ANNUAL GOVERNANCE REVIEW
2016/17
Working in Partnership

Good governance in partnerships

Introduction

Every year an annual review of governance is undertaken to confirm that good governance was in place across the Council during the previous financial year. This is a requirement of the Accounts and Audit Regulations 2015 and follows the CIPFA framework for delivering good governance in local government which is considered 'proper practice' under the regulations.

A new framework was published by CIPFA in 2016 that Councils are required to demonstrate compliance with from April 2017 i.e. for the 2016/17 financial year. Our annual governance review process has been updated with the new requirements and whilst as before most elements can be picked up using an evidenced based self-assessment completed by a selection of managers across the Resources and Commercial Directorate (Finance, HR, Legal, Performance and Internal Audit, Risk & Fraud) the new framework places greater emphasis on obtaining assurance that good governance is operating in our partnership arrangements and therefore this specific evidence based self-assessment is being introduced to cover this.

The CIPFA framework contains 7 core principles each with a set of sub-principles. Six areas across four of the core principles require specific assurance on partnership working and these are shown below under each relevant core and sub-principle.   (Numbering relates back to the framework)

Guidance on working in partnership states that:

Effective service provision has meant that local authorities have always needed to work in partnership with other bodies. However, joint working and the use of a range of alternative delivery vehicles has increased over recent years as local government has coped with less resources.

An individual council may retain responsibility for the provision of services but other councils or organisations may provide these on their behalf. Collaborations bring about stronger relationships between authorities which may result in a more formal relationship at a later stage such as a combined authority.

Examples of joint working include:
- *joint commissioning with other public bodies*
- *joint ventures with other public sector bodies*
- *partnerships with the private sector, including outsourcing*
- *shared services such as:*
  - *joint management teams*
  - *joint provision with other local authorities such as back office functions*

Good governance in partnerships

Core Principle: Acting in the public interest requires a commitment to and effective arrangements for:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. *(2007 Framework Core Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.)*

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

	Sub-principles	Harrow Governance in Place/Evidence
	Behaving with integrity/ Demonstrating strong commitment to ethical values/ Respecting the rule of law	
1.4	Have values for the arrangements been agreed and have they been communicated to all concerned? How are they monitored? Do all the partners share in these values? Has the 'tone from the top' been established?	
1.9	Is there clarity over partners' statutory duties?	

Good governance in partnerships

Core Principle: Acting in the public interest requires a commitment to and effective arrangements for:

2. Ensuring openness and comprehensive stakeholder engagement .

Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

	Sub-principles	Harrow Governance in Place/Evidence
	Engaging comprehensively with institutional stakeholders[1]	
2.7	Is the partnership based on: • trust; • a shared commitment to change; • a culture that promotes and accepts challenge among partners; and that the added value of partnership working is explicit?	▪ Partnership framework ▪ Partnership protocols
	Have exit arrangements been defined and what might trigger them?	

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[1] Institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.

Good governance in partnerships

	How is effective stakeholder engagement maintained?	

Good governance in partnerships

Core Principle: Acting in the public interest requires a commitment to and effective arrangements for:

3. Defining outcomes in terms of sustainable economic, social, and environmental benefits *(2007 Framework Core Principle 1: Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.)*

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

	Sub-principles	Harrow Governance in Place/Evidence
	Defining outcomes in terms of sustainable economic, social and environmental benefits	
3.1	Is there a shared vision and clearly defined outcomes that have been agreed upon by all partners and supported by stakeholders?	
	Has the vision been communicated appropriately? How?	
	Have the benefits (to the Council and the community) of working in partnership been clearly mapped out? Where?	

Good governance in partnerships

Core Principle: Acting in the public interest requires a commitment to and effective arrangements for:

4. Determining the interventions necessary to optimise the achievement of the intended outcomes

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

	Sub-principles	Harrow Governance in Place/Evidence
	Planning interventions	
4.5	Have risks facing each partner when working collaboratively, including shared risks been considered and monitored?	▪ Partnership Agreement ▪ Risk Register
	Is a risk register in place?	
	Does it follow the agreed Council format?	
	How frequently is it updated?	
	To who is it reported?	

Good governance in partnerships

Core Principle: Acting in the public interest requires a commitment to and effective arrangements for:

5. Developing the entity's capacity, including the capability of its leadership and the individuals within it

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

	Sub-principles	Harrow Governance in Place/Evidence
	Developing the entity's capacity	
5.3	Have the benefits of partnerships and collaborative working where added value can be achieved been recognised?	▪ Business case ▪ Committee report
	Are members able to scrutinise and challenge the arrangements effectively?	
	Are staff/managers in the shared service able to work flexibly and across organisational boundaries?	

Good governance in partnerships

	Can they confront and influence the barriers that they encounter?	
	Do those in the partnership/shared service have the authority to make decisions?	
	Do they have the resources required to deliver the shared service remit?	
	Do staff/managers know how to deal with competing and/or conflicting demands and interests in respect of the shared service versus their Harrow role?	
	Is there clear and robust leadership for the shared service which focuses on outcomes?	
	Is there a policy in place for dealing with different terms and conditions?	

Good governance in partnerships

Core Principle: Acting in the public interest requires a commitment to and effective arrangements for:

6. Managing risks and performance through robust internal control and strong public financial management *(2007 Framework Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.)*

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

	Sub-principles	Harrow Governance in Place/Evidence
	Managing risk, managing performance, robust internal control, managing data, strong public financial management	
	Was a Business Case for the proposed partnership/shared service approved?	
	Who approved it and when?	Committee and date
	Did it cover other options?	
	Has the arrangement been reviewed to determine if it is working effectively?	
	Have expected savings/benefits been realised?	

Good governance in partnerships

	Is it clear in the agreement which authority's regulations, e.g. financial regulations, contract procedure rules, apply?	
	Is budget responsibility clear within the agreement?	
	Are the access rights and boundaries of Internal Audit clear within the agreement?	

Good governance in partnerships

Core Principle: Acting in the public interest requires a commitment to and effective arrangements for:

7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability

	Sub-principles	Examples of Evidence	Examples of systems, processes, documentation and other evidence demonstrating compliance in 2016/17
	Assurance and effective accountability		
7.12	Are arrangements for accountability clear and the need for wider public accountability been recognised and met?		
	Does the partnership/shared service report on its performance regularly?		
	Who is this reported to?		
	How do we ensure that accountabilities remain clear to the public?		
	Is it clear do all stakeholders who is leading the partnership/shared service?		