developing productive partnerships

This bulletin summarises the key learning from our work with partnerships across England. Aimed at Chief Executives, senior managers, elected members and non-executive directors, it also highlights examples of good practice we have identified at partnerships we have worked with.
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Introduction

This bulletin draws together the key issues our auditors and inspectors have identified through their work with partnership bodies throughout England. The bulletin does not attempt to provide a comprehensive overview of all the issues; instead, it focuses on a narrow range of the most common problems we have seen in partnership bodies, and draws together examples of notable practice that we have identified.

It is a particularly pertinent time to examine partnerships. Whilst not new, there has been a considerable increase in the number of partnerships and the scope of their responsibility: most notably the Local Government Act 2000 established Local Strategic Partnerships (LSPs) and their lead role in promoting economic, social and environmental well-being. But the growth in partnerships is also a result of a much wider range of stimuli, including the need to deliver more seamless services, and to provide greater choice for service users, as well as more general improvements in service delivery.

For these reasons and others, partnerships have become commonplace as local agencies work together to tackle the complex challenges they face. Yet, while partnerships have become the norm, and agencies more comfortable working together, it is still proving difficult to assess how effective many partnerships are, or the contribution they’re making to the delivery of improved services.

For some time the Audit Commission has been examining the challenges of partnership working. A Fruitful Partnership (1998) identified that the possible benefits of partnerships ‘...are often difficult to realize in practice’. More recent research on Neighbourhood Renewal is adding to our understanding (see Box 1). District Audit has developed a diagnostic to assess the arrangements partnerships have in place, and how effectively partnerships are working. Increasingly inspectors are examining partnerships in response to councils’ cross-cutting reviews in areas like regeneration and community safety, as well as through the Comprehensive Performance Assessment (CPA) process.

Box 1: Audit Commission research into Neighbourhood Renewal

Emerging research from the Audit Commission looking at Neighbourhood Renewal has highlighted a number of concerns about the emerging role of LSPs. These include:

- Lack of clarity about the role of the LSP and the relationship of the member organisations to the partnership
- Confusion over lines of responsibility and accountability
- Difficulty in engaging the private sector
- Little experience of integrating regeneration projects into partners’ mainstream activities
- Poor local information and communication

This bulletin builds on our work to focus on what we consider to be the three critical issues affecting many partnerships:

- Performance
  - How do you build the sort of relationships that deliver improvement?
  - How will you know if your partnership is making a difference?

- Inclusion
  - How can you actively involve all the partners you need to reflect different perspectives in the local community?
  - How do you make partnership working attractive to both public organizations and private business?

- Probity
  - To whom is your partnership accountable and how can you ensure that public money is being properly spent?
  - What formal monitoring and appraisal systems do you need to have in place?
PERFORMANCE

How can partners ensure that their partnership is adding value to the work they already undertake independently?

The performance of an individual partnership will be affected by many issues. But there are critical elements which are common to all partnerships, particularly those working at a strategic level. The evidence of earlier work (see Box 2) makes it clear that the most successful partnerships are characterised by a shared vision, with partners prepared to bend their own activities and resources to supporting the overall goals, and with systems in place to ensure that it can track its own performance.

Box 2: A Fruitful Partnership, 1998

This Audit Commission publication summarised the key ingredients for a successful partnership as:
- Clear, shared objectives
- A realistic plan and timetable
- A commitment from partners to mainstreaming
- Clear framework of responsibilities and accountability
- Trust between partners
- Realistic ways of measuring achievements

This ‘shared purpose’ is a critical factor: without it, a partnership is unlikely to be in a position to deliver its remit. Partnerships can try many approaches to achieve a shared purpose, but it is clear that one of the most effective approaches is for partnerships to build on the firm foundations of unambiguous mission statements and clear terms of reference.

Partnership performance is also dependent on the resources it can draw upon, and how those resources are utilised. In some partnerships, resources can be dominated by one member of the partnership and, as such, may be used to fund services that would normally come from mainstream budgets or to support ‘pet’ projects. In Neighbourhood Renewal Funding (NRF) we have found:
- Grant being used to meet the costs of children’s services previously funded from social services budgets
- Controversies about how grant has been allocated
- Grant being used to fund existing projects leaving little for the partnership to decide

To help ensure that partnerships are making the best use of resources they should:
- Be clear about the resources that are within the control of the partnership

Developing a shared vision

AGMA put together a consultation strategy document for Greater Manchester – what they describe as their ‘starter for ten’ in an effort to build a shared vision of the City’s future which can be owned and supported by organizations working in the City. This shared vision sees Greater Manchester becoming:
"A world class city region at the heart of a thriving North West, capable of successfully competing internationally for investment, jobs and visitors. A vibrant safe and healthy environment in which to live work and earn, in a cohesive manner that enables people of all ages, communities and cultural backgrounds to reach their full potential”.

Source: A Greater Manchester Strategy, Consultation Document (AGMA), 2002
Establish clear criteria for the allocation of resources based on the objectives of the partnership, and implement this through a project appraisal system (see ‘Probity’ section)

Consider resources over project life cycles to ensure resources are not over-committed

‘Resourcing’ can be measured not only in terms of access to funds or decision-makers, but also to the support which enables the partnership to operate effectively. There are many examples of partnerships being set up, but whose progress and impact was hampered by a lack of access to the resources needed to ‘make things happen’. Statutory partnerships in particular, which have failed to suitably resource themselves, have found it difficult to meet timetables to produce strategies and action plans.

Conversely, some of the most successful partnerships we have identified have invested early in a well-resourced partnership-funded co-ordination team. All the partners need to ‘own’ the team and, in particular, to establish independence for the team from the lead partner (often the major supplier of team members). There are many options for how partnerships can resource themselves – but the critical point is that without resourcing, partnerships will fail to deliver. We found under-resourcing during our work with many community strategy partnerships and LSPs for two main reasons. Firstly, a lack of appreciation of the work involved, and secondly, a reluctance amongst partners to commit funding to administration rather than direct service delivery.

Partnership performance is also hampered by the lack of clear indicators for measuring success. Our research has shown that many partnerships develop a strategy only for it to flounder on the rocks of baseline indicators, milestones, targets and performance monitoring.

Key to this process is developing relevant indicators. Partners are likely to already collect a range of indicators, without clearly identifying why and what they are attempting to measure. Strategic partnerships in particular, due to the wide remit of their activities, are more likely to become frustrated as they attempt to reconcile the different standards, criteria and information that members will already collect against those that the partnership actually needs.

Our work shows that partners need to develop specific indicators relevant to the partnership and its remit, and this is clearly connected to the need for shared purpose, outlined at the beginning of this section. Several partnerships have told us that they find the Quality of Life indicators, developed by the Audit Commission working with a group of local pilots, useful for understanding local priorities and assessing the impact of collective action to address them (see Box 3).

**Box 3: Quality of Life Indicators**

The Audit Commission has just published a report, *Using Quality of Life Indicators*, that provides a set of recommended indicators for Local Strategic Partnerships to use to monitor their community strategies. The report has been endorsed by 4 government departments (DEFRA, DH, Home Office & ODPM) and 6 other national organisations including the LGA and NCVO.

Drawn up after a year-long pilot process involving 90 councils and two LSPs, the report recommends a set of 38 indicators covering key social, economic and environmental well-being issues. The indicators are voluntary and the Commission recommends that LSPs should supplement the set with additional indicators reflecting their local priorities.

The indicators can be useful for LSPs to:

- Identify key objectives within their community strategies
- Monitor progress against the community strategy objectives
- Paint a picture of, and monitor change in, the quality of life locally
- Involve the public in discussion about how to improve the quality of life locally
- Foster partnership working by all agencies in LSPs
- Help monitor the effectiveness of the LSP itself
- Facilitate comparisons of performance between different areas.

*Using Quality of Life Indicators*, Audit Commission, October 2002

Ring 0800 502030 for a free copy or download it from the Audit Commission website [www.audit-commission.gov.uk/pis/quality-of-life-indicators.shtml](http://www.audit-commission.gov.uk/pis/quality-of-life-indicators.shtml)
INCLUSION

Almost all partnerships struggle with the issue of inclusivity: not least because it is such a nebulous concept. During our research on Neighbourhood Renewal and work with partnerships undergoing the LSP accreditation process, we highlighted inclusivity as a weak area – a conclusion that is reinforced by subsequent government office comments.

Inclusivity can be defined on many levels, but for a partnership it should be about providing opportunities for potential stakeholders to contribute, in ways and times that are relevant to them, to the work of the partnership. As such, inclusivity could mean:

- Involvement through regular consultation, backed up by timely, accessible information about the partnership’s vision and activities
- Representatives from stakeholder groups (e.g., community, voluntary sector, and business organisations) actively involved in decision making by the partnership

Most partnerships spend considerable time and effort attempting to actively engage local communities. Too often, though, insufficient consideration is given to why this engagement is being sought. Partnerships need to consider what they are attempting to achieve:

- To merely inform communities of planned activities
- To test plans and hypotheses within the communities that will be affected and to receive their feedback
- To find out about residents’ needs and aspirations to inform the partnership’s priorities
- To actively engage specific sectors of the community to assist in the delivery of the partnership’s plans

A key issue facing many partnerships is how to engage with the community while avoiding the ‘usual suspects’ charge.
We have also found that partnership members require new skills and knowledge to build and sustain the relationships necessary for productive partnership working and so benefit from training and development opportunities. These enable members to understand the different perspectives, priorities and pressures on a partner organisation and how these can be reconciled for the partnership to work effectively and inclusively.

Partnership building events, work shadowing and secondments, and Business in the Community Seeing is Believing events are just a few of the successful approaches that we found partners using to build inclusivity.

A specific issue is how to engage with lobby and interest groups such as the organised voluntary sector, faith groups, Black and minority ethnic groups, young and older peoples’ interest groups, to name but a few. Partnerships need to establish clear guidance about the roles and accountabilities of such groups with regard to the partnership’s operation. However, our work suggests that most partnerships are still in the process of seeking active engagement with such groups. This can be achieved through a variety of practical means.

Case Study 3: Sheffield First

In order to maximize its inclusiveness Sheffield First, the City’s LSP introduced:

- Person specification for members to indicate skills and commitment required
- Openly advertised, competitive interviews for key sector representatives
- Individual coaching and support for members to build their capabilities
- Officer briefings for members prior to meetings so that no member feels left out of the information loop during meetings
- Change of venues for meetings so that they don’t come to resemble council committee meetings
- Visits and tours around target areas with follow-up meetings to set out what individuals and their organisations can do, so that members become engaged in the process
- Reviews of membership so that individuals don’t become complacent about their role and partnerships don’t become closed
- Local information on partnership activities, eg press briefings, local road shows, regularly posting minutes and papers on the internet.

Case Study 4: Manchester Agenda 2010

Manchester City Council believes the City’s diverse nature is one of its key strengths. As a consequence, this is a major theme within the LSP and Community Strategy. Agenda 2010 was developed almost two years prior to the LSP and community strategy to provide a community planning process for black and minority ethnic communities to work more effectively in partnership with the City Council and other public sector bodies. Agenda 2010 has been used as a pathfinder and has informed the development of some crucial community partnerships.

The Agenda 2010 partnership provides a forum for enabling Manchester’s black and minority ethnic communities to establish their priorities for the City and for establishing the necessary leadership to achieve these priorities. Agenda 2010 is therefore integral to the Community Strategy.

Agenda 2010 has four key themed priorities identified by black and ethnic minority communities: health, crime, education and employment. Each of these themes has an action plan and a sub-group tasked with driving improvement.

The annual Agenda 2010 Conference provides an environment where black and minority ethnic communities can discuss action plans and the progress made. These outputs are then fed back into the community planning process and used to inform both the Community Strategy and the LSP.

Perhaps most difficult of all, however, is securing private sector commitment and active engagement. Many partnerships are formed on the back of central government direction, and private sector...
organisations may see only limited benefits arising from their involvement. In fact, effective longer-term private sector engagement can secure benefits to all those involved in the partnership – the public sector partners may benefit from technological and financial investment and alternative ways of operating, resulting in improved services. And better services, an improved environment and economy arising from effective partnership working can enhance regional competitiveness and help to secure inward investment, with major benefits to the private sector as a whole.

To promote effective engagement with the private sector there are a number of considerations:

- The pace of change differs between sectors. It is important that reasonable medium- and long-term commitment is gained from all parties to ensure that frustration does not set in and objectives are not achieved
- There may be fundamentally different ethical and financial processes governing the operation of the different sectors
- It’s necessary to develop relationships between public and private sector partners, allowing for different working styles, accommodating different cultures and acknowledging the differing pressures that each sector faces away from its partnership role

We’ve not identified a significant volume of good practice in this area. However, competitiveness and engaging with the private sector to secure an improved economy are central themes in many of the community strategy documents we have reviewed.

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**Case Study 5: Liverpool City Council – ‘Business Friendly’**

Liverpool City Council carried out a best value review of competitiveness and establishing a ‘business friendly’ city. One of the key outputs from this work was the ‘business friendly’ checklist, which sets out the key features, based on research, that the business community perceive as necessary for Liverpool to be accepted as a business-friendly city. This is an important input for action planning and encouraging change as well as helping to define ‘success’.

The checklist is a useful prompt, but fundamentally it demonstrates that the achievement of Liverpool’s vision is dependent upon a wide range of service providers ‘owning’ the vision, and being prepared to change so that policies, priorities and - critically - practices explicitly embrace the vision at every level. The authority insists that it isn’t apeing the practices of the private sector, but learning from them and accommodating them in the way it develops its actions, delivers and engages. This type of cultural change isn’t achieved overnight, and needs to be founded on a clear set of principles with milestones of achievement. Finally, the whole process must be open and transparent to the business community.
PROBITY

If governance arrangements within partnerships are weak or not fully thought through, then partners discharging the accountable body role are at risk either financially or reputationally. We know, for example, of a large local authority where these arrangements fell down for reasons that are currently being identified. The sums involved are in the millions.

It’s clear that – when things go wrong – it can have enormous consequences for the lead partner and possibly the public purse. But it’s also critical that, rather than allowing risk aversion to undermine a partnership’s ability to deliver improved services, partnerships need to ensure that the right systems are in place.

All members of the partnership should be responsible for ensuring that they meet the highest standards of governance. Partnerships receiving public money commonly designate one member as the lead or accountable body to ensure that proper standards and procedures for financial stewardship are in place. Good practice suggests that these standards and procedures should be in place in all partnerships and should be shared by all partnership members. The development of LSPs has thrown this issue into sharper relief because of their wide membership and the difference in each LSP member’s experience and understanding of accountability. For this reason, arrangements for ensuring accountability need to be clear and understood by all:

- The roles and responsibilities of the accountable body and the partnership need to be formally recorded
- There should be a memorandum that sets out clearly the responsibilities and roles of the partnership board (and sub-board), the partners, the partnership executive team and the project deliverers
- Decision making should always be undertaken at the right level, i.e. strategic decisions should be referred to the partnership board
- The partnership board (or sub-board with delegated powers) should meet regularly, and the meetings should be conducted in accordance with agreed principles
- There should be procedures for dealing with any conflicts of interest

Case Study 6: ‘Protocols for partnerships’

Leicester City Council

The City Council responded positively to the need to develop clearer protocols for partnership working generally, and these have now been used in the Leicester Partnership. These establish lines of accountability for members to ensure they are accountable to the public for their actions as both members of the organisation they belong to and as members of the Partnership. The key accountabilities are:

- Ensuring the development and implementation of the strategic vision through the Community Plan and the Neighbourhood Renewal Strategy
- Ensuring that the City’s strategies, plans and other initiatives are aligned with the strategic vision
- Informing the general public of progress in these areas

Partnerships in receipt of public money will generally approve projects that meet the objectives set out in their strategy and contribute towards any targets they have committed themselves to. But there are routinely more bids for resources than there is money to meet them, so projects have to be formally and fairly appraised by people who are qualified to do so.

Bid appraisal is a crucial part of the governance arrangements for any partnership and needs to be a formal, transparent process undertaken
by people without any association with the projects or their deliverers. This reduces the risk that the partnership is perceived to favour any particular interest group or group of individuals. Moreover, the project approval mechanism has to be free from any conflict of interest, prejudice or bias, and all decisions must meet the applicable legal requirements and ethical standards. Projects must be formally approved before any grant is paid.

A partnership needs good systems by which to control, monitor and report on its activity and its finances, both internally and externally (where delivery is delegated to other parties). It will need:

- Common standing orders and financial regulations
- Robust internal controls and standards for all partnership members
- Appropriate internal audit arrangements

A partnership risk assessment should be undertaken and acted upon as part of the partnership’s corporate governance arrangements. It should also ensure that it can comply with external auditing or inspection requirements put in place by funding bodies:

- **Project monitoring systems**: project managers or deliverers need to provide information regularly on their projects’ activities, outputs, outcomes and expenditure so that the partnership can identify projects where there is a shortfall in performance and then act appropriately.

- **Financial management and monitoring systems**: there should be robust procedures in place for the control and administration of grant claims. There should be an assets register, which should be kept up to date; and accounts should be prepared each year for approval by an external auditor (as appropriate).

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**Case Study 7: Bristol City Council – project appraisal**

The City Council established a formal appraisal mechanism in Year 1 of the Neighbourhood Renewal Fund administered by a Neighbourhood Renewal Working Group. The Working Group provides a mechanism for ensuring that decisions on the allocation of NRF are consistent with the priorities identified within the Local Neighbourhood Renewal Strategy.

The appraisal mechanism has now been updated to provide greater clarity around the linkages of bids to priorities and the extent of neighbourhood support. Bid appraisal is undertaken by a sub-group allowing for both a deepening of expertise and an active focus upon the task of appraisal. These arrangements ensure that applicants and appraisers are clear about what is required of them through this process. The arrangements also ensure that NRF is directed towards deprived neighbourhoods and their service needs. However, getting the appraisal process working correctly has meant that decisions on spend take longer to achieve.
SOURCES OF FURTHER USEFUL INFORMATION

This bulletin gives a brief flavour of our work and findings in partnerships. If you would like more information on anything you have read here, please contact your District Audit audit manager or contact our Business Development directorate on 0121 224 1114.

There are now numerous publications available to help those working in partnership. The following list covers just about everything you need know about partnerships and partnership working:

- Building Effective Partnerships, CIPFA, 1998
- The CJC Guide to Partnerships and Partnering, CIPFA, 2001
- A Fruitful Partnership, Audit Commission, 1998
- Listen Up! Effective Community Consultation, Audit Commission, 1999
- Quality of Life Indicators Project Guidance, Audit Commission, 2002
- Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to grant claims and returns, Audit Commission, 2002
- We can work it out – In depth research into development and policy issues for local strategic partnerships, LGA/IDeA, 2002

A library of local performance indicators is now available at www.local-pi-library.gov.uk/. The library, developed jointly by the Audit Commission and IDeA, provides off-the-peg indicators that partnerships can use to measure their progress against local priorities.

ABOUT DISTRICT AUDIT AND THE AUDIT COMMISSION

District Audit is the arms’ length auditing agency of the Audit Commission, the body responsible for audit and inspection of local public services, notably councils and local health bodies. As well as issuing an opinion on the accounts, District Audit undertakes reviews of organisation’s corporate governance arrangements and performance management systems.

As part of an extensive modernisation process, District Audit will be merging with the Audit Commission’s Inspection Service to become the Operations Directorate of the Audit Commission from January 1 2003. We believe this sharing of expertise between audit and inspection will strengthen our ability to make sure that public money is spent wisely, efficiently and for maximum public good.