

AUDIT COMMITTEE - 25 NOVEMBER 2016

Title of paper:	Partnership Governance Annual Health Checks of Nottingham City Council's Significant Partnerships	
Directors:	Nigel Cooke, Director of One Nottingham Colin Monckton, Director of Strategy and Policy Tim Spink, Head of Crime and Drugs Partnership	Wards affected: All
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Other colleagues who have provided input:	Steve Hales, Internal Audit Alex Karamagkalis, Project Support	
Recommendations		
1	To note the key findings from the Partnership Governance Health Checks and Register of Significant Partnerships.	
2	To note the findings and recommendations following verification of governance documentation of four of the partnerships.	

1 REASONS FOR RECOMMENDATIONS

- 1.1 It is recommended that Audit Committee note Section 2.5 and 2.6 detailing 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 have been verified by colleagues from Corporate Policy and Internal Audit. Additionally the governance documents of the Green Theme Partnership were verified again this year due to the partnership being refreshed, the findings of all verifications can be found in Appendix 4.
- 1.2 Audit Committee is asked to note the removal of the Greater Nottingham Transport Partnership from the Register of Significant Partnerships. This partnership has ceased to operate due to their funding stream ending. An updated register is included in Appendix 1.

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 scores from the health checks undertaken in 2016 are provided in Appendix 2.

2.5 As Appendix 2 shows, the majority of partnerships scored themselves 'Excellent' or 'Good' (1 or 2) in all areas. Based on the comments to support the self-assessment scores all were agreed with for partnerships which were not being verified this year.

2.6 This report draws Audit Committee's attention to partnerships with a rating of 3 (some key areas for improvement) or 4 (many key weaknesses) in one or more areas. In 2016 the following partnerships scored themselves 3 or 4; all of these are subject to verification this year:

2.6.i D2N2 LEP scored itself 3 for Partnership Risk Management – this is addressed in Appendix 4.

2.6.ii The Education Improvement Board scored itself 3 for the following:

- Performance Management – this is addressed in Appendix 4.
- Evaluation and Review – this is addressed in Appendix 4.

2.6.iii The Safeguarding Children Board scored itself 3 for Finance – this is addressed in Appendix 4.

2.6.vi Comments on the self-assessment scores of those partnerships whose documents were verified this year can be found in Appendix 4.

2.7 Each year the Health Checks of three of the partnerships are verified on a rolling programme. Officers from Corporate Policy and Internal Audit evaluate the three partnerships' governance documents and other documentation noted in their health check. The recommendations from the verification process can be found in Appendix 4. This year the partnerships which were verified are:

2.7.i D2N2 Local Enterprise Partnership (LEP)

2.7.ii Education Improvement Board (EIB)

2.7.iii Safeguarding Children Board

- 2.8 When Audit Committee last received a report on the verification of partnership governance concerns were expressed relating to the governance documents in place for the Green Theme Partnership and it was requested that they should be re-verified this time. Recommendations regarding their governance documents are also included in Appendix 4.
- 2.9 The previous schedule for verifying partnerships has been amended this year due to the removal of the Greater Nottingham Transport Partnership. A new schedule for verification is available to view in Appendix 5.

2.10 **Register of Significant Partnerships**

No partnerships have been added to the Register of Significant Partnerships in 2016. One partnership, the Greater Nottingham Transport Partnership, has been removed as the partnership has ceased to operate. An updated register of significant partnerships is available in Appendix 1.

2.11 **Additions for next year**

We recommend that Midlands Engine/Midlands Connect should be included on the Register of Significant Partnerships in 2017. This was not included this year as the Chair of Midlands Engine has only recently been appointed and governance arrangements have not been finalised. The partnership meets the criteria for inclusion.

2.12 **Looking Ahead**

With the potential changes which may occur as a result of devolution, the Metro Strategy, the Midlands Engine and Brexit, combined with the funding challenges facing local authorities, it is likely the partnership landscape will change significantly over the next few years. 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 on an annual basis.

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
Register of Significant Partnerships 2016

	Name of Partnership	Chair's name	Officer returning Health Check	Notes
1.	One Nottingham	Jane Todd	Lorel Manders	
2.	Children's Partnership Board	Cllr David Mellen, Cllr Sam Webster	Dot Veitch	
3.	D2N2 LEP	Peter Richardson	Lewis Stringer	
	Greater Nottingham Transport Partnership	Gary Smerdon-White	Chris Carter	This partnership has discontinued
4.	Green Theme Partnership	Richard Barlow	Jane Lumb	
5.	Health and Wellbeing Board	Cllr Alex Norris	Jane Garrard	
6.	N2 Skills and Employment Board	Martin Rigley	Owen Harvey	
7.	Nottingham Crime and Drugs Partnership	Cllr Jon Collins	Phil Broxholme	
8.	Education Improvement Board	Professor Sir David Greenaway	David Anstead / Jen Hardy	
9.	Nottingham City Safeguarding Children Board	Chris Cook	John Matravers	
10.	Nottingham City Safeguarding Adults Board	Malcolm Dillion	Chair	

Appendix 3

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 2016

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. If you require any assistance please contact Elaine Fox, Policy Officer, Nottingham City Council, on 0115 87 64540.

Name of Partnership:	
NCC Lead Councillor:	Does a Cllr attend partnership meetings? Yes / No
NCC Corporate Director (to identify which department is responsible):	
NCC Lead Officer:	
Partnership Chief Executive/Manager (if appropriate):	
Accountable body (if the partnership isn't a legal entity; if 'don't know' please state):	

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.

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

<p>2. Membership and structure</p> <ol style="list-style-type: none"> 1. The NCC lead officer is actively engaged. 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. 3. Key partners provide effective leadership. Their leadership roles and responsibilities are understood and fulfilled. 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. 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. 		<ul style="list-style-type: none"> •
<p>3. Decision making and accountability</p> <ol style="list-style-type: none"> 1. Decision making is clear and transparent. Authority and delegations are set out in governing documents including: <ol style="list-style-type: none"> a. Who can make what decisions b. Delegated responsibilities 2. The partnership has a clear procedure for dealing with conflicts of interest. 		<ul style="list-style-type: none"> •

<p>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 understood.</p> <p>4. Decisions are:</p> <ul style="list-style-type: none"> a. properly recorded b. notified promptly to those who are affected by them <p>5. The partnership has:</p> <ul style="list-style-type: none"> 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 b. Clear lines of accountability and arrangements for the timely reporting of performance and achievements to Council officers and Councillors. c. Processes in place for scrutiny of decisions and activities at the appropriate level 		
<p>4. Performance management</p> <p>1. The partnership reviews its progress and delivery against clear outcomes, outputs and milestones and takes prompt corrective action if necessary.</p> <p>2. Delivery contracts and agreements are monitored and poor performance is tackled.</p>		<ul style="list-style-type: none"> •

<p>5. Evaluation and review</p> <ol style="list-style-type: none"> 1. The partnership regularly reviews its policies, strategies, membership and use of resources against its objectives and targets. 2. The partnership reviews its progress and delivery against clear outcomes, outputs and milestones and takes prompt corrective action if necessary. 		<ul style="list-style-type: none"> •
<p>6. Equalities</p> <ol style="list-style-type: none"> 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. 		<ul style="list-style-type: none"> •
<p>7. Finance</p> <ol style="list-style-type: none"> 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 ensure 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. 		<ul style="list-style-type: none"> •

<p>8. Partnership Risk Management</p> <p>1. The partnership has an agreed mechanism for identifying, assessing and managing risks.</p>		<ul style="list-style-type: none">•
<p>9. Additional information</p> <p>1. Is there anything else relating to the partnership and its governance you wish to highlight?</p>		<ul style="list-style-type: none">•

Appendix 4

Recommendations for improvement from verification of partnership governance health checks

All partnerships

- All partnerships should consider the arrangements where their chair is accountable for dealing with disputes and complaints. If this is to fall to the chair of the partnership, there should be clear expectations and guidance for all members around this, particularly where the chair is not an employee of Nottingham City Council, to ensure any issues are dealt with in an appropriate manner. Documentation should also exist and be made available for all members of what to do in the event a complaint or dispute arises which directly involves the chair.

D2N2 Local Enterprise Partnership (LEP)

- The D2N2 LEP identified a potential issue with their conflict of interest policy, as members of the board representing business could still be eligible to vote despite having a vested interest in the outcome. The board has identified this as a potential issue which is difficult to address given the number of businesses represented, however all declarations of interest are available on the partnership's website. The board may wish to seek audit advice on how to avoid any potential risk arising from this.
- Sub-group reports are not easily accessible from the main D2N2 LEP website; the LEP may wish to consider making them more prominent.
- The board identified a potential issue with succession planning; we advise this should be addressed at the earliest opportunity to ensure any transition arrangements are as smooth as possible.
- There was no mention of audits of finances, other than by groups connected with the LEP. It may be that the funding agencies which provide finance to the LEP have arrangements in place, if not we would recommend appropriate audit opinion is sought.
- D2N2 LEP scored itself 3 for Partnership Risk Management. This was due to a formal risk management procedure or risk register for the overall LEP not being in place; however individual ones exist for the programmes and projects. The board identified the need for a risk register, especially to govern those partners with accountable body status for various aspects of the LEP's activity. We recommend that a risk register is established as soon as possible, which would ensure the score is improved next time.

Education Improvement Board (EIB)

- Although responsibilities have been allocated to members of the Board it was not clear how members would be held to account if targets are not achieved. The Board may wish to consider how to monitor progress and detail expectations on leads of the various strands of work.
- With the establishment of a new Business Sub-Group the governance documents, including the Terms of Reference, should be revised to reflect this including membership and delegated responsibilities from the main board.

- There was no mention of a conflict of interest policy, with the comment that the board aims to improve the education of children across the city and that as decisions are made collectively there is no conflict of interest. Whilst this may be true, members of the board represent multi-academy trusts which are inspected and whose reputation and funding may be affected by poor performance, so members may have a vested interest in decisions. Therefore the board should consider establishing a conflict of interest policy in the event any issues arise.
- The Education Improvement Board scored itself 3 for Performance Management, which asks whether the partnership “reviews its progress and delivery against clear outcomes, outputs and milestones and takes prompt corrective action if necessary” and whether “delivery contracts and agreements are monitored and poor performance tackled”. The partnership commented that where action plans have been developed they are being reviewed, and a central recording system is not yet in place for Key Performance Indicators. We agree with this score on the basis development is in train. We accept the board’s intention to establish a central point for recording KPIs, and recommend that consideration is given to tackling underperformance from members.
- The Education Improvement Board scored itself 3 for Evaluation and Review. This was due to there being nothing in place yet for reporting on the work of the board on the EIB’s website and action plans not yet being formally evaluated and published. We agree with the score and would recommend some form of evaluation for all of the board’s activity is developed as soon as possible. We also recommend regular monitoring of membership, use of resources and strategies.
- No evidence was provided that suggests that the board considers value for money in financial decisions, however it did state that action plans are costed. Whilst we understand there may be experts both locally and nationally who are well placed to provide services, we recommend when allocating funding that explicit consideration should be given to how these resources add value and ensure value for money. This could perhaps include a financial plan prioritising spend.
- We recommend further consideration should be given to how to assess risk, including financial risk should funding cease, and reputational risk should the board not achieve its aims. As part of this process the board should consider how it can evidence its own role in any improvements, to ensure successes realised can be specifically attributed to board intervention and activity. One example could be to assess the impact of the Fair Workload Charter by asking teachers what effect it had in participating schools, and asking teachers new to the city if it factored in their decision making.

Safeguarding Children Board

- The Safeguarding Children Board is revising its overall Terms of Reference, although these are available for its various sub-groups. The Board should seek to ensure this is undertaken in a timely fashion.
- The Safeguarding Children Board should ensure information on the Council’s website is as up to date as possible. The published Business Plan is for 2015-16 with no date listed for when the next would be available.
- The Safeguarding Children Board scored itself 3 for Finance, as there is pressure on the proposed budget for next year. The good governance questions relating to finance

require the partnership to effectively monitor and report on its finances, demonstrate how it uses value for money, and that finances are audited. All of these actions take place so we would recommend a score of 2 for Finance would be more appropriate.

Green Theme Partnership

The Green Theme Partnership was being verified for the second year in a row at the request of Audit Committee following last year's report.

- The partnership was able to provide minutes of its most recent meetings, we would recommend that these continue to be held in a central location accessible by a number of staff to ensure they can be found should any members of staff leave the authority.
- We did not receive updated Terms of Reference from the one received last year which was last updated in 2012, so we would recommend this is updated as soon as possible.
- We were unable to ratify the scores on the self-assessment from the documents received; this is not to say the scores were disagreed with, but we were unable to verify them from the information available to us. The partnership receives no funding at present so poses no financial risk to the council, and work continues during the period of change. We would recommend that documentation relating to the partnership should be updated as soon as possible, to include relevant policies, action plans, progress monitoring etc.
- The partnership is in a period of transition so we recommend that the partnership be verified again next year, by which time the governance should be strengthened.
- We recommend that the NCC Lead for the Green Theme Partnership should speak to the Director of One Nottingham and the Head of the Crime and Drugs Partnership, the latter of whom has been undertaking work on all of the Council's partnerships, to explore options for partnership development.

Appendix 5

Schedule for Verifying Health Checks to 2020

No.	Name of Partnership	2013	2014	2015	2016	2017	2018	2019	2020
1.	One Nottingham	Completed				Scheduled			Scheduled
2.	Children's Partnership Board			Completed			Scheduled		
3.	D2N2 LEP				Scheduled			Scheduled	
4.	Green Theme Partnership			Completed	Repeat verification	Recommend repeat verification		Scheduled	
5.	Health and Wellbeing Board		Completed			Scheduled			
6.	N2 Skills and Employment Board			Completed			Scheduled		
7.	Nottingham Crime and Drugs Partnership		Completed				Scheduled		
8.	Education Improvement Board	Not on register	Not on register		Scheduled			Scheduled	
9.	Safeguarding Children Board	Not on register	Not on register		Scheduled				Scheduled
10.	Safeguarding Adults Board	Not on register	Not on register			Scheduled			Scheduled