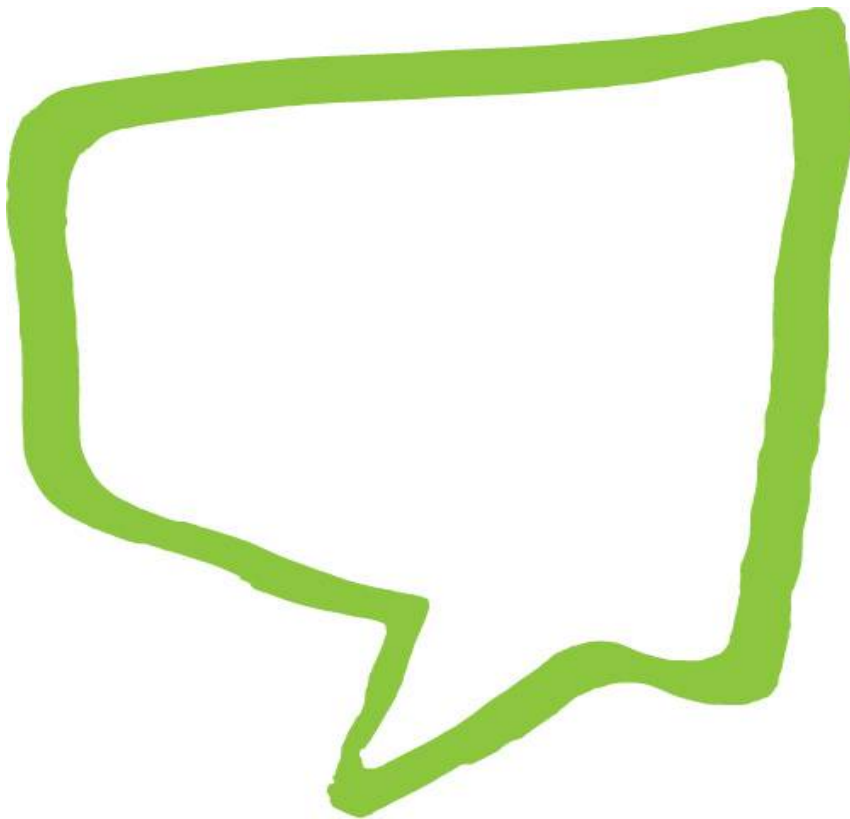


Governance of Partnerships

Wirral Council

Audit 2008/09

June 2009



Contents

Introduction	3
Background	5
Audit approach	6
Main conclusions	7
Detailed report	9
Appendix 1 – Action Plan	15

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
-

Introduction

- 1 Partnership working is a key undertaking for all modern organisations. The Audit Commission publication 'Governing Partnership' asserts that strong corporate governance is needed to support partnerships effectively, and to create a clear and shared focus on users and on value for money.
- 2 It recommends that public bodies should:
 - know the partnerships they are involved in, and how much money and other resources they invest in them;
 - review each partnership to strengthen accountability, manage risks and rationalise working arrangements;
 - establish clear criteria against which partnerships can be evaluated to determine that they help to achieve partners' corporate objectives cost- effectively;
 - take hard decisions to scale down their involvement in partnerships if the costs outweigh the benefits, or if the added risks cannot be managed properly;
 - agree and regularly review protocols and governing documents with all partners; and
 - tell service users and the wider public about how key partnerships work, where responsibility and accountability lie and how redress can be obtained through joint complaints procedures.
- 3 There is no single definition of 'partnership'. The word is often used loosely to describe a number of different types of groupings from a long term relationship with a supplier to a networking or knowledge sharing forum. It is also used more precisely to describe partnerships which are statutory, resulting from top down Government initiatives and others which are developed locally, perhaps to meet the requirements of, or to obtain access to Government funding streams.
- 4 In 'Governing Partnerships' the Audit Commission defines 'partnerships' as an agreement to work collectively between two or more independent bodies to achieve a common objective. This definition encompasses a wide range of collaborative arrangements, varying in size, service area, membership and function. They include voluntary and statutory partnerships, executive and non-executive partnerships, strategic service delivery partnerships, and strategic partnering for private sector procurement including Private Finance Initiative (PFI), Public Private Partnerships (PPP) and joint ventures. Some partnerships attract dedicated funding, others do not. Some are strategic, others operational in focus. Some are limited companies, others are charitable trusts, and still more are unincorporated associations.

- 5 Research shows that effective partnership working is very difficult, time consuming and during the outset, difficult to achieve. In particular, partnerships require more commitment and a higher level of time from senior managers than is needed for delivery through mainstream programmes. There is a risk that:
 - if this leadership is not provided, partnerships will not achieve their objectives, and partners will not accept responsibility; and
 - even where there is leadership, the results may take undue effort if accountability is unclear or systems ineffective.
- 6 There is no 'one size fits all' governance structure for partnerships. Governance arrangements in partnerships should be proportionate to the risks involved. The right balance needs to be struck between the need to protect the public pound and ensure value for money, with the innovation and flexibility that exists when organisations collaborate. The governance of partnerships should promote good internal accountability between partners and better external accountability to service users. Shared responsibility should not mean diminished accountability.
- 7 The Government has established Local Area Agreements (LAAs) in local authority areas to encourage public, private and community and voluntary sector bodies to pool their efforts and financial resources in order to improve services and quality of life for local people. This initiative builds on the experience of partnership working that has developed over recent years, particularly through Local Strategic Partnerships.

Background

- 8** The Council is involved in a significant number of partnerships, often with the additional responsibilities of 'accountable body' status which brings added risks, raising the importance of strong governance further. Our Annual Audit and Inspection Letter 2007/08 highlighted a number of areas where the Council works well with partners to deliver better outcomes for local people.
- 9** Our previous review of partnerships during 2005 found there was scope to strengthen the Council's corporate arrangements for establishing, monitoring and control of partnerships. An action plan was agreed in October 2006 to strengthen the Council's arrangements.
- 10** In previous audit years we have undertaken work relevant to partnership working; reviews of Social Services, Budgetary Control and Working in Partnership, and Health Improvement. These reviews have identified improvement opportunities and have been included within this review as a follow up of all our work with this area.
- 11** The Council and its partners negotiated and agreed Wirral's first LAA with Government Office in March 2006. This has recently been re-visited. In addition to a set of outcomes, indicators and targets, the agreement sets out plans to develop governance, financial management and performance management arrangements within the partnership.
- 12** Following our previous audit, 'Probity in Partnerships', the Executive Board decided on 4 October 2006 that the Head of Legal & Members Services within Corporate Services be appointed as the officer with overall responsibility for partnership issues. In September 2008, the new Director of Law, Human Resources and Asset Management took over this responsibility with the Head of Legal Services as the lead officer.

Audit approach

- 13** Our review has considered whether the recommendations from our previous work have been implemented. Also, we have considered whether relevant aspects of the VFM Conclusion and Key Lines of Enquiry (KLOEs) within the Use of Resources (UoR) assessment for 2009 are likely to be satisfied. Where appropriate we have used supporting guidance contained in the Audit Commission report 'Governing Partnerships'.
- 14** As agreed in our Audit & Inspection Plan for 2007/08 we have undertaken a review of aspects of the Council's partnership working. This is to inform our UoR work which supports the VFM Conclusion. Our approach included using two current partnerships - Connexions and Integrated Community Equipment Services - as 'tracers' to review arrangements and a follow-up of governance and financial management issues previously identified across the LAA and in our previous work.
- 15** Our work involved:
- a review of a sample of existing partnerships;
 - document reviews; and
 - interviews with key officers.

Main conclusions

- 16** The Council generally works well with partners and there are some examples of positive outcomes noted in our previous reports.
- Wirral Local Strategic Partnership demonstrates a number of key strengths.
 - Good use of partnerships to provide access to public services that are helping to improve the quality of life for local people and enables local people to access services at a single point of contact.
 - Some excellent work is being done by the Council and its partners around youth sport and leisure to promote positive attitudes and behaviour.
 - The Council and its partners have been successful in attracting and supporting new business in the borough, and strategic frameworks for driving economic regeneration and tackling worklessness are now in place.
 - Good progress has generally been made in reducing crime and anti-social behaviour.
 - The Council and its partners are effective in balancing the borough's housing market and responding to the needs of homeless people.
 - The Council and its partners have made good use of intelligence and adopted a robust and systematic approach to identify local priorities which is embedded in the sustainable community strategy formally adopted in March 2009.
 - Wirral Local Strategic Partnership has a good understanding of local cohesion issues.
 - There is a genuine commitment to addressing health inequalities through partnership working, and good use is being made of available data to identify priorities for action.
- 17** However, the Council needs to do further work to strengthen its corporate arrangements for governing partnerships. Action has been taken since we reported our previous work and since our fieldwork and the Council is making progress. Most importantly action is currently on-going to roll out the recently approved Partnership Toolkit. Internal Audit has also carried out work which maps the proposed arrangements within the toolkit against best practice and the toolkit has been updated to reflect this.
- 18** At the time of our fieldwork, the Council's definition of a 'partnership' was not clear and roles and responsibilities with regard to the governance of partnerships still needed to be clarified. Officers expect this to be addressed by the implementation of the Partnership Toolkit.
- 19** A clear corporate picture of the partnerships the Council is involved in and how much money and other resources it invests in them is being developed but was not available at the time of our fieldwork. Some partnerships are being reviewed to strengthen accountability, manage risks and rationalise working arrangements but this is not consistent across the Council.

- 20** With the exception of the LAA, our review found limited evidence of monitoring and evaluation of the contribution of partnerships to the achievement of the Council's and partners' objectives and value for money. Information is currently not sufficient for robust decision making and reporting to members.
- 21** A basic corporate framework with integrated supporting arrangements still needs to be established and launched effectively throughout the Council, with partners, service users and the wider public. A Partnership Risk Management Toolkit has been established. This is based on a proprietary package purchased externally and tailored to Wirral's circumstances.
- 22** There are also continuing significant capacity issues which have delayed action to improve the framework and maintain existing systems which could cause further delays if not addressed promptly.

Detailed report

Corporate framework

- 23** The Council still needs to strengthen the corporate arrangements for the governance of partnerships. The definition of a partnership is not clear, and, roles and responsibilities need to be clarified. The Council does not have a clear corporate picture of the partnerships it is involved in and how much money and other resources it invests in them. Some partnerships have been reviewed to strengthen accountability, manage risks and rationalise working arrangements but this is not consistent across the Council. The review found limited evidence of monitoring and evaluation of whether partnerships continue to achieve the Council's and partners' objectives and value for money and information is currently not sufficient for robust decision making and reporting to members. A basic corporate framework with integrated supporting arrangements still needs to be established.
- 24** Since our previous work in 2005 the Council has established a list containing details of its current partnerships. The Partnership Index was created in 2007 but only lists basic details such as organisation name, internal contact, external contact, address or comments. The Index is not routinely kept up to date although it is supported by a questionnaire for each partnership completed by the lead officer within departments or details obtained direct from the partnership. There is no process to routinely keep the Index and questionnaires up to date nor to determine whether new partnerships have been established. The Index and questionnaires are only held in hardcopy form, hence information is not readily available and on-going maintenance and access to data is made more difficult than if held electronically.
- 25** The Partnership Index is supported by a further document entitled the Partnership Analysis. This list holds details of complexity, governance risks, finance, impact of failure, and overall assessment of risk. The Partnership Analysis is still a working document and not yet complete. For instance there are no details recorded to show what action is being taken to mitigate risk. Also, there is no supporting guidance on criteria and scoring to ensure standards are adequate and help to provide consistency. Hence, the current risk assessments are subjective.
- 26** The risk associated with partnerships is included in the Council's corporate risk register. The Deputy Chief Executive is recorded as the responsible officer. This is not consistent with the decision of the Executive Board to appoint the Head of Legal & Members Services as the officer with overall responsibility for partnership issues, as stated above. An action plan is in place to address the corporate risk associated with partnerships, with the Head of Legal Services responsible for most actions. Timescales in the action plan are recorded as on-going (rather than showing an agreed completion date) or have not been met.

- 27** Since our last review a Partnership Risk Management Toolkit has been established. This is based on a proprietary package purchased externally and tailored to Wirral's circumstances. The Toolkit was placed on the intranet around 18 months ago with details included in the 'News Bulletin'. However, there was no proactive action to launch or support the toolkit, such as targeted training for officers and members. Also, the toolkit does not support the Partnership Analysis.
- 28** Senior officers in the Law, HR and Asset Management Directorate fully recognise the need for more work to develop the Council's arrangements for governance of partnerships and acknowledge that progress has been slow due to lack of capacity, an issue that is also having an adverse impact on the maintenance of existing systems.
- 29** Action is being taken to develop the partnership arrangements further and we are awaiting details of the new Partnership Toolkit. As part of this work the Council is looking at other councils' arrangements with a view to identifying good practice which can be tailored to Wirral's circumstances. Once the arrangements have been agreed they will be placed on the Council's intranet site to provide easy access and enable easy updating. Internal Audit has also carried out work which maps the proposed arrangements within the toolkit against best practice and the toolkit is being updated to reflect this.
- 30** Following our previous review, the Executive Board decided on 4 October 2006, that periodic checks be carried out to ensure partnerships comply with the Council's governance requirements, including standing orders, ethical framework, declarations of interest etc. To date these compliance checks have not been routinely undertaken. The intention is to undertake these checks as part of an annual review of the partnership register once the Partnership Toolkit is implemented.

Recommendations

- R1** Establish a Corporate Framework for governing partnerships, including the following.
- Roles and responsibilities of corporate and service based officers and councillors.
 - Establishing effective links between Council departments particularly the Legal Department (governance), Finance Department (risk and financial accounting) and Corporate Services (corporate policy).
 - Establishing effective links between the Partnership Toolkit and the Partnership Risk Management Toolkit as well as the Council's overall governance and risk management arrangements, such as the risk register and standing orders.
 - Policy and guidance for relevant officers, including those in service departments.
 - Developing clear criteria against which partnerships can be evaluated to determine that they help to achieve the Council's and partners' corporate objectives cost effectively.
 - Review and challenge of partnerships to ensure value for money is achieved and risks are manageable.
 - Developing appropriate reporting processes, including reporting to members, partners, service users and the wider public.
 - Ensuring the current Internal Audit work is completed on a timely basis and includes mapping the proposed implementation of a partnership toolkit against good practice.
- R2** Launch the Corporate Framework with relevant training and support for officers and members and ensure all stakeholders are aware of where responsibility and accountability lie.
- R3** Create a partnership database to ensure the following are satisfied.
- Completeness of details of existing partnerships.
 - Accurate and up to date records including review of protocols and governing documents with partners.
 - All relevant information captured, in compliance with good practice.
 - Facility to enable drill down to supporting records, including risk assessment and accounting treatment.

Roles and responsibilities

- 31** Roles and responsibilities for partnerships and the governance of those partnerships are not clear and need to be re-assessed. There are also continuing significant capacity issues which have delayed action to improve the corporate arrangements and maintain existing systems which could cause further delays if not addressed promptly.

- 32** Following our previous review, the Executive Board nominated the Head of Legal & Members Services within Corporate Services as the officer with overall responsibility for partnership issues. In October 2006, the Executive Board also approved an action plan and subsequently agreed in principle to the creation of additional resources. However, these resources were not obtained and capacity issues have continued. In particular, the Head of Legal and Member Services left the Council in 2007 and although there were interim arrangements to cover the post, there were no additional resources until recently.
- 33** In September 2008, the corporate centre was reorganised and a new Director of Law, Human Resources and Asset Management was appointed. The Head of Legal Services transferred from Corporate Services to the new directorate, taking the responsibility for governance of partnerships with him.
- 34** The Council should consider whether the roles and responsibilities assigned by the previous Executive Board remain fit for purpose. There should be clear leadership for governance of partnerships within the Corporate Team, in conjunction with support from key officers within corporate policy services, finance and legal. Partnerships must help to achieve the Council's and partners' corporate priorities and ensure value for money, and it is vital that clear roles and responsibilities for corporate and service officers and clear leadership are established within the new framework.
- 35** All corporate work related to governance of partnerships is channelled through the Head of Legal Services and other departments rely on Legal Services to take responsibility for governance of partnerships. This is despite Partnership Guidance and a Checklist being issued to all Chief Officers in December 2006. This included a series of self-assessment questions, including governance. The guidance was not comprehensive or supported by targeted training for officers or members and compliance with the guidance has not been reviewed and refreshed.
- 36** Legal Services are aware of the need for better awareness and guidance so that there is less reliance on them by lead officers. However, resources and capacity to address this work have not been sufficient which has resulted in delay. It was planned to have a partnership toolkit and updated register in place by the end of October 2008 but this was not completed. A revised target date of 9 February 2009 was planned for presenting proposals to the Council but was not achieved. Revised timescales are now being agreed.
- 37** The Head of Legal Services and other senior members of the team involved in partnerships will shortly be leaving the Council and it is important to ensure that there is sufficient capacity and continuity going forward to avoid a repeat of the previous delay.

Recommendation

- R4** Review the adequacy of the capacity to establish and take forward robust corporate arrangements and provide subsequent maintenance and support once established.
- R5** Review whether the roles and responsibilities assigned by the previous Executive Board remain fit for purpose and establish clear corporate leadership.

Local Area Agreement (LAA)

- 38** The Council's most significant partnership is in connection with the LAA. The Council has recognised the need to review the governance arrangements for the LAA. At the LAA Programme Board in June 2008, the Head of Policy and Performance and the Head of Legal Services were asked to undertake the review and this is now in progress.
- 39** Training has been carried out for partnership risk management associated with the LAA. This included partnership and governance fundamentals, and the role of risk management in good governance.

Recommendation

- R6** Ensure the review of the governance arrangements for the LAA is completed in line with the requirements of the LAA Programme Board in June 2008.

Service department arrangements

- 40** As part of the review we chose two current partnerships for testing the arrangements for governance of partnerships - Connexions and the Integrated Community Equipment Service (ICES). We also followed up three previous Audit Commission Reports that required working with partners: Probity in Partnerships; Social Services Budgetary Control; and Working in Partnership - Health Improvement.
- 41** The partnership arrangements regarding Connexions were rolled over in April 2008 pending implementation of new arrangements from September 2009. A specification for service delivery based on a commissioning model is currently being drafted. The Lead Officer is placing reliance on Legal Department to ensure governance arrangements are satisfactory.
- 42** The Lead Officer for Connexions is involved in the departmental risk assessment exercise but was not consulted on the specific assessment of risk associated with Connexions. Proposed changes to current arrangements could increase risk due to the new model for service delivery.
- 43** The governance arrangements for the Integrated Community Equipment Service (ICES) partnership are historic. These arrangements were not fully reviewed when a

two year rollover from 1 April 2007 was agreed by Cabinet. This was to allow time for an alternative service delivery model to be assessed as part of a 'retail market model' pilot exercise. As with Connexions the Lead Officer is placing reliance on the Legal Department to ensure governance is satisfactory. The Lead Officer for ICES is not consulted on the specific assessment of risk associated with the ICES.

- 44** The role for follow-up of audit recommendations is now assigned to the Audit and Risk Management Committee which was formed in June 2006. Governance is also monitored by the Corporate Governance Monitoring Group which was set up in 2005. This framework for follow-up has not been used consistently for formally tracking progress on issues raised and for ensuring that all recommendations are considered together at a corporate level.
- 45** Our request for updated action plans and dates of presentation to the Audit and Risk Management Committee were difficult for the Council to respond to. Departments could not provide a timely response for the Probity in Partnerships and Social Services Budgetary Control reports, and we have not yet received an update for all recommendations arising from the 'Working in Partnership, Health Improvements' audit. This demonstrates that there is no effective procedure to ensure members are routinely advised of progress on a consistent basis.

Recommendation

- R7** Ensure lead officers are clear about their responsibility for the risk assessment of partnerships for which they are accountable, taking advice from colleagues where appropriate.
- R8** Establish a tracking system to monitor the implementation of audit and other review agency recommendations and ensure all action plans are routinely monitored at corporate level and by members.

Appendix 1 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
11	<p>R1 Establish a Corporate Framework for governing partnerships, including the following.</p> <ul style="list-style-type: none"> • Roles and responsibilities of corporate and service based officers and councillors. • Establishing effective links between Council departments particularly the Legal Department (governance), Finance Department (risk and financial accounting) and Corporate Services (corporate policy). • Establishing effective links between the Partnership Toolkit and the Partnership Risk Management Toolkit as well as the Council's overall governance and risk management arrangements, such as the risk register and standing orders. • Policy and guidance for relevant officers, including those in service departments. • Developing clear criteria against which partnerships can be evaluated to determine that they help to achieve the Council's and partners' corporate objectives cost effectively. • Review and challenge of partnerships to ensure value for money is achieved and risks are manageable. • Developing appropriate reporting processes, including reporting to members, partners, service users and the wider public. • Ensuring the current Internal Audit work is completed on a timely basis and includes mapping the proposed implementation of a partnership toolkit against good practice. 	3	Head of Legal and Member Services	Yes	Partnership Toolkit approved by Cabinet in April 2009.	November 2009

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
11	R2 Launch the Corporate Framework with relevant training and support for officers and members and ensure all stakeholders are aware of where responsibility and accountability lie.	3	Head of Legal and Member Services	Yes	Need to publicise Partnership Toolkit approved by Cabinet in April 2009.	November 2009
11	R3 Create a partnership database to ensure the following are satisfied. <ul style="list-style-type: none"> • Completeness of details of existing partnerships. • Accurate and up to date records including review of protocols and governing documents with partners. • All relevant information captured, in compliance with good practice. • Facility to enable drill down to supporting records, including risk assessment and accounting treatment. 	2	Head of Legal and Member Services	Yes	Included in Partnership Toolkit approved by Cabinet in April 2009.	September 2009
13	R4 Review the adequacy of the capacity to establish and take forward robust corporate arrangements and provide subsequent maintenance and support once established.	3	Director of Law, HR and Asset Management	Yes		November 2009
13	R5 Review whether the roles and responsibilities assigned by the previous Executive Board remain fit for purpose and establish clear corporate leadership.	2	Director of Law, HR and Asset Management	Yes		January 2010
13	R6 Ensure the review of the governance arrangements for the LAA is completed in line with the requirements of the LAA Programme Board in June 2008.	2	Deputy Chief Exec and Director of Corporate Services	Yes	Governance review completed and new structure put in place in April 2009.	April 2009
14	R7 Ensure lead officers are clear about their responsibility for the risk assessment of partnerships for which they are accountable, taking advice from colleagues where appropriate.	2	Head of Legal and Member Services	Yes	Need to publicise Partnership Toolkit approved by Cabinet in April 2009.	January 2010
14	R8 Establish a tracking system to monitor the implementation of audit and other review agency recommendations and ensure all action plans are routinely monitored at corporate level and by members.	2	Director of Finance	Yes	Implemented for all Audit commission reports.	January 2010

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2009

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

www.audit-commission.gov.uk