

# Thame Town Council

## Partnership Working – A Code of Practice

### 1. Background

“Partnerships” are playing an increasingly important role in the future of policy development and service delivery for the public sector. At a national level the Government is increasingly seeking to promote joint working/shared services to deliver the core business of councils and contribute to the achievement of priorities and efficiency targets.

However, although there are significant benefits, formal “partnership working” presents challenges for all involved. The way in which the Council works and the relationships that are developed are critical.

One major consideration for the Council when establishing any partnership arrangement is to ensure that a reasonable level of governance standards are applied. This includes a need to ensure the proper management of the risks involved with the partnership, that proper procedures are in place to carefully select partners, the adoption of appropriate governance standards and the effective monitoring and evaluation of the effectiveness of any partnership.

It is important to understand that involvement in “partnerships”, however small or seemingly insignificant, usually carries legal, procurement, financial, personnel, reputation and service delivery risks and implications for the Council, and for partners, some of whom as small organisations may rely heavily on the “partnership” to sustain its existence.

This Code of Practice aims to offer some guidelines to the Council when considering “partnerships” to ensure that it adopts a flexible, efficient, proportionate and robust approach to engaging with “partners” and forms an important element of the Council’s overall regulatory framework.

### 2. Incentives for Partnerships

In recent years, the focus for many public, private, voluntary and community organisations has been on the opportunities afforded by collective working in using partnership and joint working arrangements. The Town Council recognises the benefits partnership working can bring in delivering improvements to the town and public services and encourages the development of partnerships at a number of levels.

Indeed, many new funding sources can only be accessed by the demonstration of multi-partner approaches to action on a wide range of issues. For cross-boundary issues it may be the only method of working that can be adopted.

### 3. Definition

The following is offered as an overview of what is meant by the terms “partnership”, “partnering” or “partnership working”.

***A relationship between two or more independent legal bodies, organisations or individuals working together to achieve a common vision with clear aims and objectives.***

### 4. Successful Partnerships

Developing a successful partnership can make a real difference to the delivery of services to the residents of Thame. However, there are a number of simple guidelines that can help achieve successful partnerships. A successful partnership relationship involves the following:

- A clear vision
- A set of objectives which, where possible, need to be Specific, Measurable, Achievable, Realistic, Timebound, Effective and Resourced
- A clear management structure where all partners have agreed terms of reference, “constitution” and terms of accountability, and agree on strategy, aims, roles and responsibilities
- An agreed action plan or business plan
- Effective performance management that identifies clear standards, milestones, outcomes, performance indicators and delivery dates
- A review process to review the partnership’s performance and its work on a regular basis
- An effective reporting mechanism to keep all partners informed of progress

### 5. Challenges of Partnerships

If partnerships are not set up correctly, are poorly managed or not fully understood, they may not deliver their intended objectives and the Council’s involvement can give rise to financial and other liabilities, be time consuming, costly and ineffective and raise public concerns about the Council’s operations.

The following outlines some of the challenges partnerships face, which need to be considered at the outset and subsequently addressed in an appropriate written partnership agreement:

- Risks or liabilities on a partner
- Reporting and accountability procedures
- Resource requirements
- Identity, power or autonomy of the partners
- Tension/conflict resolution
- Cultural/organisational values
- Organisational changes that may be required

## **6. Assessing the Need for a Partnership Arrangement**

Successful partnerships are characterised by a shared vision or purpose, where partners agree to modify their own activities and resources to implement the overall partnership goal within new arrangements.

The idea of a shared vision or purpose is a vital factor; without it, a partnership is unlikely to be in a position to deliver. It is therefore essential that the partnership has agreed clear aims and desired outcomes and that these are achieved through clear terms of reference and governance arrangements. This, in practice, can be developmental and should be kept under review.

When an issue, idea or need has been identified, it is important for the Town Council to test thoroughly the need for a partnership arrangement. Approval for entering into a partnership relationship should be agreed in principle with the Full Council. This should be done before any commitments or changes in service delivery or operational arrangements are made.

## **7. Template for Partnership Agreements**

### ***Partnerships need a written signed agreement between all partners***

A Partnership Agreement is like a rule book or guide book. It should define how partners will work together, who will be responsible for what, who will report to whom, how services will be provided, how decisions will be made, how the funding will be managed, shared, etc. Any financial relationship with a partner must be fully documented and legally binding. The formal agreement will bind together all of the issues of concern including the financial arrangements, governance and exit strategy.

The resulting Partnership Agreement may comprise a short document or something more substantial, depending on the nature of the partnership in question and the complexity of the issues raised by it.

The Partnership Agreement should be regularly reviewed and amended where agreed and appropriate.

## **8. Membership of Partnerships/Management Committees**

There are an increasing number of local bodies than can impact on the lives of local people and Councillors can play an important role in communicating local views to key agencies and in influencing decision making.

Importantly, a Councillor might well be the only person on a partnership with democratic accountability and will thus have a duty to be very careful about what public money is used for.

An informed decision should be made as to whether it is appropriate for the Council (Member or Officer) to be involved in a partnership arrangement and the following information should be included in those considerations:

- who the partners are
- aims and objectives
- how long the partnership is expected to last

- the legal status of the partnership
- risk management arrangements
- what geographical area the partnership will cover
- the decision making arrangements
- the role description of its members/officers (including duties expected)
- the regularity of meetings
- whether the partnership covers the expenses of its members
- is the Town Council expected to contribute any funding or other resources
- insurance arrangements
- financial accountability arrangements and
- proposed Exit Strategy

## **9. Financial Matters**

### **Finance**

Generally, if no finance is directly involved then, in most circumstances, this section of the guidance could be dispensed with. However, if there is the possibility of the “partnership” committing either Council funds (or external funds routed through the Council as the Accountable Body) or services, then the implications of this must be considered, e.g.

- budget implications and formal approval to incur expenditure against the commitment
- where any finance is to be exchanged, it is essential, from the outset, that a clear procedure to incur expenditure is agreed
- the partnership will also need to establish what happens to overspends and underspends

### **Accountable Body**

Normally, where projects are externally funded (grants), the funding body requires that one of the partners takes on the role of Accountable Body. This Body is responsible for the financial administration of the grant and any agreed deliverables/outputs.

If the Council takes on the role of the Accountable Body it usually “cash flows” the projects, pending receipt of the grant. This generates a small cost to the Council. Most importantly, it represents a risk to the Council in the event of the project incurring costs which are not reclaimable from the grant funding body.

The Accountable Body also implements the partnership’s reasonable decisions. This means it will do things like securing and signing contracts or service level agreements and paying out funds. This involves:

- Administering and taking responsibility for the funding
- Providing resources (e.g. staff, facilities) to carry out the obligations of the partnership such as procurement, finance, information systems and support
- Ensuring that the grant allocated is spent according to the agreed plan
- Establishing and maintaining effective systems for monitoring and auditing spend

In order to qualify as or be an Appointed Body, the organisation must be:

- Nominated to act on behalf of the partnership
- A legal entity
- Capable of meeting legal obligations

An Accountable Body may either be the partnership itself (if it has formed a company limited by guarantee) or one of the members of the partnership acting on behalf of the rest of the partners.

In principle, the Council will consider being the Accountable Body subject to a risk assessment of the responsibilities applying to being the Accountable Body.

Before taking on the role of Accountable Body there must have been prior discussion with the Council's legal advisors, the Council's Responsible Officer, and approval by Full Council.

## **Financial Reporting**

If it essential that regular monitoring reports are produced as an aid to good financial management. The frequency and style of reports will be determined by the Council's Responsible Financial Officer.

## **Procurement Procedures**

As any funds from the Council are public money, then the procurement framework of the partnership should be broadly comparable to the Council's. Where the Council is the Accountable Body, the Council's Financial Regulations must be complied with, regardless of the funding source.

## **VAT**

VAT is a very complicated area and advice must be sought from the Council's accountants. Without proper adherence to VAT legislation the "partnership" may find that its funding is less than expected, and if VAT rules are not followed this might mean that interest and penalties have to be paid.

## **Audit Requirements**

From the outset, the "partnership" agreement must provide both Internal and External Auditors with rights of access to documents.

## **Document Retention**

It will need to be established who is going to be responsible for holding documents for various statutory and grant body requirement periods.

## **Grants**

Quite often, grants form the main funding for partnership arrangements and the terms and conditions of those grants, including document retention, must be clear.

It is important, also, to consider who is to become the Accountable Body as referred to above and the possibility of future funding requirements (e.g. maintenance, insurance and sustainability), should the service be continued beyond the grant-funded period. It is also essential to avoid the potential claw back of any grant monies.

## **Risk Assessment**

It is vital that all partners and the Partnership itself carry out a full and robust process to identify, analyse and put in place effective measures to control the risks. Additionally, partners should carry out regular monitoring of risks to ensure they are successfully controlled and any risk assessment updated.

## **Liability**

Throughout the planning and implementation stages of the partnership, there must be thorough and comprehensive attention to the liability issues for the Town Council.

In the first instance legal advice must be sought. Considerations include:

- infringement of legislation by staff or members of the Partnership
- the Council needs to be indemnified against any actions that the Partnership (or a partner) may make.

## **Exit Strategy**

Invariably, “partnership arrangements” are set up as a result of Government initiatives, and funding is usually by way of a grant for a limited period of time. Upon cessation of the grant, Central Government often expects local authorities to mainstream these projects (if evaluation indicates successful outcomes) into normal day-to-day business and the Council must be fully aware, therefore, of any potential funding shortfalls, loss of assets or future financial implications.

In addition to the above, a clear exit strategy needs to be in place for both the planned and unplanned cessation of partnership arrangements, including any employment matters to consider.

## **Budget Holder**

In terms of accountability, it is essential that a Budget Holder is appointed to the “partnership”, with clearly defined duties and responsibilities.

## **Employment of Staff for the Partnership**

When a partnership “employs” staff, one partner should act as the employer. This should be detailed in the Partnership Agreement.

Where the Council is to be the employer, then the Council’s recruitment and selection policies and procedures must be followed.

## **Risk Management**

Successful Risk Management enables the Partnership to effectively manage strategic decision making, service planning and delivery to safeguard the well-being of the stakeholders and is crucial to the achievement of its objectives.

Effective Risk Management is one of the principle elements of Corporate Governance. The process includes identification, analysis, control and monitoring of risks and the maximisation of opportunities that can impact on the Partnership's aims and objectives. It is therefore important that adequate Risk Management arrangements are in place.

### ***Aims of Risk Management in Partnerships***

- The Partners are aware and understand the nature and extent of the risks they face individually and in partnership working
- To have an effective strategy in place to manage those risks within the Partnership
- Everyone effectively manages risk to ensure the Partnership's objectives are achieved.

## Assessing the Need for a Partnership Agreement – Checklists

The establishment of any partnership arrangement will require that all partners have clear, shared objectives and are able to set a realistic plan and timetable, within a clear framework of responsibilities and accountability.

The time taken to plan and set up a partnership effectively should not be underestimated.

Questions	Comments
Have the shared vision and objectives been agreed?	
Is there a good “cultural fit” between the partners?	
What legal powers will be used to create the partnership?	
What consultation has been undertaken with other relevant bodies and key stakeholders about the outcomes and higher level objectives that the partnership wants to deliver?	
<b>Planning/Initial Steps</b>	
Is there a clear, measurable plan, including appropriate timescales for delivering the partnership action plan?	
Have all partners agreed the action plan?	
Have you undertaken a risk assessment of the partnership action plan?	
Are the proposed partners clear who is responsible for delivering the plan?	
Have you considered how the Partnership will be sustainable in the longer term? (if not a fixed term)	
Has Full Council approved being a member of the partnership?	
<b>Governance, Accountability and Probity</b>	
How will the Partnership account/report to the Council for its activity (performance and finance)? How will it demonstrate it provides value for money?	
How will openness / transparency in governance be achieved?	
When and how will reviews be undertaken on partnership activities?	

Is the Partnership clear what it will do if poor performance is reported?	
What will be the risk management arrangements (including business continuity)?	
Does the performance management process include clear milestones, outcomes and delivery dates?	
What process will be set up to resolve disputes?	
Are partners clear on the length of the agreement and do they have an agreed exit strategy for the Partnership?	
What formal monitoring and appraisal systems will be put in place?	
Is there a relationship of trust between the partners?	

**Partnership Sign-Off – Checklist**

This checklist should provide evidence that the Council has addressed all the significant areas before finally signing the Partnership agreement.

Key Areas	Comments by Officer
Legal Powers	
Terms of Agreement	
Information Sharing	
Funding	
Accounting	
Financial Liabilities	
VAT	
Procurement Process	
Risk Management	
Insurances	
Contribution to Council's Strategic Objectives	
Management of Outcomes	

### Example of Heads of Terms of Partnership Agreement

#### A. Introduction

*State that this is a partnership agreement between name of each partner.*

#### B. Vision/Purpose and Objectives of the Partnership

*The Vision/Purpose of the Partnership should be clearly stated. The vision describes what you want to see in place some years down the road – a picture of the future.*

*The specific objectives for the partnership should be clearly stated. The objectives should be specific, measurable and practicable so that you know what you want to achieve and whether you are achieving it. They should focus on outcomes and results rather than activities, i.e. what you accomplish rather than how you will work or what you will do.*

#### C. Service Provision

*The services to be provided by the Partnership should be clearly stated (including duration of partnership).*

#### D. Running the Partnership

*Document the following:*

- *Partners' Roles/Duties/Responsibilities*
- *Decision-Making Process*
- *Secretarial Role*
- *Identify ownership of assets*
- *Information Sharing Protocols/Confidentiality Issues*
- *Risk Management Arrangements*
- *Retention of Records*
- *How will the partnership monitor and evaluate activities?*
- *Organisational and Management structure and reporting mechanism – it may be useful to include an organisational chart indicating who is responsible for what and who is reporting to whom:*
  - *Reporting mechanisms (how often, who reporting to and what reporting on)*
  - *Performance Management arrangements*
  - *How will complaints be handled?*
  - *Member Involvement (roles and responsibilities, democratic accountability, declarations of interest, etc.)*

#### E. Financial Matters

*Where applicable, document:*

- *Who is responsible for the financial affairs of the Partnership, including the Budget Holder(s)*

- *Partnership capital*
- *Income and expenditure*
- *Grants and funding*
- *Banking and financial arrangements*
- *Accounting arrangements*
- *Liabilities and insurance arrangements*
- *Recharging for Accountable Body costs*
- *Making provision for tax payments and VAT*

*Access rights for the Council's Internal Audit Service must be included within the Agreement.*

## **F. Special Circumstances**

- *Dealing with the media*
- *The circumstances necessary to expel a partner*
- *Resolving disputes (what complaint procedure should be applied in the case of dispute between partners or from service users).*
- *Procedures for whistle blowing/anti-fraud etc.*
- *Breaches of protocol procedures*
- *How variations to the Agreement will be handled*

## **G. Dissolution**

- *Termination provisions*
- *Exit strategy (including liabilities)*
- *Final reporting*
- *At dissolution the partners should:*
  - *Inform any funders*
  - *Provide appropriate final reports*
  - *Share knowledge learned from the Partnership*
  - *Inform all stakeholders, etc. as appropriate*

## **H. Review**

*State when the agreement will be reviewed and by whom.*

## **I. Other Considerations**

- *Indemnities required*
- *Bribery and Corruption clauses*
- *Conflict of interest*

## Appendix 4

### Partnership Risk Assessment Template

This document is a guide to identify and record areas of potential problems as a supplement to the Council's Risk Management Strategy. The risk assessment will need to be signed off by the Full Council. The table below is there to document the risk identification process, resulting in a Risk Category, and help develop an action plan to avoid risk.

Category	Risk Issue	Likelihood	Impact	Total	Action Required	Person Responsible
Objectives						
Political						
Contractual						
Plan						
Governance						
Resources						
Financial/Economic						
Professional						
Stakeholders						
Communication						
Technological						
Legal						
Physical						
Environmental						

**N.B. See the attached**

## Risk Assessments

Risk cannot purely be measured in financial terms but consideration must be given to legal and statutory requirements and the impact on the Partnership's reputation and service continuity are also important elements of risk analysis.

Impact will be viewed in terms of the consequences of the identified risk (i.e. the extent to which it may cause failure or unavailability). Impact will be classified using the following criteria:

Major Disaster (5)	e.g. total failure of process
Major (4)	e.g. serious disruption to the process
Medium (3)	e.g. disruption to the process
Minor (2)	e.g. some minor impact to the process
Insignificant (1)	e.g. annoyance but does not disrupt the process

An assessment of the likelihood of the identified risk occurring within a relevant timeframe, i.e. six/twelve months will then be carried out using the following classification:

Almost Certain (5)
Likely (4)
Moderate (3)
Unlikely (2)
Rare (1)

Based on the above, each level of impact will be **multiplied** against each level of likelihood, providing a rating.

Likelihood	Impacts				
	Extreme (5)	Very High (4)	Medium (3)	Low (2)	Negligible (1)
Almost Certain (5)	25	20	15	10	5
Likely (4)	20	16	12	8	4
Moderate (3)	15	12	9	6	3
Unlikely (2)	10	8	6	4	2
Rare (1)	5	4	3	2	1

## Prioritisation of Risk

Using the table and the results of the risk ratings, all the identified risks will be categorised into three levels:

<b>H-25-16</b>	<b>Risks requiring active monitoring and management</b>
<b>M-15-8</b>	<b>Risks requiring monitoring, i.e. a watching brief</b>
<b>L-6- 1</b>	<b>Risks which do not require specific management attention</b>

It is important to note that **all** risks should be considered and not discounted purely on the basis that they achieve a low score. There may be other factors that dictate that they should be included in the plan.

Risks that are within the tolerance boundaries are deemed to be acceptable risks, where little or no action is required to reduce their score. However, for completeness all risks appear in Risk Assessments to ensure the Partnership “Board” remains aware of them and how the score was determined.

Regular reviews will ensure that this scoring will be revisited to confirm that the risk remains acceptable or if the likelihood of impact increases. Then further mitigating actions must be planned.

Risk control will involve the implementation of measures that will reduce the likelihood of the risk event occurring or reducing the impact of the consequences should it occur.

## Risk Areas to Consider

### Objectives

Those associated with the achievements of strategic objectives

- Common understanding of the objectives
- Most appropriate way to deliver objectives
- Value for money
- Compliance with Council's procedural rules
- Dependency upon the partnership to achieve the Council's strategic objectives
- Appropriate representation

### Political

Those related to the delivery of government policy or local identified priorities

- Concede control
- Conflict of other Council policies/strategies
- Expectations of Members
- Reputation damage

### Contractual

Those associated with the formation and conditions of the Partnership Agreement.  
Those associated with the failure of contractors to deliver services or products.

- Partnership agreement
- Contract specification
- Procurement strategy
- Roles and responsibilities
- Indemnities
- Insurance
- Exit Strategy

### Plan

Those related to the partnership Business/Action/Delivery Plan

- Roles and responsibilities
- Timescales and milestones
- Communication and information protocols

### Governance

Those relating to appropriate forms of governance

- Decisions, Finance, Information, Monitoring, Escalation, Disputes
- Are the principles of Good Corporate Governance transparent to all stakeholders, e.g. openness and inclusivity, integrity, accountability?
- Reporting framework/structure
- Roles and responsibilities
- Audit protocols
- Confidentiality issues
- Dispute resolution procedures
- Performance management
- Risk management

## **Resources**

Those relating to the resources required to deliver the overall objectives.

- Staffing/HR issues
- Health and safety
- Property, equipment
- Insurance

## **Financial/Economic**

Those affecting the ability to meet financial commitments or liabilities and affecting financial accountability, planning, control.

- Overall costs
- Implementation costs
- Maintenance costs
- Ongoing sustainability costs
- External funding
- Ability to meet/upgrade costs
- Budget approval
- Accountable body status
- Responsibility for project funds
- Bank accounts/cheques
- Maintenance of financial records
- VAT issues
- Claw back

## **Professional**

Those associated with the particular nature of the skills/profession; and roles and responsibilities of the partners.

- Service delivery
- Termination of agreement
- Personnel issues
- Employment of staff

- Day-to-day management responsibilities

## **Stakeholder**

Those associated with the failure to meet the current and changing needs of stakeholders

- Expectations
- Liaison/communication with stakeholders

## **Communication**

Those associated with the failures of the Partnership to communicate effectively either between themselves or with stakeholders.

- Common understanding of the Partnership's Aims and Objectives
- Information sharing protocols
- Reporting lines
- Advice giving and decision making process
- Document management

## **Technological**

Those relating to the capacity of an organisation to deal jointly with the technological requirements of the Partnership.

- Resource implications
- Security/integrity
- Disaster recovery/planning
- Capacity to deliver service
- Additional infrastructure requirements

## **Legal**

Those relating to breaches of legislation.

- General legal requirements
- Data Protection Act
- Freedom of Information Act
- Disability Discrimination Act
- Liabilities, Warranties, Health and Safety requirements

## **Physical**

Those relating to health and safety, accident prevention, etc.

- Ownership of property and responsibilities
- Asset management and ownership
- Risk assessments associated with any initiative

- Provision of office accommodation and equipment
- Termination strategy and liabilities

## **Environmental**

Those relating to the environmental consequences of progressing the partnership's objectives.

- Energy efficiency
- Waste management
- Sustainability
- Management of environmental risks and legislative compliance