

Executive Summary and Recommendations

Title of Report: **Addition of Partnership Manual to the Constitution**

Date: **21 October 2009**

Summary of this Report

- 1.1 This report asks the Committee to recommend to the Council that the Partnership Manual is formally included in the Council's Constitution. The Committee on 1 July 2009 asked for a more detailed report to be submitted to its next meeting at the time it agreed to include the Code of Governance and Employee Code of Conduct to the Constitution.
- 1.2 The Partnership Manual seeks to ensure that the correct governance, monitoring and evaluation processes are in place for the Council's partnership arrangements. It has been developed to support Members and Officers in their daily work. The Manual has been endorsed by the Senior Officer Governance Group as best practice.
- 1.3 The Partnership Manual has been prepared in response to the 2008 Internal Audit report on Partnership Governance, the Audit Commission's Annual Use of Resources Assessment and the CIPFA/SOLACE Good Governance Framework, all of which emphasise the need for appropriate governance of local authorities' partnership arrangements.

2. Recommendation

- 2.1 That the Council be recommended to amend the Constitution by the addition of the Partnership Manual and article attached to this report.



City of Westminster

Committee Report

Item No:	
Date:	21 October 2009
Classification:	For General Release
Title of Report:	Addition of Partnership Manual to the Constitution
Report of:	Head of Policy, Innovation and Partnerships
Wards involved:	None
Policy context:	Management of the Council
Financial summary:	There are no financial implications arising from this report.
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3. Background Information

- 3.1 The purpose of this report is to seek Members' endorsement of the inclusion of the Partnership Manual in the Council's Constitution.
- 3.2 Partnerships are playing an increasingly important role in public sector service delivery and over the past few years there has been a significant increase in the number of partnership arrangements in which the City Council is involved.
- 3.3 Entering partnerships can potentially expose the Council to legal, financial, reputational, personnel and service delivery risks. As partnership working is relatively new, processes and procedures to mitigate these risks may not have always been in place in the past.
- 3.4 In order to manage these risks the Audit Commission's Annual Use of Resources Assessment and the CIPFA/SOLACE Good Governance Framework emphasise the need for appropriate governance of local authorities' partnership arrangements. Consequently the Council's internal auditors undertook a review of the Council's arrangements for partnership governance in 2008 and recommended that the Council develop a Partnerships Manual to ensure that appropriate controls are in place and assist Members and Officers involved in partnership working.
- 3.5 The City Council has now developed a Partnership Manual. By following the guidelines in the Manual it should be possible to avoid many of the problems commonly associated with partnership working. The Manual should ensure that the Council becomes more consistent, efficient and robust in its approach to partnerships, and this should help to strengthen relationships with partners.
- 3.6 In particular the Manual emphasises that procedures need to be put in place for the proper governance, monitoring and evaluation of partnerships. Before any potential partnership is considered, the risks of entering a partnership must be weighed against the benefits. The Manual also contains information on areas such as risk and finance.
- 3.7 Including the Manual in the Council's Constitution means that users will be able to access the document easily in a single, visible place. Placing the Manual within the City Council's governance documentation should enforce the status of the Manual as an important element of the Council's overall regulatory framework.
- 3.8 The Manual is based on existing Council policy and practice. As such, it is not regarded as necessary for formal approval to be sought to the detailed content of the Partnership Manual accordingly the approval sought here is to add the Partnership Manual to the Council's Constitution.

- 3.9 The Head of Legal Services has delegated authority to keep the Constitution up to date. The proposed additions sought by this report fall within this delegation and accordingly the Committee is asked to recommend to the Council that the Manual be formally approved for inclusion in the City Council's Constitution.
- 3.10 A copy of the Manual and the proposed draft article for the Constitution are attached to this report.
- 3.11 A copy of this report and the Partnership Manual was circulated to all Members of the Committee in advance of the formal agenda. The comments received have been addressed.

4. Legal Implications

- 4.1 The Council is required to adopt a Constitution and to keep it up to date. There is no requirement to include the Partnership Manual in the Constitution, but it is regarded as the most logical place for this.

5. Financial Implications: None.

6. Other Implications: None.

If you have any queries about this report or wish to inspect any of the background papers please contact James Banham: Tel: 020 7641 4285;
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Background Documents

- None

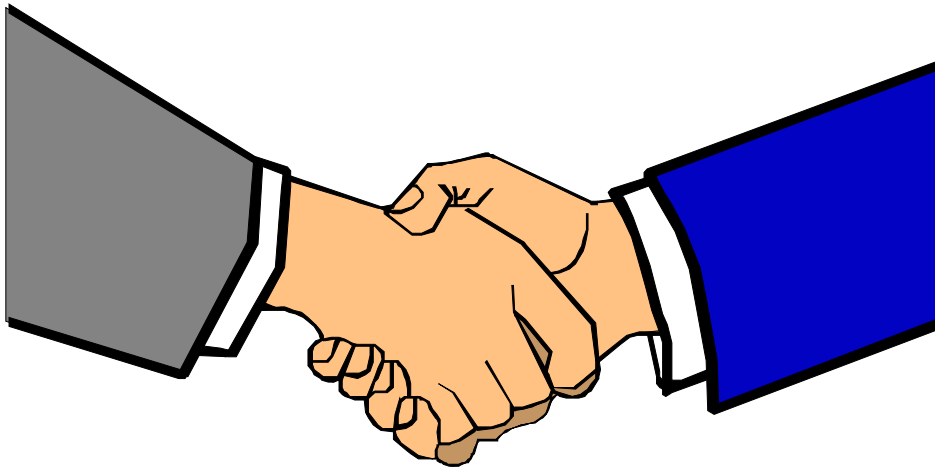
Proposed Article 18 of the Constitution – Partnership Working

- 18.1 Partnership working has become an ever increasing part of the Council's work. For example, Section 4 of the Local Government Act 2000 requires every local authority to prepare a strategy for promoting or improving the economic, social and environmental well being of their area and contributing to that achievement of sustainable development in the UK.
- 18.2 In preparing or modifying their sustainable community strategy a local authority must consult and seek participation of such persons as they consider appropriate. The City Council's Local Strategic Partnership (Westminster City Partnership) satisfies these duties.
- 18.3 It is recognised that Partnerships, both formal and informal, are playing a significant part in the way the Council consults and works with stakeholders to facilitate joined-up planning and delivery of services. In accordance with guidance issued by the Audit Commission, the Council has produced a Partnership Manual, which sets out processes for Members and Officers relating to partnership working. The Manual is attached as Appendix x.



City of Westminster

PARTNERSHIPS MANUAL



CONTENTS

1	Introduction
2	Drivers and Incentives for Partnerships
3	Definition of a Partnership
4	Successful Partnerships
5	Challenges of Partnerships
6	Assessing the Need for a Partnership Arrangement
7	Template for Partnership Agreements/Protocols
8	Decision Making/Authority
9	Representation on Partnership Boards/Management Committees
10	Conflicts/Declarations of Interest
11	Partnership Register
12	Financial Matters
13	Employment and Secondment of Staff for the Partnership
14	Information Sharing
15	Risk Management

APPENDICES

Appendix 1	Checklists for Assessing the need for a Partnership Arrangement
Appendix 2	Template for Partnership Agreements
Appendix 3	Responsibilities of Council Members and Officers involved in Partnerships
Appendix 4	Risk Identification and Control – Strategic Risks Checklist
Appendix 5	Assessing and Prioritising Risks
Appendix 6	Risk Register Template

1. INTRODUCTION

- 1.1 Partnerships are playing an increasingly important role in the future of policy development and service delivery for the public sector. At a national level the government is increasingly seeking to promote joint working and over recent years there has been a significant increase in the use of 'partnerships' to deliver the Council's core business and contribute to its achievements and priorities. The Council works and is encouraged to work in 'partnership' with other public bodies, the private sector, and the community and voluntary sector to deliver improvements in the quality of life in the City.
- 1.2 However, extended partnership is a relatively new way of working for most organisations and presents challenges for all involved. The way in which the Council works and the relationships that are developed are critical. By establishing this Manual it is intended that the Council will become more consistent in its approach and that better partnership relationships will follow.
- 1.3 In particular, procedures need to be in place for the adoption of appropriate governance standards and the effective monitoring and evaluation of the effectiveness of partnerships.
- 1.4 It is important to understand that involvement in 'partnerships', can carry legal, procurement, financial, personnel, reputation and service delivery risks and implications for the Council and for partners which need to be properly considered.
- 1.5 This Manual aims to ensure that the Council adopts a flexible, efficient and robust approach to engaging with 'partnerships' and forms an important element of the Council's overall regulatory framework.
- 1.6 The Manual should be used by all Council Members and Officers when developing new partnership working arrangements and when reviewing existing arrangements.

2. DRIVERS AND INCENTIVES FOR PARTNERSHIPS

- 2.1 In recent years, the focus for many public, private, voluntary and community organisations has been on the opportunities afforded by collective working in using partnership and joint working arrangements. The Council recognises the benefits partnership working can bring in delivering significant improvements to the City and encourages the development of partnerships at a number of levels.
- 2.2 Many new funding sources can only be accessed by the demonstration of multi-partner approaches to action on a wide range of issues. If planned and developed properly, partnerships can bring many benefits to the delivery of services, as below:

- Better outcomes for customers, clients, communities, members, vulnerable people particularly with respect to multi dimensional issues, e.g. Community Safety;
- Economies of scale and reduction in duplication;
- Shared skills and knowledge;
- Different perspectives and experience in approaching problems from different angles;
- Effective use and allocation of resources;
- Data sharing and improved understanding;
- Improved local support;
- Awareness of priorities enabling the planning and direction of resources;
- Mobilising additional resources;
- Staff development to enhance performance;
- Greater understanding of partners' aims, objectives and barriers;
- Improved ability to network;
- Improved understanding of the issues facing each of the partners;
- Improved public perception, i.e. seamless approach;
- Better sharing and management of risk; and
- Stronger voice / lobbying.

2.3 The Comprehensive Area Assessment (CAA) will replace Comprehensive Performance Assessment (CPA) from April 2009. CAA is a new approach to assessing the performance of local public services in an area. It will look at how councils and other local organisations are working in partnership to deliver better outcomes and improve the quality of life for local people. It will take the Local Area Agreement as its starting point but will not be constrained by it. CAA therefore places partnership working at the very heart of the inspection system.

3. DEFINITION OF A PARTNERSHIP

3.1 This section is designed to give an overview of what is meant by a 'partnership' in the context of this Manual. There can be little doubt the terms "partnership", "partnering" and "partnership working" are some of the most overused and misunderstood concepts in local authorities at the present time. In this Manual the term partnership refers to:

**A RELATIONSHIP BETWEEN TWO OR MORE INDEPENDENT
LEGAL ENTITIES WORKING TOGETHER TO ACHIEVE A
COMMON VISION WITH CLEAR AIMS AND OBJECTIVES**

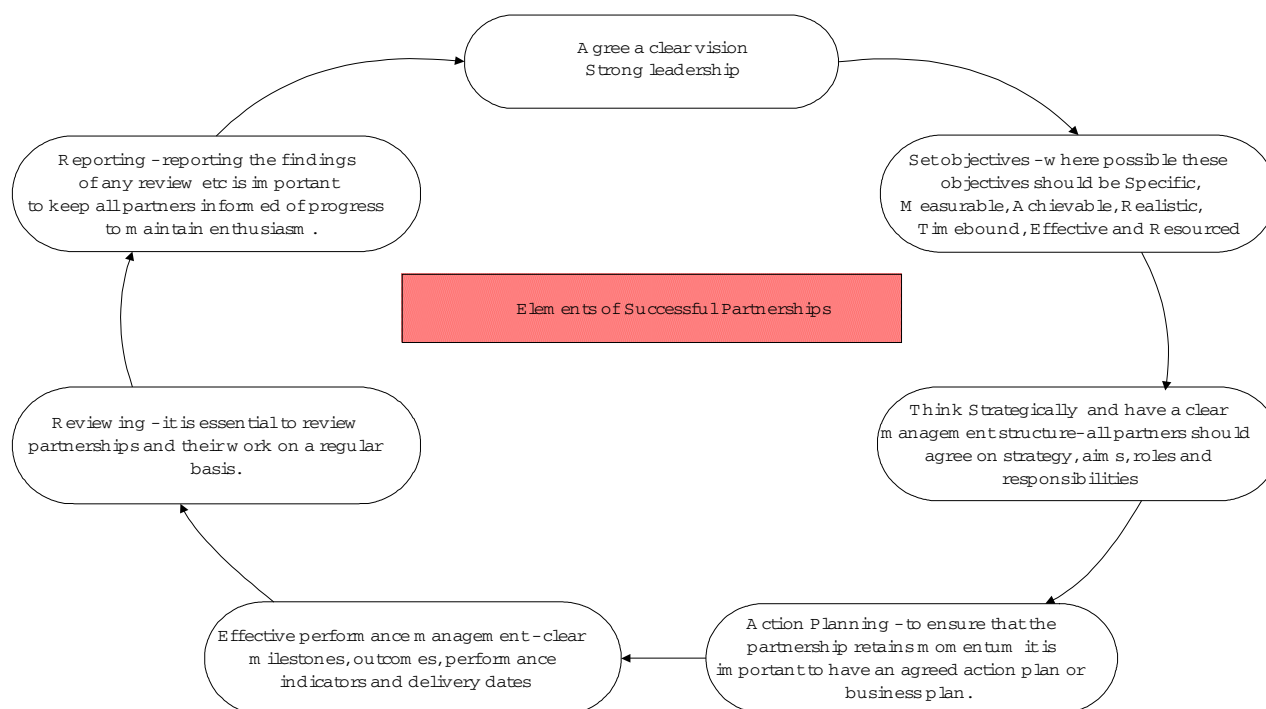
3.2 Areas not covered by this Manual:

- Groups where the Council has direct control over budgets or decision making;
- Informal groups set up to discuss and consider specific topics (consultation groups);
- Appointments and/or financial commitments to outside bodies where the Council has no strategic or policy function (e.g. where Council provides grants to voluntary bodies);
- Commercial “partnerships” where the Council has contracted with a company, voluntary organisation or other third party e.g. to provide a service or carry out a development. (In such cases reference should be made to the City Council’s Procurement Code and Appendix 5.5 thereof.)
- “Partnerships” which have become legal entities in their own right eg. by constituting themselves as a company.

3.3 This guidance document is only concerned with arrangements where the Council is **‘working with’** other parties towards a **‘common vision’**, rather than where services etc have been directly commissioned under contract, even though such contracts are sometimes made with bodies we would describe as “partners”.

4. SUCCESSFUL PARTNERSHIPS

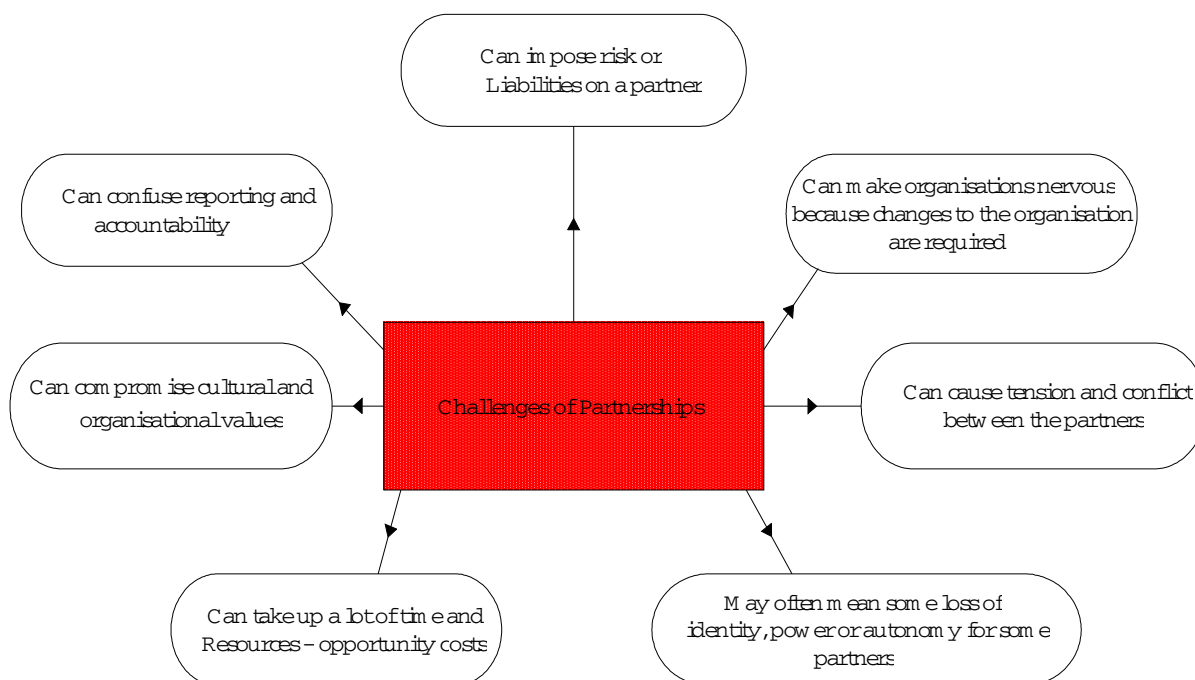
4.1 Developing a successful partnership can make a real difference to the delivery of services to the citizens of the City. However, there are a number of simple guidelines that that can help achieve successful partnerships. A successful partnership relationship involves the following:



The involvement of service users / stakeholders at all of the above stages should be considered

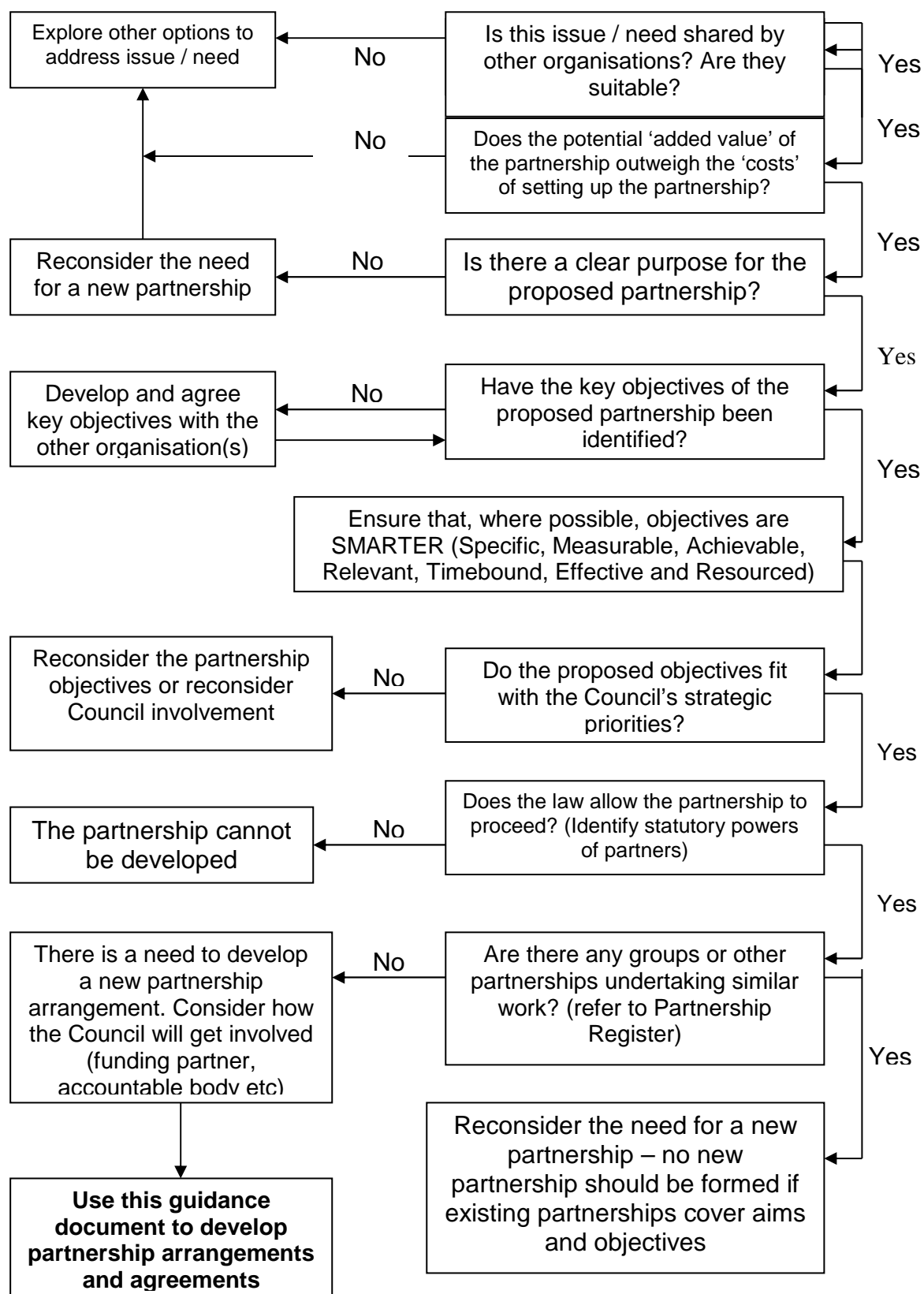
5. CHALLENGES OF PARTNERSHIPS

- 5.1 If partnerships are not set up correctly, poorly managed or not fully understood the Council's involvement in partnerships can give rise to financial liabilities and be time consuming, costly and ineffective and raise public concerns about the Council's operations. The following outlines some of the challenges partnerships face, which need to be considered at the outset.



6. ASSESSING THE NEED FOR A PARTNERSHIP ARRANGEMENT

- 6.1 Successful partnerships are characterised by a shared vision or purpose, where partners agree to modify their own activities and resources to implement the overall partnership goal within new arrangements.
- 6.2 The idea of a shared vision or purpose is a vital factor, without it, a partnership is unlikely to be in a position to deliver. It is therefore essential that the partnership has agreed clear aims and desired outcomes and that these are achieved through clear terms of reference. It is recognised that in practice this can be developmental and should be kept under review.
- 6.3 When an issue, idea or need has been identified, it is important to thoroughly test the need for a partnership arrangement. A checklist of more specific issues to be considered is provided at Appendix 1.
- 6.4 Approval for entering into a partnership relationship should be agreed in principle with the appropriate Director(s) / Chief Officer(s) or by the Executive (refer to the Council's Constitution and Delegation Scheme). This should be done before any commitments or changes in service delivery or operational arrangements (e.g. staffing moves etc.) are made.



7. TEMPLATE FOR PARTNERSHIP AGREEMENTS/PROTOCOLS

ALL SIGNIFICANT PARTNERSHIPS SHOULD HAVE A WRITTEN SIGNED AGREEMENT OR PROTOCOL BETWEEN ALL PARTNERS

- 7.1 A Partnership Agreement or protocol is like a rulebook or a guidebook. It should define how partners will work together, who will be responsible for what, who will report to whom, how services will be provided, how decisions will be made, how the funding will be shared etc. Any financial relationship with a partner must be fully documented and legally binding. The formal agreement will bind together all of the issues of concern including the financial arrangements, governance and exit strategy.
- 7.2 The Council's procedure for approving involvement in partnerships requires the relevant Cabinet Member to approve the partnership agreement which is in place.
- 7.3 The template at Appendix 2 provides a tool to help develop new partnership agreements, review existing partnership agreements or develop constitutions into partnership agreements. It shows the areas that would be expected to be covered by the Agreement.
- 7.4 The resulting Partnership Agreement may comprise a short document or something more substantial, depending on the nature of the partnership in question and the complexity of the issues raised by it.
- 7.5 The Partnership Agreement should be reviewed at least annually and amended where agreed and appropriate.
- 7.6 **For all agreements, advice and guidance must be sought from the Head of Legal Services at the earliest opportunity. All Partnership Agreements must be approved by the Head of Legal Services and the Director of Finance and relevant service Director/Chief Officer(s).**

8. DECISION MAKING/AUTHORITY

- 8.1 A Partnership is, by definition, a collection of separate legal entities working together, rather than a legal entity itself. It follows that decision making will generally proceed by way of consensus, rather than, say, by majority voting. A decision will not bind a partner organisation without its agreement unless, exceptionally, the partnership agreement provides for this (and then, of course, the partners would have had to agree to enter into the agreement on those terms). Advice should be sought on any proposed agreement to proceed in this exceptional way since there is a risk that any such agreement could constitute an unlawful fetter on the future exercise of the Council's statutory discretion/powers.

- 8.2 It is important, of course, that representatives of partner organisations, including the Council, have authority to speak for their appointing organisation, but they must be careful not to commit their organisation without ensuring they have the authority to do so. Such authority should be sought in accordance with the constitutional arrangements of the organisation concerned. So far as the Council is concerned Officers may act within the scope of their delegated powers. Otherwise authority should be sought via reports to Cabinet, the appropriate Cabinet Member, or Committee, in the usual way.

9. REPRESENTATION ON PARTNERSHIP BOARDS/MANAGEMENT COMMITTEES

- 9.1 Officer representation on Partnership Boards/Management Committees will be determined by the Chief Executive or relevant Director, subject to this being agreed by the Cabinet Member when considering the partnership agreement.
- 9.2 Whether Member representation is appropriate should be considered when setting up the partnership arrangements and included in the report seeking the formal approval of the partnership agreement.
- 9.3 See Appendix 3 for responsibilities of representatives of the Council.

10. CONFLICTS/DECLARATIONS OF INTEREST

- 10.1 Members and Officers representing the Council on Partnership Boards/Management Committees are bound by the Council's Codes of Conduct for Members and Employees respectively and will, therefore, be subject to the requirements of those Codes in terms of registering, and declaring at meetings, personal interests which may be relevant to the business of the partnership.
- 10.2 Representatives of other partner organisation will be bound by their own Codes of Conduct where applicable.
- 10.3 A check should be made of whether all partners have suitable Codes of Conduct in place which would require their representatives to declare any personal interests in partnership business (and to refrain from participation where any such personal interest is prejudicial). If not, then it may be necessary for the partnership to adopt its own procedures to govern such matters, which should be consistent with the Council's Codes.

11. PARTNERSHIP REGISTER

- 11.1 The Partnerships Policy Officer will hold a Partnership Register, which is maintained as a comprehensive live record of the Council's involvement in significant partnerships. The Register is to be updated as appropriate by each Directorate.

11.2 The purpose of the Register is to:

- Allow the Council to monitor and evaluate its involvement in partnerships and identify potential risk and benefits
- Be a valuable reference point when entering into new partnership initiatives
- Reduce the risk of duplication
- Ensure that appropriate reporting procedures are in place
- Enable the Council to direct advice & guidance on training for Members and Officers.

12. FINANCIAL MATTERS

12.1 There are a range of financial issues to consider when setting up a partnership and a number of them are covered below.

Finance

12.2 Generally, if no finance is directly involved then, in most circumstances, this section of the Guidance could be dispensed with. However, if there is the possibility of the “partnership” committing either Council funds or Services then the implications of this must be considered, e.g.:

- § Budget implications and formal approval to incur expenditure against the commitment.
- § Where any finance is to be exchanged then it is essential, from the outset, that there is delegated authority to spend.
- § The partnership will also need to establish what happens to overspends and underspends.
- § The partnership will need to agree the criteria setting out the eligibility of expenditure.
- § In purchasing works, goods or services, the partnership is expected to agree the terms of contract management, which should cover the competitive tendering thresholds.
- § The partnership will need to agree the financial liabilities and control of assets upon termination of the partnership.
- § The partnership should establish a formal document setting out the details of the above, as well as the responsibilities of all parties within the partnership.

Accountable Body

12.3 Normally, where projects are funded by grants, the funding body requires that one of the partners takes on the role of Accountable Body (sometimes this is referred to as “Host Authority” or “Lead Authority”). The Accountable Body is responsible for the financial administration of the grant and any agreed deliverables / outputs. Accountable Body status can only be granted to an entity which has a “legal personality” for example, a company registered at Companies House, a local authority or health trust.

12.4 If the Council takes on the role of Accountable Body it “cash flows” the projects pending receipt of the grant. This may generate a small cost to the

Council. More importantly, it represents a risk to the Council in the event of the project incurring costs which are not reclaimable from the grant funding body.

12.5 The Accountable Body also implements the partnership's reasonable decisions. This means it will do things like securing and signing contracts or service level agreements and paying out funds. This involves:

- Administering and taking responsibility for the funding
- Providing resources (e.g. staff, facilities) to carry out the obligations of the partnership (Inc. procurement, finance, information systems support)
- Ensuring that the grant allocated is spent according to the agreed plan
- Establishing and maintaining effective systems for monitoring and auditing spend
- Committing to any reporting requirements in accordance with legislation or accounting requirements.

12.6 In order to qualify as or be appointed an Accountable Body, the organisation must be:

- Nominated to act on behalf of the partnership
- A legal entity
- Capable of meeting legal obligations
- Technically capable of overseeing the financial management of the partnership

12.7 In principle, the Council will consider being the Accountable Body subject to a risk assessment of the responsibilities applying to being Accountable Body.

12.8 Before taking on the role of Accountable Body there must have been prior approval of the Director of Finance and Executive where deemed appropriate.

Lead Delivery Partner

12.9 The partnership may appoint a lead delivery partner to coordinate the delivery of the agreed objectives on behalf of the partnership. Note that the lead delivery partner may not be the accountable body of the partnership.

12.10 The lead delivery partner is expected to submit financial monitoring reports to the accountable body on a regular basis; and to keep original documents as a record of all expenditure.

12.11 The partnership will need to agree the conditions attached to the payment of grants from the accountable body and the lead delivery partner. This should include arrangements for the claw back of any overpayment of grants.

12.12 The lead partner may commission one or more third party delivery partners to deliver elements of the agreed objectives. Such arrangements should comply with the terms and conditions agreed by the partnership. The lead partner is responsible for ensuring all third party delivery partners meet the financial conditions set out by the accountable body.

12.13 The partnership will need to agree the audit arrangements with the lead delivery partner.

12.14 The partnership or the accountable body will need to agree with the lead delivery partner the arrangements for the control of any assets purchased, transferred or disposed of.

Pooled Budget

12.15 A “pooled budget” is purely an amount of money placed in a common fund by each partner. However, where partnerships include a partner from a health trust then reference is sometimes made to two types of pooled budget:

- “Parallel Budget” with discretely identifiable resources – where contributions made to the “pool” do not lose their identity to the funding partners, i.e. expenditure is separately accounted for against each individual contribution to the pool.
- “Pooled Budget” – where on pooling, all resources will lose their identity to the funding partner.

12.16 From the outset, agreement must be reached on each partner’s contribution to the partnership as well as deciding who will administer the pooled budget.

Financial Reporting

12.17 It is essential that regular monitoring reports are produced as an aid to good financial management; your Finance Manager will determine the frequency and style of reports and therefore consultation with him/her is essential. This is particularly important where the Council is the Accountable Body.

Procurement Procedures

12.18 As any funds from the Council are public money then any procurement by another partner using Council funds should be undertaken to standards comparable to the Council’s. The proposed arrangements must be agreed with the Council’s Director of Procurement. Where the Council is the Accountable Body the Council’s Procurement Code must be complied with (regardless of funding source).

VAT

12.19 VAT is a very complicated area and advice must be sought from the Director of Finance. Without proper adherence to VAT legislation the “partnership” may find that its funding is less than expected, and if VAT rules are not followed this might mean that interest and penalties have to be paid. Again, seek advice from your Finance Manager.

Audit Requirements

12.20 From the outset, the “partnership” agreement must provide both Internal and External Auditors with rights of access to documents. The wording for each agreement must be obtained from the Council’s Internal Audit service.

Document Retention

- 12.21 It will need to be established who is going to be responsible for holding documents and for that party to be aware of the legal requirements of retaining documents for various statutory and grant body requirement periods. Seek advice (if necessary) from your Finance Manager and the Head of Legal Services.

Grants

- 12.22 Quite often, grants form the main funding for partnership arrangements and the terms and conditions of those grants, including document retention must be clear.
- 12.23 It is important, also, to consider who is to become the accountable body as referred to above and the possibility of mainstreaming the service should the service continue beyond the grant funding period (in such cases, there is the possibility that Members should be consulted in advance). It is also necessary to avoid the potential claw back of any grant monies. In this respect seek advice from your Finance Manager.

Liability

- 12.24 Throughout the planning and implementation stages of the partnership, there must be thorough and comprehensive attention to the liability issues for the Council.
- 12.25 In the first instance legal advice must be sought.

Exit Strategy

- 12.26 Invariably, “partnership arrangements” are often set up as a result of Government initiatives, and funding is usually by way of a grant for say 3 or 4 years. Upon cessation of the grant, Central Government often expects local authorities to mainstream these projects (if evaluation indicates successful outcomes) into its normal day to day business. The Council must be fully aware, therefore, of any potential funding shortfalls, loss of assets etc.
- 12.27 In addition to the above, a clear exit strategy needs to be in place for both the planned and unplanned cessation of a partnership arrangement. Seek appropriate advice from the Head of Legal Services, Director of Finance and Director of Human Resources.

Budget Holder

- 12.28 In terms of accountability it is essential that a Budget Holder is appointed to the “partnership” with clearly defined duties and responsibilities.

13. EMPLOYMENT AND SECONDMENT OF STAFF FOR THE PARTNERSHIP

- 13.1 The Partnership Agreement should detail the arrangements for the employment and management of staff and volunteers.
- 13.2 As a partnership (which is not a legal entity) cannot directly employ staff, one partner should act as the lead employer, and employees of the other partners may be seconded to the partnership for the duration of the Agreement.

- 13.3 Where the Council is designated in the Agreement as the lead employer, the Council's Human Resources Policies and Procedures must be followed in respect of the recruitment and management of all staff. This includes policies on pre-employment clearances including Criminal Records Bureau and registration checks.
- 13.4 The Council's terms and conditions of service and Code of Conduct will apply to all partnership staff employed by the Council.
- 13.5 Where staff are seconded to a Partnership where the Council is the lead employer, terms and conditions of the employing partner will apply.
- 13.6 In all cases where staff are seconded to the partnership, a clear agreement must be drawn up between partner organisations. The Council's policy on secondment and its Standards Secondment Agreements will be used for all secondments of staff both to or from the Council. The Council's Code of Conduct will apply to all seconded staff and volunteers.

14. INFORMATION SHARING

- 14.1 Information is an asset of the Council and it is important that responsibility is assigned and appropriate controls are put in place. This section only applies to partnership arrangements which involve the sharing, storing or collecting of information.
- 14.2 The Head of Legal Services can provide guidance on aspects such as:
- Legal Compliance - Data Protection Act, Freedom of Information Act (disclosure), Copyright
 - Information Standards - to facilitate sharing
- 14.3 When developing Information Sharing Protocols the following should be considered:
- Working protocols will need to be specific to the particular operational requirements arising from the client group concerned and should be developed with the support of relevant professionals and representatives of the client group.
 - The partnership may choose to develop the protocol themselves or to commission someone to draft the protocol for their comment.
 - The person or group responsible for developing the protocol should consult with all partners and stakeholders with a view to the adoption of a common format and common or integrated procedures where appropriate.
 - Reviewing protocols developed for the same user group elsewhere or for other user groups can shorten the development process, but should be done with a clear understanding of the local requirements and environment.

14.4 Issues to be addressed include:

- Disclosure of data
- Request for data
- Responding to requests
- Transfer of data
- Receiving data
- Purpose of sharing/storing of data
- Review procedures
- Professional codes of conduct (*Caldicott, Freedom of Information, Data Protection etc*)

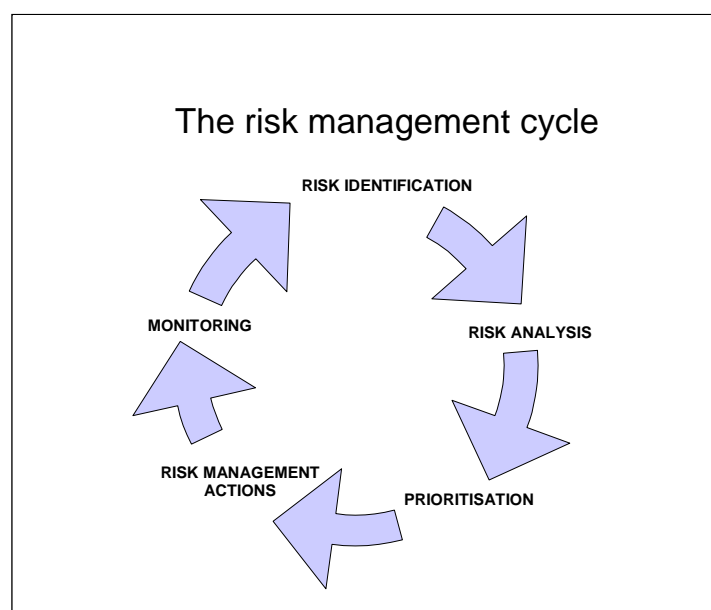
15. RISK MANAGEMENT

15.1 *The aims of risk management in partnerships are:*

- That partners are aware of and understand the nature and extent of the risks they face individually and in partnership working.
- That there is an effective strategy in place to manage those risks within the partnership.
- That everyone effectively manages risk to ensure the partnership's objectives are achieved.

15.2 Risk management is one of the principal elements of good corporate governance. Successful risk management enables the partnership to effectively manage strategic decision making, service planning and delivery to safeguard the well-being of its stakeholders. It is crucial to the achievement of all its objectives and maximisation of opportunities.

15.3 Partnerships should operate a structured and transparent risk management process. The risk management cycle essentially involves 5 key stages:



- 15.4 Risks should be formally recorded within a partnership 'risk register' to provide clarity as to the nature of the risk, the mitigating actions required, and those responsible for taking action. Ownership of risks should be clearly stated, distinguishing between those which are shared and those which fall to individual partners. Risk registers should be regularly reviewed to confirm the effectiveness of actions taken and to incorporate new risks which may emerge during the life of the partnership.
- 15.5 Appendices 4, 5 and 6 provide additional guidance to assist in identifying, analysing, prioritising and recording risks.

ASSESSING THE NEED FOR A PARTNERSHIP ARRANGEMENT USEFUL CHECKLISTS AND SIGNING OFF PROCEDURE

This Appendix provides useful checklists to assist in developing successful partnerships. It is important to ensure that all steps shown on the checklists have been considered and acted upon, where appropriate.

1.1.1 Objectives / Planning / Initial Steps The establishment of any partnership arrangement will require that all partners have clear shared objectives and are able to set a realistic plan and timetable, within a clear framework of responsibilities and accountability. The time taken to plan and set-up a partnership effectively should not be underestimated.	
Question	Comments (sufficient in each case to show how each question has been considered)
Have you agreed what the shared vision and objectives are?	
How would the proposed partnership contribute towards the Council's ambitions and priorities?	
What legal powers will be used to create the partnership?	
What consultation has been undertaken with other relevant departments and key stakeholders about the outcomes and high-level objectives that you want the partnership to deliver?	
Is there a clear, measurable plan, including appropriate timescales for delivering the partnership implementation plan?	
Have all partners agreed the implementation plan?	

Have you undertaken a risk assessment for the partnership plan?	
Are the proposed partners clear who is responsible for delivering the plan?	
Have you considered how the partnership will be sustainable into the longer term? (if not fixed term)	
Has authority been sought to implement the partnership, i.e. Executive approval?	

Inclusivity, Communication and Good Practice

Inclusivity should be about providing opportunities for stakeholders to contribute to the work of the partnership. Effective communication will concentrate on ensuring that the partnerships aims and outcomes are understood and publicised. The adoption of “Good Practice” will ensure that lessons learnt will be implemented by the partnership contributing to continuous improvement.

Question	Comments (sufficient in each case to show how each question has been considered)
What will be the impact of this partnership on the clients?	
What will the impact of this partnership be on stakeholders and other services?	
Will there be resistance to this partnership. If so, what action will be taken to resolve issues?	
How can you actively involve all the partners you need to reflect different perspectives in the local community?	
How will you ensure you are aware of best practice examples relating to the proposed partnership?	
Have you obtained and considered specific good practice guides (national or professional bodies)?	

1.1.2 Governance, Accountability and Probity

If governance arrangements within partnerships are weak or not fully thought through, then the partner discharging the accountable body role, often the Council, will be at risk both in terms of financial responsibility, but also in respect of the Council's good reputation and standing.

Question	Comments (sufficient in each case to show how each question has been considered)
What form / model of governance best meets the needs of the partnership?	
How will the partnership account to the Council for its activity?	
Will the proposal meet "best value" requirements?	
How will openness / transparency in governance be achieved?	
When and how will reviews be undertaken on partnership activities?	
Is the partnership clear what it will do if poor performance is reported?	
How will users and other stakeholders be represented on the partnership?	
What will be the risk management arrangements?	
Is there an adequate business continuity plan?	
Does the performance management process include clear milestones, outcomes and delivery dates?	
How will you account / report performance to your clients?	

What process will be set up to resolve disputes?	
Are partners clear on the length of agreement and have an agreed exit strategy for the partnership?	
What formal monitoring and appraisal systems will be put in place?	
Is there a relationship of trust between the partners?	

TEMPLATE/MATTERS TO CONSIDER FOR HEADS OF TERMS FOR PARTNERSHIP AGREEMENTS

A. INTRODUCTION

State that this is a partnership agreement between *name of each partner*.

B. VISION / PURPOSE AND OBJECTIVES OF THE PARTNERSHIP

The Vision / Purpose of the partnership should be clearly stated. *A vision describes what you want to see in place some years down the road. It is a picture of the future.*

The specific Objectives or Terms of Reference for the partnership should be clearly stated. *The Objectives should be specific, measurable and practical so that you know what you want to achieve and whether you are achieving it. They should, where practicable, focus on outcomes and results rather than activities, i.e. what you will accomplish rather than on how you will work or what you will do.*

C. SERVICE PROVISION

The Services to be provided by the Partnership should be clearly stated (including duration of partnership).

D. RUNNING THE PARTNERSHIP

Document the following:

- Partners' Roles / Duties / Responsibilities
- Chairmanship of meetings
- Decision Making Procedures
- Declarations of Interest etc
- Secretariat role
- Identify ownership of assets
- Information Sharing Protocols / Confidentiality Issues
- Risk Management Arrangements
- Project Management Arrangements
- Equality Policy and objectives
- Employment / Staffing Issues (covering employment, recruitment, discipline, standards of conduct, CRB checks, equality, secondments)
- Retention of Records
- How will the partnership monitor and evaluate activities (e.g. scrutiny)?
- Organisational and Management structure and reporting mechanism– *it is sometimes useful to include an organisational chart indicating who is responsible for what and who is reporting to whom.*

- § Reporting mechanisms (*How often, who reporting to and what reporting on*)
- § Performance Management arrangements
- § How will complaints be handled?
- § Member Involvement (roles and responsibilities, democratic accountability, declaration of interests etc).

E. FINANCIAL MATTERS

Where applicable document:

Partnership capital
 Income & expenditure
 Grants and funding
 Banking and financial arrangements
 Accounting arrangements
 Liabilities and Insurance arrangements
 Recharging for Accountable Body costs
 Making provision for tax payments and VAT
 Financial monitoring arrangements
 Access rights for the Council's Internal Audit Service

F. SPECIAL CIRCUMSTANCES

Dealing with media
 The circumstances necessary to expel a partner
 Resolving disputes (what complaints procedure should be applied in the case of dispute between partners or from service users)
 Procedures for whistle blowing/anti-fraud etc
 Breaches of protocol procedures
 How variations to the Agreement will be handled

G. DISSOLUTION

Termination provisions
 Exit strategy (including liabilities)
 Final reporting
 At dissolution the partners should:

- § Inform any funders
- § Provide appropriate final reports
- § Share knowledge learned from the Partnership
- § Inform all stakeholders, clients etc as appropriate

H. REVIEW

State when the agreement will be reviewed and by whom.

I. OTHER CONSIDERATIONS

Indemnities required
 Conflicts of Interest

RESPONSIBILITIES OF COUNCIL MEMBERS AND OFFICERS INVOLVED IN PARTNERSHIPS

NB: Where the responsibilities set out fall to a Council Member these will be carried out by the Lead Council Officer, in consultation with the Member.

- Follow the procedures outlined in this Manual in the reviewing and development of partnership initiatives;
- Ensure that partnership details are up to date and accurate on the Council's Partnership Register (held by the Partnerships Policy Officer);
- The Council representative(s) may need to reflect the views of the Council as a whole and not restrict themselves only to their own areas of interest;
- Report back on meetings as appropriate;
- Be fully aware of Council's procedures before any decisions are made (what authorisation is required and who needs to be consulted?);
- Where applicable – relay information to relevant departments – always ask who needs to know?;
- Representatives should attend as many meetings as possible (demonstrate level of commitment);
- Make sure that substitutes are fully briefed prior to attending any meetings;
- When reporting back look outside the normal sphere – ensure that relevant departments are informed; and
- Regular reviewing of the partnership, training etc is essential for continued effective working (using this Manual as reference).

APPENDIX 4

RISK IDENTIFICATION AND CONTROL - STRATEGIC RISKS CHECKLIST

Risk	Control	Check
VISION/OBJECTIVES		
Poorly defined shared vision and objectives	Corporate objectives of all partners need to be linked to a shared and agreed joint vision with clearly defined objectives	
Local political leadership changes and support for the partnership declines	Engage members in the debate on partnership and obtain buy-in from all parties.	
Collaborative advantage for working together not clearly defined	Partners must identify collaborative advantages of working together and processes needed to ensure a successful partnership.	
Policy changes within Government and / or partner organisations.	A partnership will only succeed if it can respond to change; therefore flexibility is an essential element of the partnership arrangements.	
The project will not be attractive to potential partners	Develop a robust strategic and outline business case that defines the scope of the partnership. Ensure a marketing exercise has been carried out as part of the business case and views of the market have been factored into the partnership development.	
PERFORMANCE MANAGEMENT		
Partners do not meet performance targets in a satisfactory or timely way	Develop an agreed Performance Management framework. Encourage joint ownership of problems and solutions, building trust and cooperation. Transparent monitoring of PIs.	
No strategic approach to issues of risk, costs and benefits	Define and agree a partnership risk strategy/plan and a comprehensive approach to dealing with costs and benefits of the partnership.	

Risk	Control	Check
Improvements do not meet Council's and/or public's expectations.	Ensure members buy-in at all stages of the partnership. Keep staff fully informed of plans for development of strategic partnerships. Measure customer satisfaction and manage customer expectations.	
LEADERSHIP/ENGAGEMENT		
Lack of effective and consistent leadership for the partnership	Ensure key roles are allocated and the partnership champion role is adequately resourced.	
Lack of trust within the partnership.	Develop an effective governance structure to build trust and mutual understanding of issues.	
Failure to engage key stakeholders	Identify key stakeholders, and ensure robust communication strategy is in place.	
CONTRACTUAL ARRANGEMENTS		
Robust contracts not drawn up to underpin the partnership.	A formal contract/memorandum of understanding must be in place, and agreed by all partners. Contract must define scope of partnership, respective roles and responsibilities and effective governance arrangements.	
Partnership initiatives are incompatible with other local authority contracts or initiatives.	Assess the financial and non-financial implications of the new arrangements on existing contracts, commitments and initiatives.	
Contract and partnership development costs are too high.	Prepare an overarching partnership agreement and supplement this with straightforward service delivery contracts based on an output specification.	
EXIT STRATEGIES		
Withdrawal of partner	The risk will need to be continually monitored and alternative strategies developed if the potential withdrawal of a partner occurs	

Risk	Control	Check
Local authority structure and culture inappropriate for forming and maintaining strategic partnerships.	Ensure mechanism for conflict resolution is agreed with all partners at negotiation stage. Create a joint board for the partnership that meets regularly to discuss issues. Draw up a joint risk register, with regular review.	
BUDGETS/FINANCIAL MONITORING		
Failure to commit resources to the business case for the fear that the investment will be abortive.	Adopt well-constructed processes to define business case and thorough financial evaluation.	
Lack of clarity about when financial benefits are to be realised	Ensure a robust financial plan.	
Partner faces financial difficulty.	Ensure contract covers this eventuality explicitly and provisions are made to deal with the situation if it arises. Ensure that the Council limits its liability for losses incurred by the partnership. Transparent budget monitoring.	
Partnership fails to deliver value for money	Ensure that appropriate benchmarking and market testing processes are in place and used regularly throughout the lifetime of the partnership.	
GOVERNANCE		
Governance arrangements ineffective	Partners have clearly documented governance arrangements and decision making processes. Data sharing and security policies are in place across the partnership. Sustainability issues are considered as part of delivery plans.	
Insufficient resources and internal controls are in place to manage the risk of fraud and corruption.	Partners have clearly documented governance arrangements and procedures for ensuring financial compliance and probity.	

APPENDIX 5

ASSESSING AND PRIORITISING RISKS

Using a table to assess the impact and likelihood of risks will aid consistency:

		IMPACTS		
	Negligible	Marginal	Critical	Catastrophic
<u>Financial Impact</u>	<u>£0K - £25K</u>	<u>£25k - £250K</u>	<u>£250K - £2M</u>	<u>£2M+</u>
<u>Service Provision</u>	<u>No effect</u>	<u>Slightly Reduced</u>	<u>Service Suspended Short Term / reduced</u>	<u>Service Suspended Long Term Statutory duties not delivered</u>
<u>Health & Safety</u>	<u>Sticking Plaster / first aider</u>	<u>Broken bones/illness</u>	<u>Loss of Life/Major illness</u>	<u>Major loss of life/Large scale major illness</u>
<u>Objectives</u>		<u>Objectives of one section not met</u>	<u>Directorate Objectives not met</u>	<u>Corporate objectives not met</u>
<u>Morale</u>		<u>Some hostile relationship and minor non co-operation</u>	<u>Industrial action</u>	<u>Mass staff leaving/Unable to attract staff</u>
<u>Reputation</u>	<u>No media attention / minor letters</u>	<u>Adverse Local media Leader</u>	<u>Adverse National publicity</u>	<u>Remembered for years!!</u>
<u>Government relations</u>		<u>Poor Assessment(s)</u>	<u>Service taken over temporarily</u>	<u>Service taken over permanently</u>

LIKELIHOOD	PROBABILITY	TIMING
Very High	> 90%	This week
High	55% to 90%	Next week / this month
Significant	15% to 55%	This year
Low	5% to 15%	Next year
Very Low	1% to 5%	Next year to five years
Almost Impossible	0% to 1%	Next ten years

Risks can be prioritised/scored using a matrix:

LIKELIHOOD 	Very High	A	6	1 2	1 8	2 4
	High	B	5	1 0	1 5	2 0
	Significant	C	4	8	1 2	1 6
	Low	D	3	6	9	1 2
	Very Low	E	2	4	6	8
	Impossible	F	1	2	3	4
			IV	III	II	I
			N e g l i g i b l e	M a r g i n a l	C r i t i c a l	C a t a s t r o p h i c
			I M P A C T			

RISK REGISTER TEMPLATE

Risk No.	Objective	Risk Owner	Likelihood	Impact	Score	RAG	Direction Of Travel	Vulnerability/Cause	Consequences	Current mitigation	Further planned action	Action	Action dates and review	Target	Target RAG