

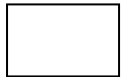
Report of the Assistant Chief Executive (Corporate Governance)

Corporate Governance and Audit Committee

Date: 15th November 2010

Subject: Review of Governance Framework for Significant Partnerships

Electoral Wards Affected:



Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

1.0 Purpose Of This Report

- 1.1 The Governance Framework for Significant Partnerships ('the Framework') has been reviewed in light of the abolition of Comprehensive Area Assessment (CAA) and current resource constraints. This report presents the outcome of the review, and the subsequent amendments which have been made to the Framework and the monitoring process.

2.0 Background Information

- 2.1 The Framework was introduced in response to:
- an Audit Commission public sector national report – 'Governing Partnerships – Bridging the Accountability Gap' (2005);
 - an external audit report on partnership working, which highlighted the need for the authority to review its governance arrangements relating to partnerships;
 - Key Lines of Enquiry under the Use of Resources assessment, requiring the Council to apply the principles and values of good governance to its partnership working; and
 - the CIPFA/SOLACE 'Delivering Good Governance in Local Government' Framework which recommended that local authorities have arrangements to incorporate good governance arrangements in respect of partnerships.
- 2.2 These documents highlighted a number of potential risks associated with the governance of partnerships, which the Council has sought to mitigate through the application of the Framework. These include:
- Partnerships may not deliver good value for public money;
 - There may not be clear accountability between partners which may reduce accountability to the public;
 - Partnerships may not manage their resources effectively;

- Partnerships may not achieve the outcomes for which they were set up; and
- The Council's reputation may be adversely affected due to failures within a partnership.

- 2.3 The Framework has been in place since 2007. Its purpose is to set out:
- steps **before entering** a partnership;
 - **minimum governance requirements**;
 - **council support** for partnerships; and
 - **monitoring and review** of the Council's involvement with each partnership.
- 2.4 It is supported by a toolkit, which provides detailed guidance about its requirements, and how compliance with the Framework is monitored.
- 2.5 The scope of the Framework is **significant** partnerships. The Framework sets out criteria for significance¹. Directors assess each partnership's significance using a scorecard, which is part of the toolkit. Partnerships which score **51%** or more are considered significant, and are monitored for compliance with the Framework.
- 2.6 A register setting out the Council's significant partnerships has been in place (and reported annually to Corporate Governance and Audit Committee since 2009. Currently, 34 significant partnerships are on the register.
- 2.7 At the moment, the following are monitored by the Assistant Chief Executive (Corporate Governance):
- **requirements before entering a partnership** – the lead officer is asked to report on compliance within 14 days of the partnership being added to the register;
 - **minimum governance requirements** – the lead officer is asked to report on compliance on an annual basis (currently every July); and
 - **annual review of the Council's involvement in the partnership** – this can be undertaken by the lead officer any time during the year, but must be confirmed by the end of each municipal year.
- 2.8 The results of the 2009 monitoring exercises were reported to Corporate Governance and Audit Committee.
- 2.9 Internal Audit have recently audited the Framework. The report concluded that "good assurance has been provided in respect of the control environment as Governance Services has implemented a number of procedures to manage the risks associated with partnership governance".

3.0 Main Issues

- 3.1 The Framework requires the Assistant Chief Executive (Corporate Governance) to review the Framework each year. Given the abolition of CAA, and in light of resource

¹ These criteria are:

- the **resources** which the Council contributes to the partnership;
- how the partnership helps the Council to achieve the **outcomes and priorities** in the **Leeds Strategic Plan**;
- the consequences if the partnership were to **fail**;
- the types 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**.

constraints, the Framework has been reviewed to assess its benefits and ensure that its provisions are proportionate.

Feedback received on the Framework and toolkit

3.2 As part of the review, feedback has been sought from officers on the Framework and accompanying toolkit.

Verbal feedback from lead officers

3.3 At two partnership governance training sessions held in July, lead officers were invited to comment on the Framework. Although a small sample, comments were consistent, on the following lines:

- the Framework (and toolkit) are useful as a reference, or starting point when establishing or reviewing a partnership;
- the monitoring process is onerous, and may duplicate other monitoring;
- private sector representatives on some partnerships do not consider that the governance requirements add value; and
- time-constraints prohibit partnerships from fulfilling all of the governance requirements - they have limited time to deal with their core business.

3.4 In short, although the Framework was acknowledged as having some value, compliance with it is not seen as a priority. It is not perceived as contributing directly to service delivery. Rather, it is viewed as taking resources away from partnerships' core business.

Questionnaire

3.5 A questionnaire was also sent to Directors and lead officers, seeking views on the Framework and toolkit. Sixteen responses were received, out of a possible 33.

3.6 The main points arising are as follows:

- Some respondents indicated that the Framework had led to improvements in governance and monitoring arrangements, but most felt that it had not;
- Almost all respondents believed that the Framework is too onerous – particularly how it is monitored;
- Several respondents felt that the significance threshold is too low, and/or that the minimum governance requirements are themselves too onerous;
- Several respondents felt that the Framework should be guidance only; and
- Several respondents indicated that resources could be better used by providing practical assistance, particularly when partnerships are being set up, as opposed to monitoring compliance.

Meetings with key officers

3.7 In addition, meetings were held with key officers involved with partnerships, to discuss their views on the Framework, and proposed amendments in more detail.

3.8 Similar Issues arose. In particular:

- There is some value to the Framework but monitoring is too onerous;
- There is a need for more practical assistance, including the provision of template documents; and
- The scope of the Framework is too wide.

Review against other documents

- 3.9 As part of the usual annual review, the Framework was also reviewed against several other documents, including the Council's Code of Corporate Governance, Standards for England's Protocol for Partnership Working, the Improvement Network for Managers and the Government Compact for Working with the Third Sector. These contain information which it is now proposed to reference in the toolkit.

Conclusions from the Review

- 3.10 The Governance Framework for Significant Partnerships has, to an extent, helped to mitigate some of the risks associated with working in partnership. In particular the Council:
- Has established a register of significant partnerships;
 - Raised the profile of governance considerations when entering into partnership; and
 - Enabled a broad overview of the extent to which governance arrangements are reported by lead officers as being fit for purpose.
- 3.11 However it is clear from the responses received as part of the review that the monitoring arrangements outlined in paragraph 2.7 are felt to be too onerous.
- 3.12 The monitoring arrangements gather high level 'reported' compliance with the various elements of the Framework – this monitoring does not target partnerships for independent audit but rather, in practice has been seen to place a administrative burden on directorates which has not, in retrospect, been proportionate to the management of the risk.

Amendments to the Framework

- 3.13 The Assistant Chief Executive (Corporate Governance) consulted with Corporate Governance Board and Corporate Leadership Team on potential amendments to the Framework and the associated monitoring process. Both recommended that the Framework should be re-issued as guidance only, and that the monitoring of compliance with it by the Assistant Chief Executive (Corporate Governance) should cease. This recommendation to amend the Framework was implemented through a delegated decision of the Assistant Chief Executive (Corporate Governance).
- 3.14 The Assistant Chief Executive (Corporate Governance) considers that there is some value in retaining a register of significant partnerships, to inform the programme for internal audit. A register of significant partnerships will therefore be compiled from decisions to enter into a partnership (Key, Major, Full Council or Committee decisions only), with any partnerships which are currently on the register also remaining registered. On an annual basis, Directors will be asked to confirm that partnerships on the register are still operational, in order to keep the register up-to-date.
- 3.15 Directors will also be asked to append the partnership agreement to the relevant Delegated Decision Notification or Committee report, when the decision is made to enter the partnership, to ensure that appropriate governance arrangements are in place before the Council enters into the partnership.

4.0 Implications For Council Policy And Governance

- 4.1 The effectiveness of the Council's partnership governance arrangements was previously specifically subject to assessment under the CAA. Although this will no longer be the case, the governance arrangements of some partnerships may come under review during other inspections, for example by Ofsted.
- 4.2 The new arrangements place responsibility on Directors for ensuring that partnership governance arrangements are regularly reviewed and are fit for purpose.
- 4.3 Internal Audit will consider allocating time for reviewing the operation of partnerships using a risk based approach. The assurances obtained from those partnerships reviewed by Internal Audit will be more robust than those previously achieved through monitoring compliance with the Framework through lead officers.

5.0 Legal And Resource Implications

- 5.1 There is no legal obligation to have a Framework.
- 5.2 The removal of the Framework and the associated monitoring will lead to savings in resources both centrally and within directorates. In terms of central resources, savings will equate to less than a quarter of one full time equivalent. Any capacity which is freed up will be realigned to other areas of current and anticipated future work resulting from the Decentralisation and Localism Bill.

6.0 Conclusions

- 6.1 Further to the abolition of CAA, resource restraints and feedback received from Directors and lead officers, the Governance Framework for Significant Partnerships and its monitoring arrangements have been removed.
- 6.2 From the review, it became clear that the monitoring arrangements were felt to be too onerous, and gathered high level 'reported' compliance rather than targeting individual partnerships for independent audit.
- 6.3 The Assistant Chief Executive (Corporate Governance) has, therefore, by way of delegated decision, re-issued the Framework as guidance only. The register of significant partnerships will be compiled from decisions to enter into a partnership (Key, Major, Full Council or Committee decisions only), and any partnerships already on the register will remain, and may be audited by Internal Audit depending on the risks presented.

7.0 Recommendations

- 7.1 Members of CGA are asked to note the outcome of the review of the Governance Framework for Significant Partnerships, and the amendments made.

Background Documents

Leeds City Council Governance Framework for Significant Partnerships (Version 3.0 – approved on 26th January 2010)