

Governing Partnerships

Sedgefield Borough Council

Audit 2005-2006

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Introduction

- 1 Local partnerships are essential to deliver improvements in people's quality of life, but:
 - they bring risks as well as opportunities, and governance can be problematic;
 - they may not deliver good value for money, so local public bodies should ask searching questions about those they are engaged in; and
 - clear accountability is needed between partners to produce better accountability to the public.
- 2 As part of our work with audited and inspected bodies (AIBs) we are required to consider and report on the risks associated with partnership working.

Background

- 3 Partnerships are a significant feature of public service delivery. At the last count, around 5,500 partnerships existed in the UK, accounting for some £4 billion of public expenditure. On a local scale Durham AIBs are players in a significant number of partnerships; NRF alone accounts for significant spending, mainly by bodies outside the Councils in the four NRF areas.
- 4 Councils and other partners need to be clear about what they are trying to achieve and how they will achieve it by working in partnership. They need to ask themselves.
 - How do partnerships add value? Partnership working can bring real benefits but can also be costly in terms of time and resources, and authorities are not always measuring the impact.
 - Who is in charge of partnerships? Audit Commission evidence indicates that in the main a third of partnerships experience problems due to poor leadership and management.
- 5 The objectives of this audit were to support improvement by identifying areas of risk and to determine whether further audit work is needed in 2006/07.

Audit approach

- 6 The audit comprised a short self assessment by the AIB, review of additional supporting documents and brief discussions.

Main conclusions

- 7 The Council has a formal and structured approach to engaging and disengaging in partnership working. This ensures that it is fully aware of its commitment, involvement and participation in various partnerships and is able to determine through performance monitoring and risk assessment the overall effectiveness of each partnership and who - from the Council - is responsible for representing the Council on each partnership.
- 8 There are 34 working arrangements that meet the Council's definition of what constitutes a partnership – *'A joint working arrangement in which the Council agrees to co-operate and collaborate with one or more legally independent organisations to achieve a series of shared objectives and outcomes'*. These partnerships range in size from local arrangements to sub regional and include statutory and non-statutory partnerships. All partnership details are contained in a partnership register (database) which reduces duplication of effort and the creation of partnerships that existing arrangements could incorporate.
- 9 'Working in partnership with others' is one of the Council's corporate values. It has adopted a formalised and structured approach to partnership working and is able to link the majority of its partnerships to specific targets and funding streams.
- 10 Entering into a partnership arrangement requires formal Council approval based upon the submission of a business case by the service representing the Council on the partnership. The business case outlines the purpose, representation, governance arrangements, resources and risks of working in the proposed arrangements. Following approval, the service then attaches the business plan as an appendix to its own service plan and both are subject to an annual assessment. This allows the Council to monitor performance and partnership effectiveness.
- 11 Partnership working is ranked as one of the highest risks in the Council's risk register. Accordingly, arrangements for entering into partnership working include a proportionate cost benefit analysis of each potential option thereby identifying performance, financial and risks that councillors can consider when authorising or refusing the Council's participation in the partnership. These same areas are considered as part of the annual assessment which allows the Council to decide to either continue in those arrangements or disengage from them.
- 12 Guidance to heads of service on partnership working has been issued and is contained in the Council's Contract Procedure Rules. Guidance was supported by a presentation to the Heads of Service Group in March 2006, although Heads of Service have been involved in the development of the framework at earlier stages too. To monitor and mitigate risk a partnership control framework is in development, will be issued to all Service Heads and its implementation and impact monitored by the Strategy and Regeneration Division.

- 13 Over the last year in particular the Council, has diverted resources to support the development of governance arrangements in the LSP as a result of its risk analysis. The Local Strategic Partnership (LSP) is one of a number of key partnerships, that the Council has identified and governance arrangements are in place that are consistent with those of the majority of partners: quarterly monitoring and reporting of financial, information, risk and performance management. These arrangements are strengthened by the LSP's Data Management Group which supports joint planning by the Council and partners and the development of clear links to the County Durham Strategic Partnership and the County Durham Local Area Agreement.

Appendix 1 – Council’s self-assessment

Table 1 Internal arrangements for partnership working

Question	Response
Nature and scope of partnership working.	Sedgefield Borough Council is involved in some 34 different arrangements that meet the corporate definition of ‘partnership’.
How many partnerships are you currently involved in?	<p>A joint-working arrangement in which the Council agrees to co-operate and collaborate with one or more legally independent organisations to achieve a series of shared objectives and outcomes.</p> <p>This would usually involve the agreement of an organisational and governance structure for the Partnership, the commitment of resources, an agreed programme of action, the sharing of information and the management of risks and rewards.</p>
Describe the nature and range of these partnerships	These partnerships represent a variety of arrangements both statutory and non-statutory including public sector joint committees, joint boards and consortia, partnering arrangements/pooled budgets, a joint venture with a private sector company, a company limited by guarantee (trust) and a charity.
How many of these do you consider yourselves to lead?	<p>The Council is a partner to two interlinked overarching quality of life partnerships in the County Durham Strategic Partnership and the Sedgefield Borough Local Strategic Partnership. These partnerships direct and/or influence a number of other thematic partnerships, including eight that are primarily health-related, six focused on economic development, four each in respect of regeneration and children and young people and others including community safety, lifelong learning, independent living, sustainable communities and access to services. Two others are specifically efficiency-driven.</p> <p>The Council leads nine of these partnership arrangements. Representation at an officer level is split across four of the five departments. 15 are the responsibility of the CEO Department, 13 Neighbourhood Services, 4 Resources and 2 Leisure Services.</p>

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Question	Response
<p>What policies do you have about getting involved in partnerships? And about disengaging from partnerships?</p>	<p>Both the Council’s culture and size obliges it to working in partnership to deliver shared objectives, best value and efficiency requirements. This is set out in its corporate values statement:</p> <ul style="list-style-type: none"> • be open, accessible, equitable, fair and responsive to the public; • consult with service users, customers and partners; • invest in our people [employees]; • work in partnership with others; • be responsible with and accountable for public finances; • achieve continuous improvement and innovation in service delivery; • tackle disadvantage and promote social inclusion; and • take account of sustainability, risk management and crime and disorder. <p>The Council has a tradition of ‘partnership working’ in its widest sense. Whilst statutory partnerships are of course mandatory, the need for a discretionary partnership arrangement of any type would always be determined by the degree of contribution to the Council’s objectives and the needs of the local community in comparison to the alternative means of provision.</p> <p>The development of a partnership is always subject to the Council’s formal approval mechanism. A business case for the proposal outlining purpose, representation, governance arrangements, resources, risk and so on would have to meet the approval of key officers across the Council prior to being submitted for member approval. Resources would then be allocated via budget setting and the partnership performance managed in accordance with its partnership agreement. A partnership working framework and toolkit that will formalise and enhance this process is in development. Under this framework, the service representing the Council on the partnership will include the partnership’s business plan as an appendix to its service plan and these will both be subject to an annual assessment. The findings of all annual partnership assessments will be collated and an annual report prepared for Cabinet and Scrutiny. The Council’s Strategy and Regeneration Division, which maintains the Council’s partnerships register, will coordinate this process.</p> <p>Most of the Council’s partnerships are linked to specific targets or funding streams, and so are time-limited with a natural end date. Disengaging from these partnerships prior to the scheduled end date would be influenced by performance, partner relationships and external factors such changes in the operating environment. These would be identified ordinarily in the annual assessment and any decision subject to the Council’s approval process.</p>

Question	Response
<p>How do you assess the costs and benefits of engaging in different forms of partnership working against other ways of achieving the same ends (eg formal contracts or bilateral arrangements)?</p>	<p>The business case for the partnership will include a proportionate cost benefit analysis of each potential option for delivery including a full risk assessment in order to support the case for partnership creation. The business case for each partnership should be reviewed following the annual assessment outlined above, to ensure that it remains the best option. A partnership working framework and toolkit that will formalise this process is in development.</p>
<p>How do you decide when simple collaboration or liaison should become a formal partnership?</p>	<p>This is contingent upon a number of factors and would very much be determined on a case-by-case basis. Speaking generally, performance, financial and/or risk management would indicate where silo working (however closely aligned) is a barrier to the achievement of corporate objectives, either thematic or organisational. This would then trigger the development of a business case, as outlined above. In instances where this has occurred in the past, the development has been organic, driven by successes and improving relationships to a tipping point where form eventually follows function. An example of this would be the development of integrated housing and health support teams to enhance performance against an array of housing support indicators.</p>
<p>How do your partnerships differ in size, scope and impact?</p>	<p>The Council’s partnership arrangements encompass the local strategic partnership; linked:</p> <ul style="list-style-type: none"> • sub-regional and boroughwide joint boards/committees and sub-partnerships focusing on strategic issues/coordination of service delivery; • multi-million pound, capital-based joint ventures towards a specific purpose (NetPark, Locomotion, Competition Line Partnership); and • partnerships for the management of both area-based and thematic regeneration funding streams.

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Question	Response
<p>Which key formal partnerships are you involved in? Who takes responsibility for them?</p>	<p>No official prioritisation exercise has been undertaken in order to rank the Council’s partnerships (eg in respect of the loss of influence, performance or funding to the Council or impact on local quality of life should the partnership not exist). The following partnership arrangements could however be considered key.</p> <ul style="list-style-type: none"> • Sedgefield Borough Local Strategic Partnership and County Durham Strategic Partnership (overarching, ‘umbrella’ partnerships) – officer responsibility with Strategy and Regeneration. • The County Durham E-Government Partnership (improving access to public services and providing the infrastructure for effective future governance) – Resources/Service Improvement. • County and Borough Children and Young People’s Partnerships and the Borough Community Safety Partnership (statutory partnerships) – the first two the joint responsibility of Strategy and Regeneration and Leisure Services, the latter the responsibility of Neighbourhood Services. • NetPark Steering Group and Locomotion (both for the monies involved and the potential long-term impact on the Borough’s economy) – Strategy and Regeneration and Leisure Services respectively. • Groundwork East Durham and the Sedgefield Borough Business Forum – for leverage of funding and promoting the development and involvement of local business – Strategy and Regeneration. • The housing renewal/housing support partnerships, Durham Coalfields Housing Renewal Partnership, Durham and Districts Supporting People Partnership and the Sedgefield Borough Voluntary Partnership Board for Adult Services – vital for sustainable communities and the health and wellbeing of vulnerable groups. <p>A formal exercise will be undertaken to review this preliminary assessment.</p>
<p>How do you monitor and mitigate the risks associated with working across a wide variety of partnerships? How do you assess the effectiveness of your monitoring? How do you ensure your monitoring is proportionate?</p>	<p>Partnership working is ranked as one of the highest risks in the Council’s risk register. To monitor and mitigate risk a partnership control framework is in development, will be issued to all Service Heads and its implementation and impact monitored by the Strategy and Regeneration Division.</p> <p>A risk assessment will be completed/updated for each partnership as part of its annual performance assessment and an action plan to address identified risks included within its business plan. The lead Service for the partnership will be responsible for ensuring that this plan is delivered. Strategy and Regeneration will collate all partnership assessments as part of its annual monitoring role and include an assessment of each partnership’s approach to risk, the overall position and necessary recommendations in its update report to Cabinet/Scrutiny. The Council’s risk register will then be updated accordingly.</p>
<p>How do you know your own</p>	<p>The Council has a comprehensive organisational action plan that supports continuous improvement in corporate</p>

Question	Response
<p>organisational governance arrangements are adequate both to support and to manage the risks of working in partnership?</p>	<p>governance and the development of a partnership governance framework is one element of this plan. The implementation of this plan is monitored by Management Team and Cabinet.</p> <p>Any barriers to partnership working posed by the Council’s organisational governance framework would be identified in the Partnerships Annual Report.</p>

Table 2 Internal arrangements for partnership working within specific partnerships

Question	Response – Local Strategic Partnership
Rationale for the partnership arrangements	Sedgefield Borough was one of the original 88 L.A. areas allocated Neighbourhood Renewal Funding on the basis of need. This funding was dependent upon the development of LSPs in those areas, bringing together all the sectors to develop a strategic approach to improving quality of life and narrowing the gap, promote joint working and best value in local public services and determine how NRF and other special funding should be spent.
Why does this partnership exist?	Sedgefield Borough LSP was established/accredited in January 2002 and is coordinated by a Secretariat employed by the Council. The LSP vision (as set out in its published Prospectus, available on the Partnership’s website) is ‘to provide an open and inclusive partnership to promote the well being of the Borough and its communities’. The Prospectus sets out the purpose, structure and membership of the LSP and its links to the County Durham Strategic Partnership.
What are its agreed aims?	<p>In its first two years the LSP led the development of a Local Neighbourhood Renewal Strategy and subsequently a Community Strategy for the Borough. These strategies (now integrated) set out the Partnership’s ambitions for improvements in quality of life in Sedgefield over the 2004-2014 period and align with the Strategic Vision for County Durham. To ensure that Sedgefield Borough is a place where:</p> <ul style="list-style-type: none"> • people can live healthy, active and fulfilling lives as part of vibrant and strong communities; • high quality businesses can prosper and local people have the confidence and skills to access the jobs that they offer; • the natural and built environment is valued, conserved and enhanced; and • people can access the housing they want in attractive and safe neighbourhoods.
Where have they been published?	The vision is summarised in four words – Healthy, Prosperous, Attractive and Strong. Both the LNRS and the Community Strategy were formally launched and printed versions made available in public places. Current versions of all LSP documents are available on the website.
Can you identify a better way of serving the public?	LSPs are in effect mandatory partnerships so options appraisal at a local level in respect of the partnership rationale is pointless. However detailed analysis of the LSP structure and operations has recently been undertaken and led to a revised structure driven by performance management and community involvement.

Question	Response – Local Strategic Partnership
<p>How does the partnership add value?</p>	<p>The LSP adds value to mainstream public services by providing a forum for the development of joint working in respect of crosscutting issues and shared objectives/targets. Issues such as sustainable development, health promotion, worklessness, lifelong learning, regeneration and social inclusion would not be addressed in a holistic, joined-up or effective manner if the LSP did not exist.</p>
<p>How do you demonstrate this added value to the public?</p>	<p>This value is demonstrated by way of the Partnership’s Communications Strategy and publicity around partnership-led events, projects and initiatives. An Annual Conference, community involvement across the LSP structure and links to local community groups also assists in the communication of the LSP’s agenda. Two planned initiatives for 2006 will further improve public awareness of the LSP – the first of what will be an annual Quality of Life survey for the Borough and the first LSP Annual Report, which will serve as a public update on progress against the Community Strategy and be derived from the LSP’s performance management framework.</p>
<p>How do you know funds are being well spent? How does the public know funds are being well spent?</p>	<p>Funds are allocated in line with thematic and organisational priorities identified via the LSP’s Performance Management Framework, which in turn will demonstrate the impact of supported interventions. This may however be in the mid to long-term due to the lag in impact and/or data availability (eg in respect of health indicators). Consequently interventions are based on best practice and/or a detailed knowledge of what works within local areas (derived from statistical analysis and community consultations) in order to maximise the potential for success. The basket of indicators used to measure the achievement of community strategy objectives show improvement across the board. The LSP operates prudent financial management involving quarterly monitoring, appraisal and reporting (to Policy Group, Management Group, Board and GO-NE) to ensure that supported projects are using funding in accordance with proposals. NRF carry over is well within the NRU threshold. Reports and spend and performance are available on the LSP’s website. Information on expenditure and case studies on performance will be included in the forthcoming Annual Report.</p>

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Question	Response – Local Strategic Partnership
Governance arrangements	
How do your partnership's governance arrangements link to those of individual partners?	The LSP’s governance arrangements (financial, information, risk and performance management) operate on a financial year cycle, with quarterly monitoring – clearly this fits with those of the majority of partners. More specifically, the LSP’s Data Management Group has secured joint planning with Sedgfield BC and Sedgfield PCT and there are clear links into the County Durham Strategic Partnership and the County Durham Local Area Agreement.
How are decisions made? How are they recorded? Who makes sure they are acted upon? Who scrutinises them?	Decision-making is by consensus, then by majority vote. All meetings and decisions are minuted and minutes posted on the LSP website. The LSP’s Management Group drives implementation of decisions via monitoring of the Partnership’s Improvement Plan. The LSP Board has fulfilled a dual decision-making/scrutiny role to date but these functions are clearly separated within the new LSP structure, which includes a more streamlined and senior Executive Board (including an ‘external challenger’) scrutinised by a wider stakeholder group (similar in terms of representation to the current Board). GO-NE and at times the CDSP offer a challenge/scrutiny/audit function.
To whom are they reported?	Decisions are reported to the public via the website and through partners’ own approval mechanisms and to the CDSP, GO-NE and the ODPM, as appropriate.

Question	Response – Local Strategic Partnership
Performance management	
<p>How do you know which targets are being met and which you are failing to meet?</p> <p>Who manages and reports progress?</p>	<p>The LSP adopted the NRU Performance Management Framework in April 2004 and has since completed two Annual Review cycles with GO-NE. The PMF prescribes an annual review of delivery/outcomes, a triennial review of partnership working and a single LSP Improvement Plan to address weaknesses identified in these reviews and through subsequent discussions with GO-NE.</p> <p>The LSP has encountered difficulties in embedding performance management across the partnership but these difficulties have now been addressed and it is anticipated that the Partnership will make significant strides towards a green rating against the NRU’s traffic light system at the 2006 Annual Review. The LSP is allocated Neighbourhood Renewal Advisor assistance to support improvements.</p> <p>In terms of the in-year process:</p> <ul style="list-style-type: none"> • the Annual Review produces the overall LSP Improvement Plan; • this is disaggregated into the Partnership Improvement Plan, four Thematic Improvement Plans and various supporting action plans; • thematic Lead Officers are charged with delivering these plans and report back to the Executive Board on a quarterly basis; • the Executive Board and the Secretariat will progress the Partnership Improvement Plan; and • the LSP Stakeholder Group will scrutinise the Improvement Plan and its progress. <p>The LSP’s Data Management Group coordinates the process and produces all documentation.</p>

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Question	Response – Local Strategic Partnership
Financial management	
<p>Who provides the money?</p> <p>Who decides how to spend it?</p> <p>Can money be reallocated?</p> <p>What are the financial reporting arrangements?</p>	<p>Funding used/allocated via LSP to date comprises Neighbourhood Renewal Funding (£3.417 million between 2003/04 and 2005/06) – which is top sliced for administration and crosscutting issues – and a financial contribution from Durham County Council (£15,000 per annum, £45,000 to date). These funding streams will continue until the end of 2007/08. Additional resources are used to fund the Community Empowerment Network that promotes community involvement across the LSP structure.</p> <p>Decisions on expenditure are made by the LSP Board based on recommendations from the Management Group (comprising of thematic leads and key officers). There is provision within the LSP’s policies and procedures to both claw back money from initiatives that are not performing and to reallocate funds. A reallocation exercise was undertaken in 2005/06.</p> <p>Supported interventions report on expenditure and performance to the appropriate thematic group on a quarterly basis and these reports are collated into an overall progress report for the LSP Management Group and Board.</p>
Risk management	
<p>How do you know when things are going wrong?</p> <p>Who can take action when things go wrong?</p> <p>How do you resolve conflicts of interest?</p>	<p>All projects and initiatives supported by the LSP are required to demonstrate a proportionate degree of risk management. The LSP’s partnership improvement plan identifies an action to produce a formal risk management statement for the Partnership to outline a consistent approach and minimum requirements.</p> <p>The Thematic Lead Officers can clearly identify where performance is deteriorating, where interventions are not having the desired effect or where there is slippage in any action plan via the Partnership’s Performance Management Framework. This provides timely data to support any required remedial action.</p> <p>Procedures for avoiding conflicts of interest are outlined in the LSP Memorandum of Administration are:</p> <ul style="list-style-type: none"> • If any Partnership Board Member has a personal or financial interest, whether direct or indirect, in any matter under consideration by the Board, the Board Member shall declare that interest verbally at the meeting and shall not speak or vote on that item. The Board will normally require a Member who has declared an interest to leave the room while a debate and vote is being held on that item. <p>This rule would apply to a meeting of any LSP Group and has been used on appropriate occasions.</p>

Question	Response – Local Strategic Partnership
Termination arrangements	
<p>What are the arrangements if the partnership comes to an end? Or if you decide to no longer be involved? How will resources be reallocated back to partners?</p>	<p>The LSP is a long-term partnership with no prescribed end date and only local government reorganisation; loss of accreditation or an irrevocable dispute between partners could result in its termination.</p> <p>It is unlikely that the Council, as the community leader for the Borough, would decide to withdraw from the LSP, unless of course the contribution of partners was so limited that the costs of partnership working were to become greater than the benefits derived. This would be determined by the PMF and an extended period of negotiation/arbitration would take place before any such course of action would be deemed acceptable. Any such move would require the approval of full Council. Re-allocation of resources in the event of the termination of the LSP would not be necessary. Moves to make LSPs statutory and/or partners’ involvement mandatory will remove the reliance on partners’ goodwill.</p>
Serving the public	
<p>How effectively does the partnership communicate with the public? How can the public and service users obtain redress when things go wrong? Is there a complaints and suggestions process the public can use?</p>	<p>Communication within the Partnership is good and should improve further following the adoption of the LSP Communications Strategy and the implementation of its supporting action plan, but no formal assessment of the effectiveness of communication with the public has been undertaken – this will be achieved via the forthcoming LSP Quality of Life Survey. Anecdotally local awareness of the LSP is good, given the involvement of the network of community groups and residents associations in the work of the LSP, however given the current structure of public services, the level of public awareness is never likely to be as great as democratically elected councils or health agencies.</p> <p>The LSP has no formal complaints procedure. Whilst complainants could use the Borough Council’s system as an entry point at the present time, a distinct system will be developed. The public is encouraged to contact the Secretariat with any suggestions they might have in respect of published documentation and there is also a feedback template on the LSP website.</p>

Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	<i>R1 To monitor and mitigate the risks of partnership working, implementation of the partnership control framework should be completed as soon as practicable and its impact monitored by the Strategy and Regeneration Division.</i>	2	Head of Strategy and Regeneration	Yes	None	August 2006