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**Report of the Assistant Chief Executive (Corporate Governance)**

**Corporate Governance and Audit Committee**

**Date: 28 November 2007**

**Subject: Governance arrangements for significant partnerships**

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**Electoral Wards Affected:**

Ward Members consulted  
(referred to in report)

**Specific Implications For:**

Equality and Diversity

Community Cohesion

Narrowing the Gap

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**Executive Summary**

1. This report informs Members that the council has now identified its significant partnerships. A list of these partnerships is attached as appendix one to this report.
2. Lead officers have now been identified for each of these significant partnerships. They will be responsible for ensuring that partnerships comply with the council's governance framework for its significant partnerships.
3. The Assistant Chief Executive (ACE) (Corporate Governance) has also carried out a base-line assessment of the governance arrangements for the council's significant partnerships.

## **1.0 Purpose Of This Report**

- 1.1 To inform Members about progress made in relation to the governance arrangements of the council's significant partnerships.

## **2.0 Background Information**

- 2.1 There is a greater focus on partnership arrangements under the "harder test" CPA framework.
- 2.2 This report focuses on progress in relation to Key Line of Enquiry (KLOE) 4.2 (arrangements in place to maintain a sound system of internal control) – specifically the requirement that the council identify its significant partnerships and have appropriate governance arrangements in place for each of them. The report also outlines actions being taken to address additional KLOEs 2.2 and 4.1 which relate to the financial performance and risk management of partnerships.
- 2.3 At their meeting on 29 June 2007, Corporate Governance and Audit (CGA) Committee approved a governance framework for significant partnerships, and noted a proposal to develop a toolkit to supplement the framework.
- 2.4 The framework sets out:
- the processes for deciding when and how to enter a partnership;
  - the minimum governance arrangements the council requires each partnership to have;
  - how the council will support the governance of each partnership; and
  - how the council monitors and reviews its involvement with each partnership.
- 2.5 The framework defines a partnership, and sets out criteria for identifying whether a partnership is significant. The framework is attached as appendix two to this report.

## **3.0 Main Issues**

### Significant partnerships

- 3.1 The Assistant Chief Executive (Corporate Governance) has now conducted a survey of directors to identify the council's significant partnerships. Appendix one sets out the partnerships which have now been identified as significant, using the definition and criteria set out in the framework.

### Lead officers

- 3.2 A lead officer has also been identified for each significant partnership whose responsibility is to make sure that:
- the council's responsibilities under the framework are carried out; and
  - the partnership complies with the minimum standards set out under the framework.

### Review of governing documents

- 3.3 A base-line review of the governance arrangements of these significant partnerships has also now been carried out. This review focused on the governing documents for each partnership, as these should be an integral part of their governance arrangements.

- 3.4 Paragraph 4.2 of the framework requires each partnership to agree a governing document which sets out:
- its functions;
  - its role;
  - its decision-making framework;
  - the respective roles and responsibilities of individual partners, including in relation to finance and audit functions;
  - a dispute resolution procedure; and
  - exit provisions.
- 3.5 The Assistant Chief Executive (Corporate Governance) co-ordinated the review, through the lead officer for each partnership. Each lead officer had to review whether its governing documents comply with these requirements, and confirm the position to the Assistant Chief Executive. They were required to provide:
- details of any failures to comply with a requirement; and
  - a proposed time-scale for any follow-up actions to ensure compliance.

#### Outcome of the review

- 3.6 Of the council's 43 significant partnerships, 39 have confirmed that they have governing documents in place. Of the remaining four Governance Services has not yet received the relevant information for one, and three have indicated that they **do not** have a governing document in place.
- 3.7 Of the three partnerships without governing documents all are currently planning or undertaking wider reviews and consultation regarding their structures and purpose. In all of these any new governing documents will need to take account of the requirements of the framework and lead officers are aware of this.
- 3.8 Of the 39 partnerships that do have governing documents in place 14 fully complied with the requirements of the framework. The most notable trend for those that didn't was a lack of provision for dealing with dispute resolution and exit arrangements (which is consistent with the findings of the KPMG report on Children's Services partnership working – item 10 on this agenda). A number of the partnerships have indicated that they will review their governing documents to ensure full compliance and the ACE (Corporate Governance) will monitor whether the follow-up actions are carried out within an appropriate time-scale. Where partnerships have indicated that they are not fully compliant, but have not provided any details regarding follow-up actions the ACE (Corporate Governance) will pursue this with the lead officers.
- 3.9 Details of a further four significant partnerships that are currently being established have also been provided. In all cases the lead officer is aware of the requirement that any governance arrangements comply with the framework.
- 3.10 The ACE (Corporate Governance) will carry out a more detailed review of the governance arrangements in place for each significant partnership, once the toolkit is available.

#### Toolkit

- 3.11 Since the committee meeting on 29 June, resources have been focused on identifying significant partnerships, and carrying out the base-line governance assessment. A detailed structure for the toolkit has been developed, and key

officers identified to contribute to it. It is planned to consult with Members on the draft toolkit.

- 3.12 Attached for information as appendix three to this report, is guidance which will form an important part of the toolkit. This was circulated to directors to help them identify significant partnerships.

#### Compliance with other relevant KLOEs

- 3.13 There are additional KLOEs which relate to the governance of partnerships. The Council will have to comply with these KLOEs by 31<sup>st</sup> March 2008.

#### KLOE 2.2 – Financial Performance

- 3.14 KLOE 2.2 requires that 'the financial performance of significant partnerships is regularly reviewed, linked to outputs, and the results shared with partners and acted upon'.
- 3.15 A number of factors were considered by Directors in deciding whether a partnership is significant. The resources the council commits to each partnership was only one of these factors.<sup>1</sup> In order to address KLOE 2.2, therefore, the Chief Officer (Financial Management) is currently assessing the list of significant partnerships, to identify those with which the council has a significant financial relationship (i.e. to which the council contributes a significant amount of finance and / or is the Accountable Body). This will enable the Chief Officer (Financial Management) to focus efforts on reviewing the financial performance of those partnerships that are *financially* significant.
- 3.16 In addition the partnerships toolkit which is currently being developed will provide guidance on the financial management of all significant partnerships.

#### KLOE 4.1 – Risk Management

- 3.17 KLOE 4.1 requires that 'the risk management process specifically considers risks in relation to significant partnerships and provides for assurances to be obtained about the management of those risks.'
- 3.18 The Risk Management Unit has reviewed the Risk Management Policy and Strategy and placed partnership risk as a key area for development in its strategy 2008-11. These documents are on this agenda for review by Corporate Governance and Audit Committee and will then be presented to Executive Board for comment and approval. The 'Governance Framework for Significant Partnerships' adopted by Council also includes specific requirements in relation to risk (including undertaking risk assessments, identifying and recording risks).

### **4.0 Implications For Council Policy And Governance**

- 4.1 Identifying the council's significant partnerships and conducting the base-line assessment is a major step forward in terms of compliance with the KLOE 4.2 requirement to ensure that there are appropriate governance arrangements in place for each significant partnership..

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<sup>1</sup> The other factors were: the partnership's contribution to the achievement of priorities in the Corporate Plan; the nature of the consequences if the partnership were to fail; the type of decisions the partnership makes; whether the partnership is required by law or to secure funding; and the extent to which the partnership helps the council to manage risk.

## **5.0 Legal And Resource Implications**

5.1 The further implementation of the framework, the development of the toolkit and developing processes to provide monitoring of the governance arrangements of significant partnerships will have additional resource implications. Currently these are expected to be contained within existing budgets.

## **6.0 Conclusions**

6.1 The framework has allowed the council to identify its significant partnerships, using a clear and consistent approach.

6.2 The allocation of lead officers for each partnership provided additional capacity to ensure compliance with the framework.

6.3 The base-line assessment of the governance arrangements of the council's significant partnerships:

- provides assurance that some form of governance arrangements are already in place for the majority of these partnerships; specifically in relation to their governing documents; and
- has identified areas for improvement in relation to those partnerships which do not already comply with the requirements of the framework.

6.4 There is, however, further work to be done, in relation to:

- the production of the tool-kit;
- the implementation and monitoring of the framework as a whole;
- progressing compliance with other KLOEs relating to significant partnerships.

## **7.0 Recommendations**

7.1 Members are asked to note:

- that the council has now identified its significant partnerships as set out in appendix one to this report;
- the results of the base-line assessment of the governance arrangements for those partnerships; and
- the guidance circulated to directors (appendix three).