

## AUDIT COMMITTEE – 26<sup>th</sup> February 2016

<b>Title of paper:</b>	<b>Partnership Governance Health Checks and update to Register of Significant Partnerships</b>	
<b>Director(s)/ Corporate Director(s):</b>	<b>Candida Brudenell, Assistant Chief Executive</b>  <b>Nigel Cooke, Director of One Nottingham</b>  <b>Colin Monckton, Director of Commissioning, Policy and Insight</b>	<b>Wards affected: All</b>
<b>Report author(s) and contact details:</b>	<b>Elaine Fox, Corporate Policy Team, 0115 8764540 / elaine.fox@nottinghamcity.gov.uk</b>	
<b>Other colleagues who have provided input:</b>	<b>Rob Smith, Internal Audit</b>	
<b>Recommendation(s):</b>		
<b>1</b>	<b>To note the key findings from the Partnership Governance Health Checks and Register of Significant Partnerships.</b>	

### **1 REASONS FOR RECOMMENDATIONS**

- 1.1 It is recommended that Audit Committee note Section 2.5 and the key findings of the annual partnership governance health checks. The majority of partnerships scored 'good/excellent' in all areas. A sample of three of these health checks will be verified by colleagues from Corporate Policy and Internal Audit and reported back to a future meeting of Audit Committee.
- 1.2 It is recommended that Audit Committee approve the inclusion of the Education Improvement Board, the Safeguarding Children Board and the Safeguarding Adults Board in the Register of Significant Partnerships.
- 1.3 It is recommended that Audit Committee approve the removal of the following partnerships from the Register of Significant Partnerships, for the reasons outlined in Appendix 3. The rationale behind the removal of these partnerships was discussed with colleagues in Internal Audit who were supportive of the proposal:
- Economic Prosperity Committee
  - Experience Nottinghamshire
  - Greater Nottingham Growth Point Partnership
  - Housing Strategic Partnership
  - Nottingham Regeneration Ltd
  - Strategic Cultural Partnership

## **2 BACKGROUND**

- 2.1 The Council has a long and successful history of working in partnership across the public, private, voluntary and third sector. The benefits and opportunities of working in partnership are well understood but risks can arise from collaborative working and the Council must ensure that its involvement in partnerships does not expose it to an unacceptable level of risk.
- 2.2 The Partnership Governance Framework includes an annual 'health check' of each partnership which is significant to the City Council in terms of strategic, reputational or financial importance. This health check is designed to identify any risks to the Council from its involvement in any of the partnerships. The results of these health checks are reported to Audit Committee along with remedial actions that are needed to protect the Council from an unacceptable level of risk.
- 2.3 The partnerships that are deemed significant to the Council in terms of their strategic, reputational or financial importance are listed in the Register of Significant Partnerships. Any changes to the register are reported to Audit Committee annually.
- 2.4 **Health checks**  
Each partnership on the Register of Significant Partnerships is asked to complete an annual self-assessment of the 'health' of the partnership's governance, giving a score as to how well they meet the criteria. The Health Check has been subject to minor revisions in 2015, which include simplifying the language used and removing any duplication present in the questions. These minor amendments were shared with colleagues in Audit and also with Cllr Piper as Chair of Audit Committee; the recommended changes were accepted. The scores from the health checks undertaken in 2015 are provided in Appendix 1, and Appendix 2 provides the revised health check template with the criteria.
- 2.5 As Appendix 1 shows, the majority of partnerships scored 'good/ excellent' (1/2) in all areas. This annual report usually draws Audit Committee's attention to partnerships with more than one rating of 3 (some key areas for improvement) or 4 (many key weaknesses). In 2015 two partnerships scored 3 or 4 more than once.
- 2.5.i The Education Improvement Board recorded a rating of 3 for the following:
- Performance Management – this is specifically a reference to the fact that there are not yet any Terms of Reference agreed for the Board and therefore individual roles and accountability have not yet been established. In addition it was determined that the query relating to "Delivery contracts and agreements are monitored and poor performance is tackled" was not applicable as there are no formal contracts, although there is a Strategy which will have an Action Plan with clear milestones by which the work of the Board will be measured.
  - Evaluation and Review – this references the fact the current formation of the Board is relatively new and changes to membership are still under

consideration. The work of the Board going forward will be regularly reported on the Board's website, the method for doing this is currently being considered which contributed to the score given. Similarly the implementation of Board Action Plans to deliver its priorities will be formally evaluated and published on the website, but the appropriate format is currently being devised.

2.5.ii Green Nottingham Partnership recorded a rating of 4 for the following:

- Finance – This is not in relation to any risks which the partnership has regarding its financial conduct, this was due to the partnership not having a budget, which was deemed 'continues to hold back the partnership' as it 'relies on the good will of partners where any finance is required'. In addition, the officer who has taken minutes for the partnership 'has a different role and will need to be replaced in order to maintain good record keeping'. The financial risk is of the partnership ceasing to exist or being less effective than it could be if a budget was available.
- Partnership Risk Management – This directly relates to the financing of the partnership, highlighted above, putting the partnership's existence and effectiveness at risk.

2.6 Audit Committee requested that a sample of these health checks be verified; previously this was agreed at three partnerships per year. The previous schedule for verifying partnerships has been amended this year due to the removal and inclusion of several partnerships. The new schedule for approval is available to view in Appendix 5. This year, health checks for three of the partnerships will be considered by colleagues from Corporate Policy and Internal Audit, with the results being brought to a future meeting of Audit Committee. Additionally, included in the report will be the size of the grant given for the last three years to the three partnerships whose Health Checks are being verified. The health checks which will be verified and brought back to a future meeting are those for:

2.6.i Children's Partnership Board

2.6.ii Green Nottingham Partnership

2.6.iii N2 Skills and Employment Board

## 2.7 **Register of Significant Partnerships**

Three partnerships have been added to the Register of Significant Partnerships in 2015, these are the Education Improvement Board, the Safeguarding Children Board and the Safeguarding Adults Board. Six partnerships have been removed from the register, these are:

- Economic Prosperity Committee
- Experience Nottinghamshire
- Greater Nottingham Growth Point Partnership
- Housing Strategic Partnership
- Nottingham Regeneration Ltd
- Strategic Cultural Partnership

An updated register summarising the reasons for removal or inclusion of any partnerships is available in Appendix 3.

Those partnerships removed from the register due to there being a contract in place have been informed of this fact and advised that any performance monitoring should be undertaken as part of the contract management arrangements.

## 2.8 **Tax status**

The Committee may be aware of recent negative press coverage of some incidents of local authorities engaging with partnerships which do not fulfil their legal tax requirements. In response we posed an additional query of each partnership to enquire as to their tax status. If the partnership is not recognised as a legal entity they have to be underwritten by another body, which can be a local authority, a limited company, a governing body or similar. All partnerships responded to confirm that they were not legally recognised bodies and were all underwritten by local authorities, whether Nottingham City Council or another in the region; several also confirmed there is no budget associated with their partnership. Due to local authorities being exempt from VAT it was confirmed that there is no risk of any tax avoidance from any of the partnerships.

## 2.9 **Looking Ahead**

With the potential changes devolution will bring, combined with the funding challenges facing local authorities it is likely the partnership landscape will change significantly over the next few years. As this year, any new and emerging partnerships will be considered for inclusion on the register of significant partnerships and the validity of partnerships currently on the register will be evaluated.

## **3 BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING EXEMPT OR CONFIDENTIAL INFORMATION**

3.1 None.

## **4 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

4.1 Partnership Governance Framework, approved by the Executive Board Commissioning Sub Committee on 13 May 2009.

**Appendix 1  
Health check scores 2015**

	<b>Partnerships</b>	<b>Aims and objectives</b>	<b>Membership and structure</b>	<b>Decision making and accountability</b>	<b>Performance management</b>	<b>Evaluation and review</b>	<b>Equalities</b>	<b>Finance</b>	<b>Partnership Risk Management</b>
1.	One Nottingham	1	1	2	1	2	1	2	2
2.	Children's Partnership Board	1-2	1-2	1-2	N/A	1	1	N/A	1
3.	D2N2 Local Enterprise Partnership	1	1	1	2	2	2	1	3
4.	Greater Nottingham Transport Partnership	1	2	1	1	2	1	2	2
5.	Green Nottingham Partnership	2	1	2	2	2	1	4	4
6.	Health & Wellbeing Board	2	2	2	2	2	2	2	2
7.	N2 Skills and Employment Board	2	2	2	2	2	2	2	2
8.	Crime and Drugs Partnership	2	1	2	1	2	1	1	1
9.	Education Improvement Board	2	2	2	3	3	2	2	2
10.	Safeguarding Children Board	2	2	2	2	2	2	2	3
11.	Safeguarding Adults Board	2	2	2	2	2	2	2	3

**Appendix 2**  
**Partnership governance health check guidance**  
PARTNERSHIP GOVERNANCE HEALTH CHECK GUIDANCE

The health check is a guide for an annual assessment of a partnership’s governance and capacity. The aim is to make an overall assessment of the effectiveness of the partnership; identify whether there is any strategic, reputational or financial risk to the Council through its membership of the partnership; and lead to proposals for changes/improvements.

Some of the detailed definitions and examples may not be directly applicable. There may be some additional definitions of good governance that the nominated lead officer will need to apply given the specific circumstances or arrangements for a partnership. Evidence to support the findings of the health check will be held by the nominated lead officer.

This health check does not substitute for the partnership itself reviewing its governance and performance. The Council’s nominated lead officer and chief officer have a responsibility to support and advise the partnership to carry out its own review and take any action required to improve its governance.

The health check has 4 categories:

Score	Category	Description
1	Excellent	There is an excellent system of governance designed to achieve the partnership’s and the council’s objectives; any potential financial risks for the council are noted and well managed; performance is on track.
2	Good	There is a basically sound system of governance, but some weaknesses that may threaten some of the partnership’s and the council’s objectives; any concerns regarding management of potential financial risks to the council are minor; performance is mainly on track
3	Some key areas for improvement	There are some significant weaknesses that could threaten some of the partnership’s and the council’s objectives; there are some significant concerns about potential financial risks to the council and their management; performance is not on track in some areas
4	Many key weaknesses	Governance and controls are generally weak leaving the partnership’s system open to significant error or abuse; the partnership’s and council’s objectives are unlikely to be met; there are many significant concerns about financial risks to the council and their management; performance is not on track in most areas

**NOTTINGHAM CITY COUNCIL**  
**SIGNIFICANT PARTNERSHIPS GOVERNANCE HEALTH CHECK 2015**

In consultation with your partnership please complete the tables below. Once the details have been agreed by the partnership please return them to [elaine.fox@nottinghamcity.gov.uk](mailto:elaine.fox@nottinghamcity.gov.uk). If you require any assistance please contact Elaine Fox, Policy Officer, Nottingham City Council, on 0115 87 64540.

<b>Name of Partnership:</b>
<b>NCC Lead Councillor:</b>
<b>NCC Corporate Director:</b>
<b>NCC Lead Officer:</b>
<b>Partnership Chief Executive/Manager (if appropriate):</b>

We have identified 8 areas of good governance. In each area we have provided a number of clear statements to illustrate what 'excellent' looks like for that area of governance. Using the criteria where 1 is 'excellent' and 4 is 'many key weaknesses' (page 1), please record a score (1-4) for each area of good governance for your significant partnership, making relevant notes on how the score could be improved.

<b>Good governance</b>	<b>Health assessment (score 1-4)</b>	<b>Notes and further explanation</b>
<b>1. Aims and objectives</b> 1. The partnership has clear aims and SMART objectives. 2. The partnership has clearly allocated responsibility for achieving its objectives, and has gathered assurance that the objectives will be achieved. 3. The partnership ensures that it uses its allocated resources to achieve its objectives.		<ul style="list-style-type: none"> <li>•</li> </ul>

<p><b>2. Membership and structure</b></p> <ol style="list-style-type: none"> <li>1. The NCC lead officer is actively engaged.</li> <li>2. The structure is clear, is set out in Terms of Reference, a Memorandum of Agreement or other governing documents and is regularly reviewed, to ensure roles, responsibilities and contributions are defined for all partners. Also set out in the governing documents are whistle-blowing protocols, how to respond to compliments and complaints, risk assessments, personnel and financial management and financial and performance reporting.</li> <li>3. Key partners provide effective leadership. Their leadership roles and responsibilities are understood and fulfilled.</li> <li>4. The membership provides the necessary knowledge, skills and experience to do the job. Partners ensure that the right people are in the right place at the right time.</li> <li>5. Changes to membership, dispute resolution and exit strategies are considered and the governing documents say what will happen if/when a partner wishes to leave.</li> </ol>		<ul style="list-style-type: none"> <li>•</li> </ul>
<p><b>3. Decision making and accountability</b></p> <ol style="list-style-type: none"> <li>1. Decision making is clear and transparent. Authority and delegations are set out in governing documents including <ol style="list-style-type: none"> <li>a. Who can make what decisions</li> <li>b. Delegated responsibilities</li> </ol> </li> <li>2. The partnership has a clear procedure for dealing with conflicts of interest.</li> <li>3. The role of the partnership in relation to finance and the extent of its powers to make financial decisions and approvals are stated and</li> </ol>		<ul style="list-style-type: none"> <li>•</li> </ul>



<p>understood.</p> <p>4. Decisions are:</p> <ol style="list-style-type: none"> <li>a. properly recorded</li> <li>b. notified promptly to those who are affected by them</li> </ol> <p>5. The partnership has:</p> <ol style="list-style-type: none"> <li>a. A communication plan to inform service users, members and the public about the partnership, its decisions, its achievements and successes, who is accountable and responsible for what. It provides routes for people to comment/contribute to the partnership's work</li> <li>b. Clear lines of accountability and arrangements for the timely reporting of performance and achievements to Council officers and Councillors.</li> <li>c. Processes in place for scrutiny of decisions and activities at the appropriate level</li> </ol>		
<p><b>4. Performance management</b></p> <ol style="list-style-type: none"> <li>1. The partnership reviews its progress and delivery against clear outcomes, outputs and milestones and takes prompt corrective action if necessary.</li> <li>2. Delivery contracts and agreements are monitored and poor performance is tackled.</li> </ol>		<ul style="list-style-type: none"> <li>•</li> </ul>
<p><b>5. Evaluation and review</b></p> <ol style="list-style-type: none"> <li>1. The partnership regularly reviews its policies, strategies, membership and use of resources against its objectives and targets.</li> <li>2. The partnership reviews its progress and delivery against clear outcomes, outputs and milestones and takes prompt corrective action if</li> </ol>		<ul style="list-style-type: none"> <li>•</li> </ul>

necessary.		
<b>6. Equalities</b> 1. The partnership assesses its policies and programmes for their impact on equalities and considers impact on inequality and deprivation as part of its performance management.		•
<b>7. Finance</b> 1. The partnership has a financial and /or procurement plan that identifies how it proposes to use these funding to achieve its objectives. 2. The partnership has effective arrangements for financial monitoring and reporting, uses its resources well and demonstrates how it uses them to add value and guarantees value for money. 3. Where applicable, for the most recent financial year the partnership has had “unqualified audit opinion” (i.e. it has passed audit without any qualifications) and any recommendations raised by auditors have been actioned.		•
<b>8. Partnership Risk Management</b> 1. The partnership has an agreed mechanism for identifying, assessing and managing risks.		•

### Appendix 3

#### Updated Register of Significant Partnerships December 2015

#### Included rationale for remaining on the register, removal from it and consideration for any new partnerships identified

Number	Name of Partnership	Remain on Register?	Reason for inclusion/removal
1	One Nottingham	Yes	Strategic Partnership for Nottingham which includes financial risks.
2	Children's Partnership Board	Yes	High profile partnership making decisions concerning some of our most vulnerable young people.
3	Derby, Derbyshire, Nottingham, Nottinghamshire Local Enterprise Partnership (D2N2 LEP)	Yes	NCC is an accountable body.
	Economic Prosperity Committee	No	Joint Council Committee with other Nottinghamshire authorities using NCC funding therefore not an external partnership.
	Experience Nottinghamshire / Place Marketing Organisation	No	Will be governed by a contract going forward and any partnership will be appropriately managed through the contract.
	Greater Nottingham Growth Point Partnership	No	Receives no funding from NCC and is independent from it, in addition the existing funding stream comes to an end in 2017.
4	Greater Nottingham Transport Partnership	Yes	Funding believed to be in excess of £100,000 so meets at least one of the criteria for remaining on the register.
5	Green Nottingham Partnership	Yes	Does not have a significant budget however officers are of the opinion that this partnership could have significant reputational risk so we propose they remain on the list.
6	Health and Wellbeing Board	Yes	Statutory body - suggested to keep on due to commissioning arrangements and amount of money involved.
	Housing Strategic Partnership	No	The partnership has ceased.
7	N2 Skills and Employment Board	Yes	NCC facilitates the partnership rather than it being an organisation that is funded directly. NCC employs the co-ordinator and admin support which is funding through a three-way split between the City and County Councils and D2N2 LEP. Each provides £25k per annum.
8	Nottingham Crime and Drugs Partnership	Yes	Significant financial contribution from NCC.
	Nottingham Regeneration Ltd	No	Governed by contract.

	Strategic Cultural Partnership	No	Does not have a significant budget and is a voluntary partnership with the arts sector.
	Nottingham City Secondary Education Partnership (NCSEP)	Not to add	Fair Access Panel which NCSEP run through Bluecoat Academy is governed by contract. The behaviour and Alternative Provision aspects of the work are reported into Schools Forum which holds NCSEP to account.
9	Education Improvement Board	ADD	Will be receiving £1.2m (£600k from NCC, £600k from Schools Forum) so meets financial threshold, also has significant media interest therefore reputational risk exists.
	East Midlands Councils	Not to add	We are the accountable body and employer of the staff but this is contained within Council structures and monitored through that, this falls within Glen O'Connell's Department. The partnership element has a Service Level Agreement in place.
10	Safeguarding Children Board	ADD	Multi-agency partnership making decisions about some of our most vulnerable citizens, also subject to an inspection by Ofsted every three years. The Chair is independent and new in post so it was felt it would be a good time to include this partnership; following discussion with Birmingham City Council regarding partnership governance they felt that both Safeguarding Boards should be included in the process and we agreed.
11	Safeguarding Adults Board	ADD	Multi-agency partnership making decisions about some of our most vulnerable citizens. The Board has just separated from the Children's Board with a separate Chair who is independent and new in post so it was felt it would be a good time to include this partnership; following discussion with Birmingham City Council regarding partnership governance they felt that both Safeguarding Boards should be included in the process and we agreed.

**Appendix 4**  
**Nottingham City Council Register of Significant Partnerships - Contacts**  
**Updated December 2015**

	<b>Title</b>	<b>Lead Councillor</b>	<b>Corporate Director Leads</b>	<b>Lead Officers</b>
1.	One Nottingham	Cllr David Mellen	Candida Brudenell	Nigel Cooke
2.	Children's Partnership Board	Cllrs David Mellen & Sam Webster	Alison Michalska	Chris Wallbanks
3.	D2N2 Local Enterprise Partnership	Cllr Jon Collins	David Bishop	Nicki Jenkins / Alison Stacey
4.	Greater Nottingham Transport Partnership	Cllr Nick McDonald	David Bishop	Sue Flack
5.	Green Nottingham Partnership	Cllr Alan Clark	Andy Vaughan	Gail Scholes
6.	Health & Wellbeing Board	Cllr Alex Norris	Alison Michalska & Andy Vaughan	Alison Challenger & Colin Monckton
7.	N2 Skills and Employment Board	Cllr Nick McDonald	David Bishop	Nicki Jenkins
8.	Crime and Drugs Partnership	Cllr Nicola Heaton	Candida Brudenell	Tim Spink / Christine Oliver
9.	Education Improvement Board	Cllrs Jon Collins & Sam Webster	Alison Michalska	Pat and Sarah Fielding
10.	Safeguarding Children Board	Cllr David Mellen	Alison Michalska	Clive Chambers
11.	Safeguarding Adults Board	Cllr Alex Norris	Alison Michalska	Clive Chambers

**Appendix 5  
Schedule for Verifying Health Checks to 2020**

No.	Name of Partnership	Remain on Register?	2013	2014	2015 (Feb 2016 Audit C'ttee)	2016	2017	2018	2019	2020
1	One Nottingham	Yes	Completed				Scheduled			Scheduled
2	Children's Partnership Board	Yes			Scheduled			Scheduled		
3	Derby, Derbyshire, Nottingham, Nottinghamshire Local Enterprise Partnership (D2N2 LEP)	Yes				Scheduled			Scheduled	
	Economic Prosperity Committee	No				Was due to take place				
	Experience Nottinghamshire / Place Marketing Organisation	No					Was due to take place			
	Greater Nottingham Growth Point Partnership	No	Completed					Was due to take place		
4	Greater Nottingham Transport Partnership	Yes		Completed			Scheduled			
5	Green Nottingham Partnership	Yes			Scheduled				Scheduled	
6	Health and Wellbeing Board	Yes		Completed				Scheduled		
	Housing Strategic Partnership	No	Completed				Was due to take place			
7	N2 Skills and Employment Board	Yes			Scheduled				Scheduled	
8	Nottingham Crime and Drugs Partnership	Yes		Completed				Scheduled		
	Nottingham Regeneration Ltd	No			Was due to take place					Was due to take place
	Strategic Cultural Partnership	No				Was due to take place				
9	Education Improvement Board	ADD				Scheduled				Scheduled

10	Safeguarding Children Board	ADD				Scheduled				Scheduled
11	Safeguarding Adults Board	ADD					Scheduled			

