

# **Progress in Partnership Working through Plymouth 2020**

**Plymouth City Council**

**Audit 2005/2006**

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles.

- Auditors are appointed independently from the bodies being audited.
- The scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business.
- Auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

### **Status of our reports to the Council**

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

### **Copies of this report**

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0845 056 0566.

© Audit Commission 2006

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

## Contents

Introduction	4
Background	4
Audit approach	5
Main conclusions	5
<b>Appendix 1 – Progress on recommendations</b>	<b>7</b>

## Introduction

- 1 Plymouth City Council has a central role in the Plymouth 2020 Partnership (P2020), which brings together public sector, community and business interests in a local strategic partnership. In October 2004 we reviewed how the Council works through P2020 to exercise its role of community leadership and achieve agreed partnership goals, focusing on whether arrangements would support achievement of future outcomes. We concluded that 'Plymouth City Council is showing strong leadership and commitment to P2020. The city strategy, although lacking some detail, embodies an agreed vision for the future and gives a useful framework for joint working. Some significant weaknesses remain and our agreed recommendations - which have been incorporated into the 2020 improvement plan - address these.'
- 2 This report assesses the progress the Council, working with other partners in P2020, has made on our recommendations during 2005. As part of the external audit of the Council, it does not comment on the contribution of other agencies.

## Background

- 3 There have been significant management changes in the Council in the past year. A new permanent Chief Executive took up his post in March 2005, giving the Council the prospect of stability that it had lacked for some time. The Chief Executive has a substantial involvement in the work of P2020. There has been departmental restructuring, including:
  - the disbandment in April 2005 of the Department of Strategic Projects and Service Change; and
  - the split of Social Services and formation of Community Services and Children's Services Departments in August.
- 4 There were no elections during 2005 and the Council Leader remains Chair of P2020. The P2020 Manager, recently appointed at the time of our previous review, continues in post, but now reports to the Head of Performance and Policy, within the Chief Executive's department. The P2020 staff team has moved from offices at the Chamber of Commerce to sit alongside other corporate functions in the Civic Centre, and is thus able to draw on additional administrative and research support. It has been expanded, including secondments from the police and integration of some of Council staff responsible for neighbourhood renewal, to eight.
- 5 One of the roles of P2020 is to be the local strategic partnership (LSP) responsible for use of the Neighbourhood Renewal Fund (NRF), which is administered by the within the Development Directorate of the Council. P2020 receives an annual assessment in this role by Government Office of the South West (GOSW).

Following concerns about budget control on the NRF, GOSW arranged for an assignment manager from the government's Neighbourhood Renewal Unit (NRU) to work with the partnership during the summer to ensure improvement.

## Audit approach

- 6 A number of elements of our audit and inspection programme include questions about partnership working. In particular, the corporate assessment published in December 2004, and subsequent progress assessment and direction of travel statement of December 2005, comment on the way the Council works in partnership. Fieldwork for this project has been integrated with that for other work, and designed not to overlap the activity of NRU and GOSW. It included, during the period April to December 2005:
  - discussion of P2020 developments within our regular meetings with Council officers and interviews for other projects;
  - meetings with the P2020 manager at intervals during the year;
  - observation of two meetings of the P2020 Board;
  - review of selected Council and P2020 documents; and
  - interviews with partners and with NRU and GOSW staff.

## Main conclusions

- 7 The Council has continued to strengthen its leadership through P2020, with the Leader and Chief Executive playing an active part in changes agreed by the partnership which have a good prospect of addressing the problems identified in our previous review. These are, however, still in the course of implementation, and it is crucial that the new arrangements work effectively in practice. We will seek assurance of this in our future audit and inspection work, including the corporate assessment due later in 2006.
- 8 The Board and executive are operating more effectively than at the time of our previous review, and there are opportunities for wider stakeholder involvement. P2020 has improved its engagement with black and minority residents of the city. Staffing of the partnership office has been increased, and the Council now provides more effective oversight.
- 9 The partnership has agreed, but not yet implemented, a revised structure that has clearer roles and responsibilities. One reason for doing this was to address inadequacies which the Council acknowledge its oversight of the NRF programme. It has worked with the NRU to improve performance management. While the partnership has given more attention to resources this year, particularly the NRF, it has not assessed the resource implications of the city strategy. Given the Council's difficult financial situation, this risks unrealistic expectations.

- 10 The City Strategy has been revised in outline, though not in detail, with the Chief Executive leading a reformulation to a simpler and clearer set of joint goals under just four headings of 'healthy, wealthy, safe (and strong) and wise'. Four theme groups are being developed, reporting to the P2020 Board, which will ensure future review. Performance management arrangements for delivery of the strategy have improved, although the systems for providing performance information are not yet in place. The theme groups are to oversee delivery of the city strategy, thus having the potential to co-ordinate the work of the many other partnerships in the city. Communication of the partnership's activity to staff and stakeholders remains inadequate, so the benefits of the improvements so far are not widely shared.

## Appendix 1 – Progress on recommendations

- 1 Table 1 shows the recommendations of our report in October 2004, with a comment on progress made by the end of 2005. The final column identifies issues arising on which we will seek assurance of progress in future audit work.

**Table 1 Progress on recommendations**

Most are being addressed, but have yet to be fully implemented.

Recommendation	Comment	Issues for future review
<p>R1 Clarify the P2020 structure, membership and functions to ensure that all stakeholders understand their roles and responsibilities.</p>	<p>The partnership has agreed, but not yet implemented, a revised structure that has clearer roles and responsibilities. The LSP manager is using the Audit Commission national report 'Governance of Partnerships' to prompt further refinement.</p> <p>To support the reformulated City Strategy, and ensure better integration of neighbourhood renewal, the Board approved a new structure in October 2005. This has distinct roles for the Board, Executive, four new theme groups and a wide LSP Forum.</p> <p>Membership arrangements are transitional until March 2006. The theme groups are currently being set up.</p>	<p>Ensure that the new structure is put place by March 2006 with agreed and active membership; that the parts of the structure take on the roles envisaged; that this provides effective direction and sound governance.</p>

8 Progress in Partnership Working through Plymouth 2020 | Appendix 1 – Progress on recommendations

Recommendation	Comment	Issues for future review
<p>R2 To maintain transparency of governance, establish and agree a process for deciding public sector P2020 board representatives and clarify levels of two way accountability.</p>	<p>The revised structure gives better opportunity for all parts of the public sector to link to P2020, but still leaves the selection of Board members unclear.</p> <p>The theme groups and proposed LSP Forum give the potential for public sector organisations that are not on the Board or Executive to play a part in P2020. There appears to be less tension about public sector representation than at the time of our last review.</p> <p>The P2020 structure agreed in October states that transitional membership of the Board to March 2006 has (as now) the Leader of the Council as Chair and five public sector representatives. It does not specify how these are selected.</p>	<p>Ensure that in agreeing Board membership from March 2006 on it is clear how public sector representatives are appointed.</p>
<p>R3 To ensure the delivery of the city strategy, agree how P2020 will influence, and be assured of, the performance of the lead partnerships, and that they have opportunities to draw key issues to the attention of the board.</p>	<p>P2020 is introducing four theme groups to oversee delivery of the city strategy through specific partnerships.</p> <p>There has been no change yet in the relationship between P2020 and the majority of the city's partnerships.</p> <p>The Council, while it has undertaken some work to identify all the partnerships it is involved in, has not ensured that agreements and financial monitoring are in place for all of them.</p> <p>Under the new structure each theme group is accountable for identifying groups and partnerships to deliver the targets relevant to their theme, and for ensuring partnership plans are shared and agreed. Pilot action on this has started for the 'safer and stronger' theme.</p>	<p>Ensure that the theme groups between them have a clear oversight of all city partnerships in which the Council is involved, and are taking action to improve outcomes.</p> <p>Ensure that arrangements for governance of all partnerships are satisfactory.</p>

Recommendation	Comment	Issues for future review
<p>R4 To ensure that the P2020 continues to evolve and operate effectively review the way in which the board and executive operate, (taking account of any changes arising from recommendations 1, 2 and 3), to ensure clear and distinct roles, and allow room for forward thinking on strategic issues and performance management of the current strategy.</p>	<p>The Board and executive are operating more effectively than at the time of our previous review.</p> <p>Partners and other stakeholders report improvement in the way P2020 works.</p> <p>Forward thinking on strategic issues has continued, although limited by financial constraints in the Council and some other partners. The main focus of the LSP has been on the Neighbourhood Renewal Floor Target Action Plan.</p> <p>See comment on R1 for planned changes.</p>	<p>Ensure that when the new structure is fully implemented the LSP is engaged in both forward thinking on strategic issues and performance management of the current strategy.</p>
<p>R5 To obtain the full benefits of the neighbourhood renewal fund programme in reducing disadvantage, give better integration of the neighbourhood renewal strategy and city strategy, and ensure that the board's oversight of delivery of the programme demonstrates compliance with the national performance management framework for neighbourhood renewal.</p>	<p>P2020 has acknowledged inadequacies in its oversight of the NRF programme, and has worked with the NRU to improve performance management.</p> <p>Self-assessment by P2020 against the requirements of the NRU for performance management resulted in a red/amber rating in April 2005, with acknowledgement of difficulty in tracking progress against targets and confusion between the city wide and NR agendas.</p> <p>This prompted the decision to restructure the partnership and revisit the city strategy to integrate NR targets and take account of the results of project evaluation.</p> <p>These changes are still in progress, and are being assisted by an assignment manager from the NRU.</p>	<p>Ensure that the revised City Strategy does incorporate neighbourhood renewal targets effectively.</p> <p>Ensure that the performance management arrangements ensure accountability to partners on the overall strategy as well as to the NRU on specific targets.</p> <p>Ensure that there is measurable improvement in outcomes.</p>

Recommendation	Comment	Issues for future review
<p>R6 To ensure that available resources are effectively used to deliver city strategy goals, draw up an outline resource plan to underpin the strategy, identifying the extent to which its delivery is dependent on redirection of current spending and/or new sources of income.</p>	<p>P2020 has given more attention to resources this year, but has not assessed the resource implications of the city strategy.</p> <p>Partnership attention has concentrated on the NRF, which at one point was overcommitted by 30 per cent, and on agreeing use of the Safer and Stronger Communities Fund as a precursor to a future Local Area Agreement. Commissioning arrangements for these funds are being improved.</p> <p>However, the funds involved in this amount to less than £4 million, whereas the Council alone spends over £250 million. While the NR Floor Target Action Plan does include the use of mainstream funds, P2020 has not yet assessed the resource implications of the City Strategy overall. Given the serious financial situation of the Council, and pressures in other sectors, it is important that this is done as part of the current 'revisit' of the strategy.</p>	<p>Ensure that the City Strategy is underpinned by an outline resource plan to underpin the strategy, identifying the extent to which its delivery is dependent on redirection of current spending and/or new sources of income.</p>
<p>R7 To ensure that the city strategy remains a robust and dynamic plan for the future, agree arrangements and procedures by which the strategy, and detailed targets, will be regularly reviewed and updated.</p>	<p>The strategy has been revised in outline, and theme groups are being developed which are planned to ensure future review.</p> <p>The LSP undertook a self-assessment for GOSW/NRU which resulted in a red/amber rating. This included outcomes against the six NR themes. The self assessment identified that 'we are unable to measure or monitor our performance'. Following this, more detailed work on developing NR targets and integrating these with the City Strategy is in train.</p>	<p>Ensure that theme groups:</p> <ul style="list-style-type: none"> <li>• improve coherence of the detail of the City Strategy;</li> <li>• have robust systems for monitoring performance; and</li> <li>• have agreed timetables and processes for updating the strategy and action plans in future.</li> </ul>

Recommendation	Comment	Issues for future review
	<p>The implication of the new structure is that the 4 theme groups will review and update their part of the city strategy. The support systems to ensure that they have the information needed to do this are still being developed, through redesign of the Plymouth Informed shared website, and expansion of access to by partners to the QPR system which the Council uses for its internal performance monitoring.</p>	
<p>R8 To ensure that the whole community is adequately engaged and represented by P2020, review the approach to engaging with Plymouth’s diverse population, particularly its dispersed black and minority ethnic community residents, adapting nationally identified good practice to the local situation.</p>	<p>P2020 has improved its engagement with black and minority residents of the city.</p> <p>As noted in our Progress Assessment, the Council has made progress in addressing its poor leadership of diversity and equality issues and some benefits for citizens are beginning to be seen. These changes have helped P2020 to improve community engagement. The Board now includes a representative of black and minority ethnic (BME) residents, and relationships with BME community groups have improved. The Council's diversity team has been invited by P2020 to assess the partnership's compliance with the Race Relations Amendment Act.</p>	<p>Ensure that commitment to engagement with the diverse population of the city is sustained.</p>

12 Progress in Partnership Working through Plymouth 2020 | Appendix 1 – Progress on recommendations

Recommendation	Comment	Issues for future review
<p>R9 To ensure that the partnership is being effectively managed and resourced, periodically review (with independent assistance) the support, accountability and capacity of the P2020 management function and consider supplementing this as required, such as, through use of secondments.</p>	<p>Staff support for P2020 has been increased, and the Council now provides more effective oversight.</p> <p>The Council's review of its own structure provided the opportunity to change the location and oversight of the P2020 Manager and staff.</p> <p>Through secondments and the Council's restructuring, the staff team has been expanded. The P2020 Manager is now supervised by the Council's Head of Policy and Performance. This has resulted in closer integration between the work of the partnership and other strategic work led by the Council. A service plan for the P2020 staff team has been agreed with the P2020 executive.</p> <p>While partners welcome these developments, there are no formal arrangements for ensuring the independence of LSP staff if the Council were to be in conflict with other partners about LSP policy.</p>	<p>Ensure that the composition and placement of the LSP staff team remains satisfactory to all partners.</p>
<p>R10 To increase engagement and understanding from all stakeholders, ensure P2020 communication arrangements are reviewed and formalised (such as through a communication strategy and/or appropriate training) to ensure they are effective. Areas to be considered are included at Appendix 2.</p>	<p>Communication of the partnership's activity to staff and stakeholders remains inadequate.</p> <p>No action has been taken to implement this recommendation, and the degree to which partner staff and other stakeholders are aware of P2020 activity and plans is dependent on action by individual Board members. The P2020 website is not up to date, although the intention is to improve it by March 2006.</p> <p>The Chief Executive has briefed the Council's management team on the developments in the partnership, but information accessible to staff and councillors is limited.</p>	<p>Ensure that there are agreed and effective arrangements for communication from P2020, along the lines suggested in our original review.</p>

Recommendation	Comment	Issues for future review
<p>R11 To give early opportunity for success, ensure that the proposed performance management arrangements for delivery of the strategy, including initial prioritisation of tasks, identification of champions, and wider access to performance information through the QPR system, are implemented as soon as possible.</p>	<p>Performance management arrangements for delivery of the strategy have improved.</p> <p>The initial improvement plan was developed, and champions for improvement tasks were identified by the end of 2004. The version of the improvement plan presented to NRU in September was rated by them as 'green'.</p> <p>See R7 above re performance information.</p>	

*Source: Audit Commission*