

TO: Deputy Chief Executive (AJ) **SUBJECT:** Partnership Working

C.C. Chief Executive **REF:** JK/PW/JB
Head of Finance
Procurement Manager

FROM: Audit and Risk Manager **DATE:** 31 March 2015

1. Introduction

- 1.1 As part of the 2014/15 Audit Plan an audit has recently been completed on the systems and procedures in place to manage the council's partnership working arrangements.
- 1.2 This report outlines the approach to the audit and presents the findings and conclusions arising.

2. Scope and objectives of the audit

- 2.1 The audit was undertaken in order to review the controls in place over the management of the council's partnerships.
- 2.2 The audit was based on an audit programme which identified the expected controls and the risks that may arise in the absence of those controls.
- 2.3 The areas examined were as follows:
 - a) There is a formal policy in place approved by members and it is subject to review.
 - b) There are procedures in place for the scrutiny of partnerships by members.
 - c) Where appropriate, procurement follows the Code of Procurement Practice.
 - d) Risks associated with partnerships are identified, recorded and managed.

3. Background

- 3.1 Most local authorities are involved in some form of partnership working. It is almost certain that a lot of arrangements are not partnerships at all but a commissioning arrangement or a client/contractor situation.

- 3.2 This is probably due, in part anyway, to a government message a few years ago when local authorities were encouraged to work with partners and by doing so achieved a "tick in the box" for whatever the inspection regime was at the time.
- 3.3 According to the Audit Commission definition, which is reproduced in the council's partnership policy, the term "partnership" is used to describe a joint working arrangement where the partners:
- a) are otherwise independent bodies;
 - b) agree to co-operate to achieve a common goal; and
 - c) to achieve it, create an organisational structure or process and agreed programme and share information, risks and rewards.
- 3.4 According to recent reports submitted to Finance and Audit Scrutiny Committee the council is currently involved in 13 partnerships. Some of these involve no quantifiable financial contribution but they will incur the cost of officer time and the usual administrative costs.

4. Findings

- 4.1 In overall terms the audit concluded that the systems and procedures in place to manage partnership working are generally sound but there appears to be little appetite to carry out the scrutiny role.
- 4.2 In terms of the control objectives listed at 2.3 the findings are as follows:

4.3 Partnership policy

- 4.3.1 The council's original partnership policy was agreed by Executive in September 2005 with a recommendation, featuring in the policy itself, that it should be reviewed every three years.
- 4.3.2 The first review was undertaken slightly behind schedule in March 2010. The policy itself was altered considerably from the original.
- 4.3.3 Five years on from March 2010 means that the policy is overdue for review.

Risks

The policy may not be appropriate for the council's current involvement in partnerships.

The review aspect of the policy is not being complied with.

Recommendation

The council's partnership policy should be reviewed and reported to Executive for approval.

4.4 Scrutiny of partnerships

- 4.4.1 There are a number of reasons why partnerships should be subject to scrutiny or some form of assessment, particularly if they are open ended and not time limited. Some of the reasons will be to ensure that the partnership continues to be aligned with council strategies and objectives and that it is performing as intended; basically that it makes sense to continue the relationship.
- 4.4.2 When the policy was approved in March 2010 it was recommended that a future report should be brought to Executive with proposals for the future scrutiny of the partnerships as appended to the report. The resolution from that report was that scrutiny should be undertaken by the council's Scrutiny Committees and that partnerships should be scrutinised on an annual basis.
- 4.4.3 Since the submission of that report in June 2010 some of the council's partnerships have been scrutinised by members, some more than once and some not at all. There has been no plan or programme in place and the process appears to be completely ad hoc.
- 4.4.4 There have been a number of attempts recently to improve the situation by reminding members that it is part of their remit to consider the effectiveness of formal partnerships and asking which partnerships they would either like to examine or include in the work programme.
- 4.4.5 The responses to recent requests have been lukewarm to say the least suggesting that members have no real appetite for the task. An agenda item for F & A in November 2014 asked members if they wished to look at any of the partnerships listed. The corresponding minute read "Resolved that the officer provide a brief sentence outlining the work of each partnership, the value of partnership and what benefit the District receives".
- 4.4.6 The information requested was included in a report to F & A in December 2014 entitled "Review of the Work Programme and Forward Plan". The report recommended, amongst other things, that "The Committee determines which Partnerships, detailed at Appendix 3, if any, it wishes to look at in further detail". There is no mention of partnerships in the corresponding minute.
- 4.4.7 Despite the lack of member interest the scrutiny role is in effect performed at officer level. The lead officer for each partnership has to complete an annual health check. Completion of these is monitored by the Deputy Chief Executive.

- 4.4.8 As things stand members of the Scrutiny Committees are not meeting adequately their duty to scrutinise the council's partnerships. The duty does not currently feature in the Scrutiny Committees terms of reference in the constitution but it has been earmarked for inclusion at the next review.
- 4.4.9 It may be the case that members have no wish to be involved in the scrutiny of partnerships and that the responsibility could quite safely be delegated to officers. If so the matter could be covered in the next review of the policy.

Risk

Members are not fulfilling their role in the scrutiny of the council's partnerships.

Recommendation

How scrutiny of the council's partnerships should be undertaken should be included in the next review of the partnership policy.

4.5 Procurement

- 4.5.1 The latest list of council partnerships submitted to F & A in December 2014 detailed 13 partnerships. Of those 13 it was claimed that for seven of them there was no cost to the council. Of the remainder, two are shared services (NDR and Building Control), two are dual-use sites (Meadow and John Atkinson Sports Centres) and two relate to agreements with the Warwickshire Wildlife Trust (WWT), where in essence the council is buying services from them.
- 4.5.2 The council regularly purchases two types of service from WWT. Since April 2006 (when Total was introduced) the council has paid WWT just over £242,000. A small amount of that has been for buying trees, work to trees, artwork and publications. Most of the payments have been for the Habitat Biodiversity Audit Partnership (HBA) which costs £10,751 a year and for the management of ten local nature reserves (LNRs) which costs £16,705 a year.
- 4.5.3 The HBA service is required for Planning Policy purposes. It costs around £86,000 a year shared between the eight funding councils. It is claimed that acquiring the necessary data independently from a consultant would cost the council in the region of £150,000 a year and not the £10,751 currently being paid. An exception to the Code of Procurement Practice was agreed by Executive in July 2011.
- 4.5.4 The other main service supplied by WWT is the management of ten local nature reserves at a cost of £16,705 a year. In the original agreement for the service, which is dated 17 May 1994 and runs for 25 years, only three LNRs are included. Additions over the years have been agreed in the management body minutes and not by creating a new agreement.

- 4.5.5 The work involves a combination of routine maintenance work and other work including the preparation of management plans and programmes for each site. The value of the work to the council is said to be far in excess of £16,705 a year as a lot of the basic work is undertaken free of charge by volunteers. Nonetheless the work has never been put out to tender.
- 4.5.6 Adhering to the council's Code of Procurement Practice would in all probability result in the cost being many times greater than it is now. In order to comply with the Code a report should be prepared for submission to Executive requesting an exception.

Risk

Not going out to tender for work is in breach of the council's Code of Procurement Practice.

Recommendation

A report should be presented to Executive seeking an exception to the council's Code of Procurement Practice for the work in managing local nature reserves.

4.6 Risk management

- 4.6.1 Most of the partnerships that the council is involved in are not vital to the delivery of the council's key services. By their very existence though they must deliver benefit to the council and the taxpayers such that the failure of the partnership is a risk.
- 4.6.2 There is little reference in the risk registers, other than for Cultural Services, to the possibility of partnerships failing which in the case of the WWT partnership could have significant effects.

Risk

Failing to address the possibility of partnerships failing leaves the council unprepared if it happens.

Recommendation

The removal of partnership working should be recorded and managed in service area risk registers where appropriate.

5. Conclusions

- 5.1 In overall terms the audit concluded that the systems and procedures in place to manage the council's partnership arrangements are sound but the member side of scrutiny is weak.

5.2 The audit can therefore give a **SUBSTANTIAL** level of assurance that the systems and procedures in place are appropriate and working effectively.

6 **Management Action**

6.1 Recommendations to address the issues raised are reproduced in the Action Plan together with the management response.

Richard Barr
Audit and Risk Manager