A2C/GoverningPartnerships26Oct05REP.pdf

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31 Disclaimer

This is a toolkit for use with officers and management at all levels, it is not a practitioner expert guide. It is not a complete description of all aspects of managing risk in partnerships and has been kept short and simple to be of practical use. It should be used alongside your own legal advice and guidance in respect of contractual issues. No attempt has been made here to address such matters. This is not for use outside the UK. Public Risk Management Ltd assumes no responsibility or liability for any errors or inaccuracies that may appear in this document.

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Appendix 10

Insurance considerations

The following list highlights a number of areas where insurance decisions may need to be taken by a partnership. In instances where the issue is relevant to the partnership, further advice and information can be obtained from the **Council's Risk and Insurance Manager**.

Professional or trustee indemnity insurance would normally be expected to be in place. However, the cost of such insurance could be prohibitive for smaller groups with only a small income and no employees. In this case, a risk assessment should be carried out to ensure that financial systems are in place to prevent financial or legal difficulties.

It is important to note that as part of risk management, insurance is one way of transferring risks. As insurance premiums rise and organisations increasingly self-fund risks, there is greater emphasis on risk management.

Name of
partnership:_____

Issue	Insurance considerations	Evaluation/comments
Employment of staff	• Do officers involved in the partnership have appropriate cover for employer's liability by their host organisations for their work in the partnership?	
Use of physical assets – buildings, equipment, vehicles	• Which party owns the assets and are they appropriately safeguarded in terms of security, control over use, etc? • Are the assets insured for identified risks, for example, fire, theft, vandalism, accidental damage, etc?	
Responsibility for finances	• Does the partnership manage finances and are they protected by sound systems of internal control and policies covering fidelity?	
Capital works and intellectual property rights	• Are appropriate arrangements in place for being clear on the same and managing risks regarding such works?	
Officers/elected members indemnity and public liability	• Do Council officers/elected members have appropriate insurance cover or indemnities for their partnership work, including public liability?	

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Completed by:_____ **Date:**_____

Job title:_____ **Tel. No.**_____

Appendix 11

General principles for effective partnership working

These general principles have been adapted and developed from the statutory instrument relating to the ten general principles of public life (which built upon **Lord Nolan's seven general principles**).

Selflessness
Members of the partnership should serve only the public interest and should never improperly seek or confer an advantage or disadvantage on any person or organisation.

Honesty and integrity
Members of the partnership should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly, and should on all occasions avoid the appearance of such behaviour.

Objectivity
Members of the partnership should always make decisions on merit. This includes when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

Accountability
Where appropriate, members of the partnership should be accountable to the public for their actions and the manner in which they carry out their responsibilities. They should cooperate fully and honestly with any scrutiny appropriate to their particular office.

Openness
Members of the partnership should be as open as possible about their actions and those of the organisation they represent. And they should be prepared to give reasons for actions taken.

Personal judgment
Members of the partnership may take account of the views of others, including those of political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

Respect for others
Members of the partnership should promote equality by not unlawfully discriminating against any person, and by treating people with respect, regardless of their race, age, gender, disability, religion or faith or sexual orientation. They should respect the impartiality and integrity of the local authority's statutory officers, and its other employees.

Duty to uphold the law
Members of the partnership should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.

Stewardship
Members of the partnership should do whatever they are able to ensure that the organisation they represent authorises use of their resources prudently and in accordance with the law.

Leadership
Members of the partnership should promote and support these principles by leadership and acting by example. They should act in a way that secures and preserves public confidence.

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Appendix 12

Skills and knowledge required for partnership working

The following table shows the type of skills and knowledge required for successful partnership working.

It is unrealistic to expect one person to possess all of these. But when considering the partnership's membership, it is expected that all these skills and knowledge are addressed and exhibited.

Leadership	
Skills	Coalition building, vision and consensus building, communicating, consulting, managing change, delegating, influencing, negotiating and assertiveness, resource allocation, knowing when to leave / disband partnerships
Knowledge	Needs and opportunities which provide the basis for common ground, policy and funding developments, partners' roles, contributions, constraints, motivations
Trust	
Skills	Building relationships, managing expectations, promoting dialogue, listening, empathy, managing conflict, giving constructive feedback, managing communications, coping with the unfamiliar and unexpected, team working
Knowledge	Group dynamics, cultures, values and ways of working with others, forms of partnership arrangement
Learning	
Skills	Problem solving, creative thinking, systems thinking, networking, diagnosing performance issues, scrutiny
Knowledge	Benchmarking and process mapping, partnership review and evaluation, how to promote learning in partnerships, facilitation techniques
Performance management	
Skills	Negotiating, entrepreneurial, setting objectives and performance measures, project planning / management, business planning
Knowledge	Partnership structures, accountability mechanisms, managing meetings, ways of making better use of resources
Value and Culture	
Skills	Understanding diversity, effective communication, corporate governance, risk management, policy creation
Knowledge	Council policies, risk methodology, aims and objectives of Council/partner groups, business continuity plans
Strategic issues	
Skills	Decision-making, community/business empowerment methodologies, thinking about and preparing for future challenges
Knowledge	Community needs, strategic functioning, political appreciation, long-term assessment, environmental factors

Appendix 13

Protocol for elected members involved in any work with outside bodies

Introduction

This protocol should be read and followed when working as part of a partnership, either directly representing the Council, in an advisory capacity or as part of an interest group.

Any issues in this protocol that you do not understand or require clarification on should be discussed with the **Head of Legal and Member Services**, your political group leader, the Chief Executive or the appropriate director.

Elected members should ensure that partnership documents are being used by all partnerships that they are involved with. A Memorandum of Understanding should be used by all partnerships but may differ slightly for each partnership. A model Memorandum of Understanding is at **Appendix 8**.

Protocol

The Council supports the activities of partnership working and recognises the benefits to the community, but wishes to ensure that elected members and the Council are not exposed to any unidentified and unexpected risks and liabilities.

Authority to become involved with a partnership

Any elected member who is approached or wishes to become involved in a partnership should discuss the matter and the extent of their involvement with their group leader. The group leader may want to discuss the partnership and aspects of work with the Chief Executive. The elected member should only accept or become involved after receiving approval from their group leader <u>and</u> the formal approval of the Cabinet/relevant Regulatory Committee/ Full Council as appropriate.

The elected member and an appropriate director should discuss and agree if any support or training is required. The appropriate director also needs to inform, at once, the **Head of Legal and Member Services** and the Director of Finance of the elected member's involvement.

Prohibition on signing contracts

Elected members working for a partnership should not sign any contracts or legally binding documentation on behalf of the partnership or the Council. Elected members are reminded that only authorised officers have power to sign documents of this nature.

Appendix 13

Prohibition on provision of financial, technical or legal advice

Elected members should not provide financial, technical, or legal advice to a partnership. Advice is available on these issues and may be taken when necessary. They must ensure that the partnership arranges indemnity insurance as appropriate, details of which should be provided to the Council's **Risk and Insurance Manager**.

Professional or trustee indemnity insurance would normally be expected to be in place. However, the cost of such insurance could be prohibitive for smaller groups with only a small income and no employees. In this case, a risk assessment should be carried out to ensure that financial systems are in place to prevent financial or legal difficulties.

General

Elected members must report any personal changes in circumstances which may create a new or perceived conflict of interest. Elected members must also discuss with the partnership any new issues of potential conflicts of interest or issues which impact on their role as an elected member for Wirral Council - changes to the aims, constitution or position of the partnership that could be contrary to the public or the Council's interest. If in doubt, advice should be sought, at an early stage, from the **Head of Legal and Member Services**.

Elected members must also remember that, if they act as a trustee of a charitable partnership or body, their first duty is to the Charity. This is also the case in respect of elected members appointed as directors of companies. Elected members must also remember that, when working within a partnership, they remain elected members of Wirral Council and are still bound by the relevant Codes of Conduct in the **Constitution**. They should actively encourage the partnership to follow similar practices and procedures and must immediately report to their group leader/Chief Executive when they feel that the partnership is not acting in a manner acceptable to the Council or in the public interest.

Appendix 14

Protocol for employees involved in any work with outside bodies

Introduction

This protocol should be read and followed when working as part of a partnership, either directly representing the Council, in an advisory capacity or as part of an interest group.

Any issues in this protocol that you do not understand or require clarification on should be discussed with your line manager or with the **Head of Legal and Member Services** before any involvement with outside bodies is accepted.

Employees should ensure that appropriate partnership documents are adopted by all partnerships in which they are involved. A Memorandum of Understanding should be used by all partnerships but may differ slightly for each partnership. A model Memorandum of Understanding is at **Appendix 8**.

Personal responsibility of employees

Employees must bear in mind that acceptance of a role as a charity trustee or company director (even if accepted as part of your work for the Council) is a responsibility personal to you. There will be responsibilities to the Charity Commission, and under company law, which must be fulfilled.

Protocol

The Council supports the activities of partnership working and recognises the benefits to the community, but wishes to ensure that the employee and the Council are not exposed to any unidentified and unexpected risk and liabilities.

Authority to become involved with a partnership

Any employee who is approached or wishes to become involved in a partnership should discuss the matter and the extent of their involvement with their line manager. The manager may want to discuss the partnership and aspects of work with their head of service or with the **Head of Legal and Member Services** before any involvement with outside bodies is accepted, if the employee is unsure about potential liabilities.

The employee must receive approval, in writing, from their line manager (but sanctioned by the head of service) before accepting any position on the partnership. Some high profile appointments may require Cabinet or Cabinet member approval.

It is the responsibility of the line manager, whilst discussing the employee's involvement in the partnership, to be clear as to the role and whether the employee approached is the most appropriate representative. Once the appropriate employee has been identified,

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then the manager should establish what, if any, additional support and training is required. The line manager is responsible for arranging this training and support.

Notification to head of service, legal and finance

It is the employee's manager's responsibility to ensure that the head of service is aware of the Council's involvement in any partnership and also to inform the **Head of Legal and Member Services** and the **Director of Finance**.

Prohibition on signing contracts without legal advice

Employees working for a partnership must not sign any contracts or legally binding documentation on behalf of the partnership unless written confirmation of legal advice confirming acceptability is provided.

Provision of financial, technical or legal advice

If an employee provides financial, technical, legal or other advice to a partnership, a written copy of the advice should be made and a copy provided to their line manager. Any legal advice must be suitably cleared by the Head of Legal and Member Services representative.

If the implications to the partnership of not following the advice could lead to an illegal act, health and safety issues, financial implications or other serious implications not in the partnership/public/Council's interest, then these should be made clear to the partnership when the advice is given and a written note provided. A copy of this should be provided to the line manager.

It is the responsibility of the finance manager, when they are informed of the establishment of or the Council's involvement in a partnership, to raise appropriate issues such as budgetary control and financial monitoring procedures and whether there are any VAT implications. Any Memorandum of Understanding with the partnership to provide financial advice and support must be made after approval from the **Director of Finance**.

General

Council officers must report any changes in personal circumstances which may create a new or perceived conflict of interest. If in doubt, advice should be sought, at an early stage, from the **Head of Legal and Member Services**.

Council officers must also remember that, if they act as a trustee of a charitable partnership or body, then their first duty whilst acting as a trustee is to the charity. This is also the case in respect of officers appointed as directors on companies. When working in a partnership, they remain Council officers of Wirral Council and are still bound by the relevant Codes of Conduct in the **Constitution**. They should actively encourage the partnership to follow similar practices and procedures and must immediately report to

their manager if they feel that the partnership is not acting in a manner acceptable to the Council or in the public interest.

Appendix 15

Appraisal of legal and procedural aspects

Many local authorities become members of, or wholly own, companies that deliver public services, eg Arm's Length Management Organisations (ALMOs). These have a strict definition in law. There are also companies in which the Council has membership and/or a level of interest. In most cases, the Council is represented on the board by elected members or senior officers.

Companies are governed by their own Memorandum and Articles of Association. These set out the aims and objectives, classes of membership, management structure and general governance. The memorandum and articles will bind any elected member or officer representing the Council on company boards, or any of their management and operational sub-committees. General rules and codes of conduct in respect of outside bodies and partnerships should be observed. Those representing the Council may often bring examples of best practice to enhance governance arrangements.

Before accepting company membership for the Council or any post on its structure, full appraisal should be undertaken and appropriate authorisation sought. Where the Council is forming a company the **Head of Legal and Member Services** must be consulted well in advance.

The four main forms of legal entity are:

1. Private Limited Companies.
2. Partnerships.
3. Limited Liability Partnerships.
4. Industrial and Provident Societies.

The main differences between them and the responsibilities of the directors are outlined below:

Private Limited Companies

A company consists of a board of directors and members. The functions of the company are governed by its constitution documents that are called the Memorandum and Articles. These set out how the company functions and whether decisions are required to be made by the directors at a board meeting or by the company members at a general meeting.

A company director takes on a number of duties when agreeing to perform this role and although the directors' financial liability is limited to the amount stated in the company's constitution, they also agree to take on personal responsibilities in respect of the way they act. It is possible that as a result of their actions they may face criminal charges.

Private Limited Companies are subject to a number of disclosure requirements and accounting rules and the strict provisions of company legislation. The company will

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appoint a company secretary to ensure compliance. But, all directors have a responsibility to ensure compliance. There may be sanctions if the full and correct information is not recorded and maintained in respect of the company's activities.

Companies limited by guarantee may obtain charitable status. Charities are able to raise funds and access grants more easily. There are specific criteria that must be met to qualify for charitable status. Details are available from Legal Services. Companies with charitable status report to the Charity Commission.

Companies with share capital are likely to undertake commercial enterprises for profit. In most cases, this will be inconsistent with the duties and functions of a local authority. Any proposal to establish or accept membership in such a venture must be discussed with the **Head of Legal and Member Services**.

Partnerships

Partnerships can involve both formal and informal working relationships that are governed in a way decided by the partners. The partners draft the partnership Memorandum of Understanding document in whichever way and with the content the partners deem necessary. Formal partnerships can be governed by the Partnership Acts, so it is essential to be clear at the start, of the objectives and legal status of any 'partnership'.

A partner is jointly and severally responsible for the actions of the partnership. A partner does not have the benefit of limited liability. However, a partnership has the perceived advantage of not being subject to extensive disclosure and accounting requirements or to strict regulation by a body such as Companies House.

Limited Liability Partnerships (LLPs)

LLPs are a fairly new but already popular way of constituting a legal entity offering limited liability for the partners and requiring a minimum amount of control by external bodies. The LLP, like a partnership, seems to offer more privacy and freedom than a company but partners have the advantage of limited liability.

Industrial and Provident Societies (I&PSs)

These are not registered under the Companies Acts, but with the Financial Services Authority. They are an alternative corporate structure that suit community projects. They have a separate legal status and the benefit of limited liability for members. I&PSs cannot register as charities, but do enjoy similar advantages.

An I&PS must be an industry, trade or business, but this also must be a genuinely co-operative venture for the benefit of the community. There are clear synergies with local authority activities, although in practice this model is relatively rare.

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More detailed information on the types of structure, legal or otherwise, that a partnership could adopt, is available from the **Head of Legal and Member Services**.

Appendix 16

Contacts

If you have any queries about the Council's Partnership Governance Framework and Toolkit or the Register then, in the first instance, contact:

Head of Legal and Member Services
Town Hall
Brighton Street
Wallasey
Wirral
CH44 8ED
Tel. 691 8569
Email legalandmemberservices@wirral.gov.uk

For queries regarding other Council officers mentioned in this document, refer to the table.

Name	Position	Contact address	Contact telephone number	Email address
Bill Norman	Director of Law, HR and Asset Management	Town Hall Brighton Street, Wallasey Wirral CH44 8ED	691 8498	billnorman@wirral.gov.uk
Ian Coleman	Director of Finance	Treasury Building, Hamilton Street, Birkenhead , Wirral		iancoleman@wirral.gov.uk
Mike Lane	Risk and Insurance Manager	Treasury Building, Hamilton Street, Birkenhead , Wirral		mikelane@wirral.gov.uk
Mark Niblock	Deputy Chief Internal Auditor	Treasury Building, Hamilton Street, Birkenhead , Wirral		markniblock@wirral.gov.uk

Each Directorate also has a partnership 'co-ordinator'. The purpose of the partnership co-ordinators group is to take a strategic overview of partnership working making appropriate links to other areas of work, and to keep their directorates informed of developments regarding the corporate work on partnerships.

Area of responsibility	Coordinator	Job title	Contact telephone number	Email address
Adult Social Services				
Children and Young People Services				
Corporate Services				
Finance				
Law, HR and Asset Management				
Regeneration				
Technical Services				

APPENDIX 17 – PARTNERSHIP REGISTER INDEX

This is the index of the Council's partnership register for 2008/09. . The register is subject to annual review.

1)   Key Partnerships

Organisation	Link Officer	Responsible Head of Service	External Contact/ Address or Comment
Adult Mental Health Provision	Phil Gilroy		Suzanne Proctor Cheshire & Wirral Partnerships NHS Trust Upton Lea Countess of Chester Health Park Liverpool Road CHESTER CH2 1BQ
Behaviour Improvement Programme	Charlie Bailey		(Council take the lead, external parties involved include police)
Children and Young People's Strategic Partnership	Moira Curran		N/A
Community Fund Joint Working Group	Simon Goacher,	Simon Goacher	Wirral Partnership Homes (see below)
Crime and Disorder Reduction Partnership	Steve McGilvray	Rob Beresford	
Drug and Alcohol Action Team	Phil Gilroy	Mindy Rutherford	DAAT Manager Wirral PCT St. Catherine's Hospital Church Road, Birkenhead CH42 0LQ
Groundwork Wirral			Kate Thomas kthomas@groundwork.org.uk
Integrated Community Equipment Service	Tina Long		Sheila Hillhouse Wirral PCT St. Catherine's Hospital Church Road, Birkenhead CH42 0LQ
Intermediate Care Partnership	Tina Long		Heather Rimmer Wirral PCT St. Catherine's Hospital

Organisation	Link Officer	Responsible Head of Service	External Contact/ Address or Comment
			Church Road, Birkenhead CH42 0LQ
Joint Commissioning	Tina Long		Wirral PCT St. Catherine's Hospital Church Road, Birkenhead CH42 0LQ
LAA Programme Board		Russ Glennon	Chaired by the Leader of the Council. Council lead agency.
Local Strategic Partnership (LSP)	Christina Bebbington	Russ Glennon	Chaired by the Leader of the Council.
Mersey Dee Alliance		Jim Wilkie	Simon Adderley MDA Co-ordinator Chester City Council The Forum, Chester CH1 2HS
Merseyside Policy Unit	Jim Wilkie		Abigail Howarth, Director 237 3530 Merseyside Policy Unit 12 Princes Parade LIVERPOOL L3 1BG Abigail.howarth@merseyside.org.uk
Merseyside Safety Camera Partnership		Mark Smith	
Local Authority Pension Fund		Peter Wallach	Stuart Imeson 01274 432 111 Hon.Sec. LAPF Forum, c/o Britannia House, Hall Ings, BRADFORD BD1 1HX
The Mersey Partnership TMP			The Mersey Partnership 12 Princes Parade Liverpool L3 1BG
WEDS Wirral Economic Development and Skills Partnership	Alan Evans		Wirral has input through Phil Davies (Chair)
Wirral Environmental Partnership	Alex Butler/Sue Wheldon	Kevin Adderley	
WIN Wirral Investment Network (Management) Ltd.	WIN/Area Co-ordinator	Kevin Adderley	

Organisation	Link Officer	Responsible Head of Service	External Contact/ Address or Comment
Wirral 3 Way Compact Group	Andy Brannan		
Wirral Chamber of Commerce and Industry	Jim Wilkie	Ken Davies, Chief Executive 647 8899	Wirral Chamber of Commerce and Industry Lord Leverhulme Chambers 16 Grange Road West BIRKENHEAD CH41 4DA
Wirral Multi-cultural Organisation.	Moira Curran x4329	Mal Reston 666 4547	m.reston@wmo.org.uk 111 Conway Street Birkenhead CH41 4AF
Wirral Chamber of Commerce and Industry	Jim Wilkie	Ken Davies, Chief Executive 647 8899	Wirral Chamber of Commerce and Industry Lord Leverhulme Chambers 16 Grange Road West BIRKENHEAD CH41 4DA
Wirral SEN Parent Partnership		Peter Edmondson	
Wirral Strategic Housing Partnership	Andy Brannan	Russ Glennon	

2) Procurement Arrangements

Merseyside Procurement Group	Ray Williams	Steven Rowley	4 other Merseyside authorities involved, no lead authority

3) Commercial or Commissioned Partnerships

Merseyside Connexions		Peter Edmonson	
Egerton House (Wirral) Ltd.	Philip Smith (Wirral Direct)	Kevin Adderley	Liz Whaling General Manager Egerton House, 2 Tower Road, Birkenhead CH41 1FN
Birkenhead Market Ltd.	Alisdair McNicol	Ian Brand	Mr. L. Embra Birkenhead Market, Claughton Road, Birkenhead, CH41 2YH
Latin American Capital Partners	Ian Coleman		466 Lexington Avenue, New York
Liverpool Airport		Neil Pakey Managing Director	Liverpool John Lennon Airport LIVERPOOL L24 1YD
Merseyside	Alan Evans	Russ Glennon	Mott MacDonald MIS

Information Service			325 Royal Liver Building Pier Head, Liverpool L3 1JH`
Merseyside Joint Metrology Laboratory.	John Malone	Rob Beresford	Darrell Wilson Chief Inspector of Weights & Measures, St. Helens MBC Wesley House, Corporation Street, St. Helens WA10 1HE

4) Networking/Benchmarking/Best Practice Groups

Merseyside Housing Benefit Joint Operational Board	Chris Ng	Malcolm Flanagan	Gordon Lee Resource Manager Revenues and Benefits St. Helens Council, Town Hall Victoria Square, St. Helens WA10 1HP
North West Centre of Excellence Procurement Board	Ray Williams	Steven Rowley	Colin Cram Tameside Metropolitan B.C. Council Offices Wellington Road ASHTON UNDER LYNE OL6 6DL
SIGOMA		Ian Coleman	Gareth Bruff 01226 773215 PO Box 14, Town Hall, Barnsley S70 2AQ
Trading Standards North West	John Malone	Rob Beresford	Paul Noone Lancashire Trading Standards 58 - 60 Guildhall Street, Preston Lancs. PR1 3NU

5) Collaborative/Shared Services Arrangements

None Recorded			

6) Public Private Partnerships/PFI

Wirral Schools Service		David Armstrong	

7) Stock Transfer RSLs

Beechwood and Ballantyne	Andy Bate	David Ball	Andy Hall
Leasowe Community Homes	Andy Bate	David Ball	Campbell McLay Arena Housing Association 14 Columbus Quay Riverside Drive L3 4DB

Wirral Partnership Homes Community Fund	Andy Bate	David Ball	Patrick McCarthy Wirral Partnership Homes 6 Europa Boulevard Birkenhead CH41 4PE

8) Local Management Arrangements

Community Centre Joint Management Committees (x15)	Lynn Williams	Jim Lester	
Tam O'Shanter Urban Farm		Jim Lester	Tam O'Shanter Urban Farm Boundary Road, Bidston, Wirral CH43 7PD
Together Project (Rock Ferry)	Steve Ruddy	Steven Rowley	Neil Collins Director Royal Standard House 334 New Chester Road BIRKENHEAD CH42 1LE

9) Grant Funding Regimes

Merseyside Objective One PMC		Jim Wilkie	Pamela Peel Cunard Building, Pier Head, Liverpool L3 1QB

Partnerships to be removed?

Business Link for Greater Merseyside (to be removed)	Philip Smith (Wirral Direct)	Kevin Adderley	Peter Morton Egerton House 2 Tower Road Birkenhead CH41 2FN
Merseyside Special Investment Fund	Peter Mawdsley		No formal advisory board, Wirral not represented in any form.
Excellence in Cities Partnership		N/A	(Internal with schools)
Pensions Assessment Team	Phil Gilroy	Alan Copestake	North West (5thZone) Area Millennium House Lower Ground Floor Pensions Service, 86 Wellington Road, Stockport SK1 3UH
Pentra Services Ltd		666 2066	Waterloo Buildings, 23 -31 Bridge Street, Birkenhead CH41 1AS

Rising Starts (Enterprise Ventures)	Peter Mawdsley		No formal advisory board, Wirral not represented in any form

PRM