

Public sector

Summary

October 2005

Governing partnerships

Bridging the accountability gap

Summary

Key findings

Local partnerships are essential to deliver improvements in people's quality of life, but:

- They bring risks as well as opportunities, and governance can be problematic.
- They may not deliver good value for public money, so local public bodies should ask searching questions about those they are engaged in.
- Clear accountability is needed between partners to produce better accountability to the public, including redress when things go wrong.

- 1 Partnerships are a significant feature of public service delivery. At the last count, around 5,500 partnerships existed in the UK, accounting for some £4 billion of public expenditure.
- 2 Partnerships can bring significant benefits. They are a response to the complex and multi-faceted problems that face society, and that cannot be tackled effectively by any individual body working alone. They can provide flexibility, innovation and additional financial and human capital resources to help solve problems. These are powerful incentives for organisations to work with others and now all local public bodies work in partnerships to different degrees. The distinction between statutory and voluntary partnerships has, in effect, become blurred.
- 3 But partnerships also bring risks. Working across organisational boundaries brings complexity and ambiguity that can generate confusion and weaken accountability. The principle of accountability for public money applies as much to partnerships as to corporate bodies. The public needs assurance that public money is spent wisely in partnerships and it should be confident that its quality of life will improve as a result of this form of working.
- 4 Local public bodies should be much more constructively critical about this form of working: it may not be the best solution in every case. They need to be clear about what they are trying to achieve and how they will achieve it by working in partnership. This clarity will come when public bodies ask themselves two broad questions about their partnerships.

- 5 How do partnerships add value?** Evidence that partnership working brings real benefits exists, but it is mainly qualitative and local. Partnership working takes up a lot of time and other resources. It can therefore extract value as well as add to it, but remarkably there is very little hard information about its impact. Not all organisations even know how many partnerships they are involved in.
- 6 Who is in charge of partnerships?** The Audit Commission's work in reviewing partnerships shows much commitment to this form of working at a local level, but also that things can easily go wrong. A third of those working in partnerships experience problems, according to auditors. These problems arise when governance and accountability are weak: leadership, decision-making, scrutiny and systems and processes such as risk management are all under-developed in partnerships.
- 7** The assessment of risks and benefits in partnerships is most finely balanced when service planning, commissioning and delivery between separately constituted bodies become more integrated. Pooled budgets, for example, have great potential to bring clarity of purpose to partnership working; to enhance the resources brought to bear on problems and to deliver better services to users. But integration without clear protocols and agreements can reduce accountability and increase risks. The Commission supports the development of local area agreements (LAAs), which should help to clarify relationships and manage risks in more integrated arrangements, and pooled budgets in particular.
- 8** There is no one size fits all model of governing partnerships: governance arrangements should be proportionate to the risks involved. Partners must strike the right balance between the need to protect the public pound and ensure value for money, and the innovation and flexibility that can exist when organisations collaborate. The governance of partnerships should promote good internal accountability between partners and better external accountability to service users. Shared responsibility should not mean diminished accountability.
- 9** Not enough public bodies have comprehensive agreements in place for their significant partnerships. Such agreements are the basis for better governance and management of risks. For example, evidence shows that primary care trusts (PCTs) without a comprehensive partnership agreement are twice as likely to encounter problems as those that have one.

- 10 We fully support effective partnership working by local public bodies and this report contains many examples of good practice. It does, however, raise some important questions. Inevitably, not all partnerships work smoothly. Strong corporate governance is needed to support partnerships effectively, and to create a clear and shared focus on users and on value for money.
- 11 This report defines a partnership broadly as ‘an agreement between two or more independent bodies to work collectively to achieve an objective’. It does not address all forms of partnership: procurement partnerships or partnerships of registered social landlords, for example. But it outlines the principles of good partnership governance and how they can help local public bodies to deal with the growing challenges. It contains a checklist of key questions to help those engaged in partnerships to assess how well they are equipped to meet these challenges. These principles apply to all forms of partnership working.
- 12 We will contribute to improvement in partnership working and governance. As well as carrying out this study, we will work with others to share good practice and collect robust information on the value and impact of different forms of partnership through our local audits, inspections and other studies. Our continuing work on Area Profiles and quality of life indicators will strengthen the assessment of the value of partnerships.
- 13 Others must also contribute. Central government must become clearer about the role of local partnerships: how individual local partnerships relate to each other, and the scope for local discretion over priority setting. This will help to ensure that local partnerships become more effective. It must assess the capacity of the local public sector and its partners to deliver all the improvements required through partnership working and take steps to improve it where necessary.

Recommendations

14 Public bodies should:

- a) Know the partnerships they are involved in, and how much money and other resources they invest in them. They should review each partnership, using the checklist in Chapter 1, to strengthen accountability, manage risks and rationalise working arrangements.
- b) Establish clear criteria against which partnerships can be evaluated to determine that they help to achieve partners' corporate objectives cost-effectively (Chapter 2).
- c) Take hard decisions to scale down their involvement in partnerships if the costs outweigh the benefits, or if the added risks cannot be managed properly (Chapter 2).
- d) Agree and regularly review protocols and governing documents with all partners (Chapter 5).
- e) Tell service users and the wider public about how key partnerships work, where responsibility and accountability lie and how redress can be obtained through joint complaints procedures (Chapter 4).

15 Regulators should:

- a) Collaborate to ensure that they share audit and inspection information about how local public bodies work in partnership (Chapter 5).
- b) Agree on joint programmes of work where appropriate to tackle weaknesses and reduce the regulatory burden on organisations working in partnerships (Chapter 5).
- c) Make their findings available to the public and to service users (Chapter 5).

16 Central government should:

- a) Within the context of local area agreements, make the rationalisation of partnerships easier by clarifying lines of accountability between partners and partnerships, with fewer, more outcome-focused targets that measure cross-cutting achievements (Chapter 5).
- b) Ensure that the growth of regional and sub-regional partnership working does not add unnecessary complexity for bodies already in local partnerships (Chapter 5).

- c) Consider how the remits of different ombudsmen can be aligned to provide more effective investigation of complaints from the public arising from partnership working (Chapter 4).
- d) Improve the integration of financial accounting frameworks and regulations to enable organisations working in partnership to report on joint expenditure and financial activity. This will allow public bodies and their partners to align strategic and operational activity and will be essential for the development of effective performance management systems and processes. It will also provide a better basis for assessing value for money (Chapter 2).

i Copies of the full report are available at: www.audit-commission.gov.uk
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