

**CIPFA'S JOINT RESOURCING
ADVISORY AND NETWORK GROUP**

ALIGNED BUDGETS

**BULLETIN 1: A Practical Guide for
Local Authorities and NHSScotland
(Issued 23 September 2002)**



GLOSSARY

Joint Management

Is the overall term that covers the elements needed to ensure a more co-ordinated and effective approach to services including planning, commissioning and operational management. It can have a number of elements: a high level joint board or committee, a joint senior management group, a new partnership body, a single manager or joint managers at either high-level or locality level, or both. The critical factor is that the relevant range of services is under single management.

Single Manager

A person who manages services , staff and budgets from different organisations, at an operational high level, or at operational locality level, or for a client/care group.

Joint Managers

Managers, appointed by each partner, to work together on the developmental/ management arrangements for the Joint Future Agenda.

Joint Resourcing Pot

Resources brought together to provide a single focus for the planning, commissioning and delivery of services. Resources can include staff money, equipment (in its widest sense) and property and any other resources currently made available within each of the existing separate agencies to deliver services.

Aligned Budget

This involves the grouping together of separate budgets to improve the joint planning and deployment of resources by local partners. Decisions are taken collectively about the aligned budget but the individual accounts are still technically held within separate agency budgets to allow them to identify and account for their own contribution. This approach does not require new powers.

Pooled Budget

This is a mechanism by which the agencies contribute to a discrete fund. Within this fund or “pool”, contributions lose their original identity and are committed and accounted for against the joint aims of the partners. For accountability and legal reasons a pooled budget is hosted by one of the partner agencies, in accordance with its standards of financial governance and the requirements of the agencies for monitoring and review.

Local Partnership Agreements

Should provide a clear joint vision of the future direction of community care services in each area of Scotland Local Authorities (particularly social work and housing), health boards and

NHS Trusts and Communities Scotland should draw up written Local Partnership Agreements for older people's services.

Partners should produce an **initial Local Partnership Agreement** by April 2002 which will include: scoping the joint resourcing pot; single management arrangements and the setting up of a joint staff forum.

The **full Local Partnership Agreement** by April 2003 should contain details of all of the remaining action steps set out in Circular CCD7/2001: joint priorities and targets; performance measures and governance and accountability arrangements.

Local Outcome Agreements

The local outcome agreements will demonstrate how each local authority will deliver, with their partners, the improvements and expansion of services, as set out in the Joint Future Group report, for the resources available to them (Circular CCD 6/2001- available on Joint Future Website).

Partnership Arrangements

Can be described as a mechanism whereby the partners identify services, staff, equipment and property and their associated budgets which are included in the joint resourcing pot and jointly managed on behalf of partners.

Partnership Body

A joint management arrangement that seeks to "badge" its identity e.g. Care Together in Perth and Kinross. It is not a separate legal entity.

COSLA

The Convention of Scottish local authorities provides a national voice for Scottish local government.

SOLACE

The Society of Local Authority Chief Executives and Senior Managers is the representative body for senior strategic managers working in local government.

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Acknowledgements

Foreword

Aligned budgets provide the opportunity for local authorities and NHSScotland to improve outcomes for service users, patients and carers by enabling the joint planning and joint deployment of resources through grouping together separate budgets. The individual agency funds which are placed under joint management arrangements (which may include single managers) will be held within separate agency budgets to allow each agency to identify and account for their own contribution.

Aligned budgets can also provide the foundation for those local partners seeking pooled budgets arrangements.

This bulletin is not intended to be a **definitive document** on the arrangements for aligned budgets. However, it should be essential reading for any practitioner in the public sector who has responsibility for implementing aligned budgets and ensuring that they offer best value and improved care outcomes to the local community.

The work of this group is on going in line with the development of joint resourcing and joint management on the ground.

David Clark

Chair, CIPFA's Joint Resourcing Advisory and Network Group

Chapter One

Introduction

Joint resourcing and joint management is a real opportunity for local partners to deliver more and better joint services for older people initially and subsequently for all community care groups. Joint resourcing and joint management is not about investing time in structures and management. Rather, it is the enabling framework for more and better joint services.



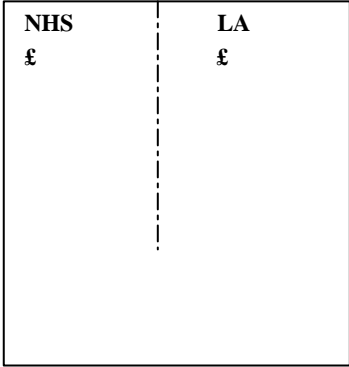
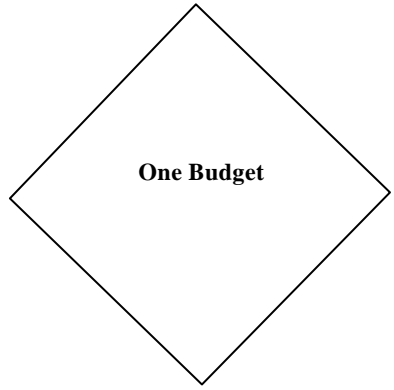
Scottish Executive Circular CCD7/2001 sets out the overall arrangements for the joint resourcing and joint management of services to older people in Scotland. Backed up by the new joint working powers of the Community Care and Health (Scotland) Act 2001, it offers a range of partnership models but allows local partners to select the framework most appropriate to suit local needs. Partners may choose to align resources and place these under joint management (which may include single managers) or take advantage of the Act by establishing a pooled fund under joint management arrangements. Aligned budgets can be seen as the foundation for those partnerships moving towards pooled budgets¹.

Table 1 sets out in paradigms how joint resourcing and joint management is being implemented in Scotland. Progress towards aligned or pooled budgets is dependent upon scoping the joint resourcing pot (Paradigm 1). Aligned budgets can have two forms.

- Paradigm 2A reflects the early stages of aligning budgets under joint management arrangements,
- Paradigm 2B reflects the management of aligned budgets by a single budget manager. In this instance, the budgets, while still aligned, are managed “as if” pooled, with an emphasis on harmonisation of policies, audit arrangements and faster, more effective decision making.
- Paradigm 3 reflects pooled budgets.

¹ “Pooled Budgets A Practical Guide for Local and Health Authorities” 2001 published by CIPFA

TABLE1

<p><u>Paradigm 1 Scoping the Pot</u> <u>Circular CCD7/2001, paras 9-12</u></p>	<p><u>Paradigm 2A Aligning Budgets</u> <u>Circular CCD7/2001 (Annex- para. 2.1)</u></p>	<p><u>Paradigm 2B</u> <u>Aligning Budgets Circular CCD7/2001</u> <u>(Annex- para. 2.2).</u></p>	<p><u>Paradigm 3: Pooled Budgets</u> <u>Circular CCD7/2001 (Annex – para. 2.3)</u></p>
<p>No management structure required to be put in place at this stage.</p> <p>Partners, <u>identify</u> and <u>agree</u> what resources (including staff, money, equipment, property and services)to be bought under joint management arrangements..</p> <p>Resources shown within the initial Local Partnership Agreement.</p>  <p>The diagram shows a large circle containing several boxes representing different resources: 'NHS £', 'Community Nursing', 'Home Care Service', and 'LA £'. There are also some empty boxes and a vertical bar.</p>	<p>A high level joint committee or board with elected members and senior managers, together with NHS Board representatives and senior health managers.</p> <p>There is likely to be a senior management group, a high level single manager and/or locality manager(s) for the appropriate relevant services.</p> <p>Does not constitute an independent legal entity and cannot employ staff..</p> <p>Single or joint managers meet regularly to agree how to deliver objectives and use their resources jointly to provide services. The individual funds are still technically held within separate agency budgets to identify and account for own contributions.</p> <p>Committed resources, governance and accountability arrangements shown within the full Local Partnership Agreement.</p>  <p>The diagram shows two vertical rectangular boxes side-by-side. The left box is labeled 'NHS £' and '23m'. The right box is labeled 'LA £' and '54m'.</p>	<p>Partnership body likely to be set up. The partnership body will have much clearer delegated responsibilities and decision-making powers, so has a much stronger identity or “badge” than a joint management structure in paradigm 2 A. A high level single manager and /or locality level single manager (s) appointed. Does not constitute an independent legal entity.</p> <p>The resources, under the control of a single manager, while technically separate are managed “as if” they are pooled.</p> <p>Arrangements shown within the full Local Partnership Agreement</p>  <p>The diagram shows a vertical rectangular box divided into two sections by a vertical dashed line. The left section is labeled 'NHS £' and the right section is labeled 'LA £'.</p>	<p>Partnership body set up. Budgets are pooled. One of the partners must be, for legal reasons, the “host” for the pooled budget</p> <p>High level single manager and/or single manager(s) appointed,</p> <p>Does not constitute an independent legal entity, Cannot employ staff in its own right.</p> <p>Resources lose their original identity. Partners justify contribution by agreeing outcomes for services with the pooling agreement. More flexible and streamlined use of resources than aligned budgets..</p> <p>Arrangements shown within the full Local Partnership Agreement.</p>  <p>The diagram shows a large diamond shape with the text 'One Budget' centered inside it.</p>

Scottish Executive Circular CCD7/2001 sets out six “action steps” to joint resourcing and joint management leading to a Local Partnership Agreement. These Agreements need to be operational by 1 April 2003. Local Partnership Agreements should be robust and clear but do not need to be legally binding agreements. They should describe the partnership arrangements between the local partners and should evolve over time.

The six action steps set out in CCD7/2001 are:

- To scope the joint resourcing pot (services, staff, budgets, equipment and property)
- To determine the joint management arrangements
- To agree development priorities and targets for 3-5 years
- To develop performance measures
- To develop governance and accountability arrangements
- To develop a Local Partnership Agreement (LPA)

Subsequent guidance known as “the bottom-line” requirements issued by the Scottish Executive in January 2002 set out the need for the first two steps to be complete, along with a range of measures for staff communication and engagement by 1 April 2002. These were to be set out in an initial Local Partnership Agreement. The expectation was that an action plan would be produced which outlines how the remaining action steps would be delivered by 1 April 2003. This advice on aligned budgets follows the structure of the action step approach.

Aligned and Pooled Budgets

Once the scope of the joint resourcing “pot” has been agreed (Paradigm 1), local partners will have the option of aligning (Paradigm 2A or 2B) or pooling their budgets (Paradigm 3) from 1 April 2003. The terms “aligned” and “pooled” are often used interchangeably but they are quite distinct in their technical operation, although both can be used to secure better care outcomes.

Aligned budgets (in either Paradigm 2A and 2B) involve the grouping together of separate budgets to improve the joint planning and deployment of resources by local partners. Decisions are taken collectively, through joint management arrangements (which may include single managers), about the aligned budgets but the individual funds are still technically held within separate agency budgets to allow them to identify and account for their own contribution. This approach does not require new powers and is a positive and manageable starting point for some local partners.

A pooled budget (Paradigm 3) is a mechanism by which the partners contribute to a discrete fund. Within this fund or pool, contributions lose their original identity and are committed and accounted for against the joint aims of the partners. To meet their own statutory obligations and justify their contribution to the fund, local partners begin by clearly stating the purpose, scope and outcomes for services within the pooling agreement. For accountability and legal reasons a pooled budget is hosted by one of the partner agencies, in accordance with its standards of financial governance and the requirements of the partners for joint monitoring and review.

This guidance will focus on aligned budgets (Paradigms 2A and 2B) but recognises that for some wishing to progress to pooled arrangements, sooner rather than later, aligning budgets can be a useful foundation or can be omitted altogether. Moreover, some local partners may operate more than one approach at any given time.

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The key features of aligning budgets common to both Aligned Paradigms are:

- A clear set of aims and outcomes agreed by partners following consultation
- Accounting for the individual inputs from partners and outputs against joint aims and outcomes
- Agreement on the levels of contributions from each partner which may be of different amounts and which is then grouped together to form an aligned budget. (decided to delete “joint” as it would be confusing to the reader and it is the same as “aligned” in this context)
- Agreement on whether and how indirect costs and ‘payments in kind’ will be identified and included

- The requirement to maintain separate auditors (internal and external), financial regulations/standing financial instructions, and schemes of delegation for each of the partners.
- Agreement on length of time of arrangements, review and extension mechanisms, escalation, arbitration and termination.
- Ring fenced budgets will continue to be “ring fenced” within the aligned budgets to ensure that resources associated with these budgets can be individually accounted for and tracked by the local partners. The financial annexe to Local Partnership Agreements (LPAs) should include ring-fenced budgets and must outline the conditions attached to these budgets.

The CIPFA Joint Resourcing and Advisory Network Group are clear that in order to gain the anticipated benefits from aligning budgets over and above current activity, then it is vital to establish clear joint management arrangements, which may include single managers and other identified staff who will assess needs and access resources from the joint resourcing budget. The Group would encourage auditors to be aware of the joint nature of the activity in order that audit takes place within a clear context.

Chapter Two

Background

The Scottish Executive established the Joint Future Group in 2000 to improve the delivery of community care in Scotland. Its principal tasks were to:

- Agree a list of joint measures which agencies need to have in place to deliver effective services and to set deadlines for that
- Advise on the balance between residential and home based care
- Advise on options for charging for care at home
- Advise on how to identify and share good practice

The Group made a number of recommendations, which Ministers accepted, with only minor qualifications in January 2001. The Group's recommendations were backed by investment in new joint services such as rapid response and increased levels of care at home by 2003/2004. These funds are linked to the piloting of Local Outcome Agreements with CoSLA and local authorities individually. The first wave of Local Outcome Agreements has been submitted and is being evaluated by the Executive and CoSLA.

The Joint Future Group agreed that service users, patients and carers want and need easier access to services and they want and need more and better joint services. The Group concluded that to achieve this, joint working had to be taken to a new level. The Group heard that joint working was often characterised by pilot and project based activity and often relied heavily on the extraordinary efforts of key individuals and temporary funding. The Group concluded that this was not a firm enough foundation for high quality and dependable community care services and set out immediate measures to improve access to services such as single, shared assessment and joint equipment services. It also recommended that joint services needed an enabling framework, more dynamic than existing joint planning arrangements and more global than pilot and project based joint working. The Group recommended joint resourcing and joint management of all community care, beginning with services to older people.

The Scottish Executive recognises that “one size does not fit all” and has offered a choice of joint resourcing and joint management arrangements, including the choice of aligning or pooling resources under a choice of joint management arrangements.

Local partners choice of joint resourcing and joint management arrangements will be judged by the outcomes to service users, patients and carers. To this end, the Community Care and Health (Scotland) Act offers additional flexibilities to develop the model of joint working that best suits local circumstances backed up with a power of Ministerial Intervention where anticipated outcomes fail to be delivered.

Chapter Three

Joint Development Priorities

CCD7/2001 requires partners to agree during 2002/2003 joint development priorities (including for example the funding of new information technology systems and new premises) and targets for their joint working arrangements. This may lead to some fine-tuning of the joint resourcing pot as priorities are agreed. Setting clear development priorities, as with agreeing the aims and objectives of the partnership, needs to involve and reflect the interests of all the major stakeholders. Otherwise, there will be a risk of disengagement and inertia in the partnership.

The Scottish Executive anticipates that local partners will set a range of local priorities, which take on board national priorities set by the Scottish Executive. Partners will wish to consider how such priorities will be resourced, what shifts in existing resources are anticipated and how this will affect the joint resourcing pot and each partner's contributions.

Chapter Four

Joint Performance Management Framework

Performance Management currently reflects the interests of individual partners and will need to be developed to reflect the anticipated growth in joint activity. In its early stages, performance indicators may be process driven as partners put in place their single shared assessment processes or arrangements for joint resourcing and joint management.

The Joint Future Unit has been working with all of the relevant interests in the performance management of health and social care services to progress a national high-level Joint Performance Information and Assessment Framework by integrating existing frameworks and players.

A consultation paper was issued in July 2002. The paper recognises that the current 'silos' of performance information and accountability trails are now often out of step with the emphasis on joint working promoted by the Joint Future Agenda. Local partners are already developing new ways to measure their joint performance, and will want to ensure these dovetail with the national framework.

The Scottish Executive plans to introduce the new performance arrangements formally into the performance cycle for 2003-2004. Under the proposals for a new framework, measuring joint activity would start with key aspects of the Joint Future Agenda (i.e. joint resourcing and joint management of services, and single shared assessment). In time, joint working such as equipment and adaptation services and intensive care management would be included. It is proposed to introduce a simple analysis of progress at the end of 2002-2003.

Local partners in their Local Partnership Agreements will wish to complement this national activity with local performance measurement. They will also wish to consider how service users, patients and carers might be involved in setting meaningful performance indicators based on improved care outcomes.

The Community Care and Health (Scotland) Act 2002 confers on Scottish Ministers new powers of intervention and will give impetus to the development of meaningful performance measures for community care and to joint working generally.

Once available, information on this subject will be included on the Joint Future Unit website. <http://www.scotland.gov.uk/health/jointfutureunit>.

Chapter Five

Joint Governance and Accountability

NHSScotland and local authorities are increasingly concerned with demonstrating sound governance arrangements. NHS Boards are charged with responsibility for the overall governance of local health systems including corporate and clinical governance. CIPFA, in partnership with SOLACE (Society of Local Authority Chief Executives and Senior Managers),² has recently published a guide, and accompanying guidance note, on corporate governance in local government.

Partnerships need to address governance within the context of what is already being done by their parent bodies. In other words, partners should set out clearly how the parent bodies intend to direct and control their functions through the partnership and how the partnership will relate on behalf of the parent bodies to its stakeholders and especially the local community.

Corporate governance is concerned with the structures and processes for decision-making and accountability, controls and behaviour at the top of organisations. In partnership arrangements, the focus will be on the Joint Committee or Partnership Body acting on behalf of the parent organisations.

A critical component of corporate governance is to set out clear joint management arrangements. The Joint Committee or Partnership body will also be required to:

- Give leadership and strategic direction;
- Define control mechanisms to safeguard public resources;
- Supervise the overall management of the joint activities;
- Report on stewardship and performance.

² Corporate Governance in Local Government, A Keystone for Community Governance 2001 & accompanying Guidance Note for Scottish practitioners published by CIPFA, 3 Robert Street, London, WC2N 6RL Tel: 020 7543 5600

Joint Management arrangements

CCD7/2001 set out the range of joint management arrangements possible within the scope of current legislation and anticipated the powers of delegation contained within the Community Care and Health (Scotland) Act 2002.

A further detailed Joint Future Unit paper on Political/Corporate Governance arrangements is now available on the Joint Future Unit website: <http://www.scotland.gov.uk/health/jointfutureunit>

Partners will need to put in place arrangements that ensure the proper joint governance and accountability using either the paradigm 2A or 2B models of aligned budgets. Partners must be clear as to how clinical governance, quality assurance and best value will be delivered using the two models.

Paradigm 2A reflects the early stages of aligning budgets under joint management arrangements. Changes to the existing partner's governance and accountability arrangements should enable joint services to grow and improve the decision-making process to encourage more devolved decision making by the joint management structure.

Paradigm 2B provides a locus from the outset for more streamlined and devolved decision making so the governance and accountability arrangements will have to be in place to enable this to happen.

The key principles when establishing joint management arrangements are that:

- partnerships are created by the parent bodies and exercise only the authority conferred on them by the parent bodies
- parent bodies remain ultimately accountable for the activities of the partnership
- partners must pay due regard to the locus of elected members/members appointed by Ministers in decision making and be clear about the scope of the partnership model to be adopted

- partners must agree whether any powers will be devolved (other than the power to make decisions in the first instance for ratification) to either officers or members/non-executive members.
- a clear scheme of delegation should be established in accordance with the above

Illustration: Delegation of Powers using Aligned Budgets

Partnership arrangements

This Local Partnership Agreement was agreed at the meeting of the (Joint Committee/ Partnership Body) on xx/yy/zz and was ratified by Council X and NHS Board Y at the meetings of xx/yy/zz and xx/yy/zz respectively.

At their meetings on _____, the Council and NHS Board agreed to delegate powers on all items competent to be dealt with by the partnership (whether that be to senior officers or to its members) and to amend their schemes of delegation accordingly. All other decisions can only be approved in the first instance and must be ratified by Council X and NHS Board Y.

The terms of reference of the _____ joint committee or partnership body were agreed at the meeting of the _____ joint committee or partnership body on xx/yy/zz and ratified by the Council and NHS Board on xx/yy/zz and xx/yy/zz respectively.

The Partnership will therefore be delegated the responsibility for the operational planning and commissioning of _____ services in accordance with its terms of reference. The partnership is not an independent legal entity and cannot employ staff in its own right.

The Partnership arrangements can be described as a mechanism whereby the partners identify services, staff, equipment and property and their associated budgets which are to be included in the joint resourcing pot and jointly managed on behalf of the partners. The resources associated with these budgets will continue to be separately accounted for and tracked within the agreement including any specific ring fenced allocations from the Scottish Executive or other Government Agencies

Main Provisions of Joint Management Arrangements

The partners will agree the services, staffing, equipment and property, which constitute the joint resourcing pot and their associated budgets. The joint resourcing pot will be agreed on the basis of a clear vision, aims and objectives for services. The funds committed retain their identity and can be used on any of the services agreed within the joint resourcing budget arrangements. The partners will require the budget to be managed by the partners within a clear scheme of delegation, which may involve a Joint Committee, Partnership Body and single managers to fulfil the outcomes set out in the Local Partnership Agreement, and to be managed within the agreed budgets. Each partner will retain responsibility for their functions carried out under the joint resourcing and joint management arrangements. A Local Partnership Agreement will be drawn up between the partners to cover governance arrangements which address accountability, how the budget is to work, who manages expenditure on a day to day basis (joint managers as under Paradigm 2A or as single manager/s under Paradigm 2B) and who is responsible for the effective quality of services. An organisational chart may be useful in identifying and devising lines of accountability.

Exercising control in Joint Management Arrangements

What are the Joint Committee's or Partnership Body's responsibilities under corporate governance?

The Cadbury Report³ identified the need for non-executive directors to have a clearly defined role in determining how an organisation is directed and controlled. They should 'bring an independent judgement to bear on issues of strategy, performance, resources, including key appointments, and standards of conduct'. Non-executives are expected to act as a counterbalance to executive directors and senior staff and to challenge them where necessary. This is clearly targeted at the private sector but local partnerships can adopt best practice by considering how joint management arrangements can reflect these principles.

Guidance on how to apply the Cadbury principles has since been included in a number of reports. The most recent which states:

- The **Board** should maintain a sound system of internal controls to safeguard shareholder's investment and the company's assets;
- The **directors** should, at least annually, conduct a review of the effectiveness of the system of internal controls and should report to shareholders that they have done so. The review should cover all controls, including financial, operational and compliance controls and risk management.

Essentially, these fundamental principles are translated into the operations of public bodies in the following ways:

Organisational Structures and Processes

- How the top management is appointed and organised;
- How its responsibilities are defined; and
- How it is held accountable.

Financial Reporting and Internal Controls

- How top management demonstrates its financial accountability for the stewardship of public money and its performance in the use of resources.

Standards of Behaviour

³ The report of the Committee on the Financial Aspects of Corporate Governance 1992

A Good Corporate Governance Checklist for pooled budgets where a discrete partnership body is created to manage the joint project is included at Appendix 1. The principles outlined in the checklist can be applied to any public sector organisation as well as to aligned budget arrangements.

Financial Reporting

As expenditure and income under each of the aligned budgets remains separate between the partners, each partner must continue to receive detailed reports on their budget areas in the form they wish to suit their own requirements. There will be a requirement to report on the total financial performance of the joint service to the joint committee or partnership body and its management team. However, the information provided at this level is likely to be confined to major budgets headings.

To provide adequate early warning of any potentially major under or over spending against budgets of which senior managers need to be aware, it is essential that the necessary information is made available regularly and promptly. The regular budget reports received by individual budget holders should draw attention to significant variances requiring investigation – what is then needed is a format which requires budget holders to highlight for the attention of joint managers or single managers those variances which are significant enough to be reported up the line.

Guidelines for reporting aligned budgetary performance to a joint committee or partnership body may resemble the following:

- All comparisons of actual income and expenditure with the profiled budget will follow the same service headings
- All such comparisons will show the resource variance either as an over or under spend, expressed as a percentage of the budget
- All variances which are greater than 5% of the aligned budget, should be highlighted and referenced to a supporting variance report prepared by the responsible budget holder

- The variance report should provide an explanation of how each variance has arisen and what action (if any) has already been taken or needs to be taken to redress the situation
- Materiality

Internal Controls

Joint Managers (ie those under Paradigm 2A) follow the internal control requirements of their respective organisation. Single managers (Paradigm 2A or 2B) must follow the internal control requirements of each parent organisation.

Partnership bodies (most likely under Paradigm 2B) develop their own internal controls, drawn from the parent bodies, and adapted to the needs of the partnership. They will also be well placed to develop this and co-ordinate audit arrangements.

It is recommended that a review of the effectiveness of the partnership's systems of internal control, including risk management, be undertaken at least annually.

The key elements of managerial, financial and operational controls are:

- Policies, objectives and plans
- Codified guidance
- Organisation structures
- Budgetary systems
- Personnel arrangements
- Supervision
- Management review and monitoring
- Physical safeguards
- Segregation of duties
- Arithmetic and Accounting
- Authorisation and Approval
- Information systems
- Management controls

- Clinical controls
- Care Management controls

These controls are categorised into the following categories:

Preventative - for example, segregation of duties, authorisation procedures, physical custody, access limitations

Detective controls – arithmetical and accounting checks, consistency checks, continuity checks

Directive controls – written policies and procedures, reporting lines, supervision and management and training

A partnership⁴ is usually felt not to be of sufficient financial magnitude to justify its own audit committee. Inclusion in the audit annual plan should be encouraged. Partnerships would, in fact, rank as an internal audit priority under most risk assessments.

A number of key points, which should be borne in mind:

- Partnership internal audit reports should be reported to the committee or partnership body, which is accountable for any necessary action. This seems obvious, but if the internal audit function is provided by one of the partner organisations, the reporting lines can become unclear
- The internal audit plan should be devised following an objective risk assessment
- There should be good liaison with partner internal audit functions to minimise duplications and maximise audit effort

Responsibility for external audit will continue to remain with the statutorily appointed auditors of the respective partners.

Risk Management

The partnership needs to establish and maintain a systematic strategy, framework and processes for identifying and managing risk. The partnership will require to develop and maintain robust systems for identifying and evaluating all significant risks which involve the proactive participation of all those associated with planning and delivering services. Effective risk management systems, including systems of internal control require to be in place. Any risk management system should be supported by, and complementary to, the risk management strategy of each partner.

Budgetary control in partnership bodies

Those local partners operating the early form of aligned budgets (Paradigm 2A) will maintain their existing budgetary framework and policies under the stewardship of their senior managers playing into the joint management arrangements. There is a need, of course, to agree the level of budget in the joint resourcing pot to begin with and to share budgetary information transparently throughout the year but the mechanics of budget management and standing financial instructions remain unaltered. Partnership bodies (most likely under paradigm 2B), however, must establish a financial control framework and devise an effective procedure for preparing the budget, and clarify how single managers and chosen budget holders are to exercise budgetary control. The medium through which the vast majority of organisations aim formally to do this is the financial regulations/standing financial instructions. However, these documents tend to be of a high level nature and far too vague about practical matters. Financial regulations/standing financial instructions may provide a clear formal identification of where the buck stops. However, unless the delegation arrangements are set down in a way which ensures that managers at every level of the hierarchy understand the extent of freedom they are allowed to manage their budgets, the achievement of good financial management is not guaranteed. This requires the setting of ground rules, whether as an addendum to financial regulations/standing financial instructions or in some other format.

⁴ Sterling Work : Financial Control And Budgeting For Local Authority Partnerships: A Practical Guide

It is recommended that a set of financial regulations/standing financial instructions and a scheme of delegation be established for the partnership body. In determining partnership financial regulations/standing financial instructions and a scheme of delegation, a balance needs to be struck between the need to achieve adequate financial control and the requirement to enable the partnership freedom to manage.

Where delegated authority is awarded to employees to carry out partnership duties, the delegation needs to be carefully drafted. In the event that decisions come under scrutiny later, vague generalised delegation will not usually prove to have been a clear authority. This is particularly important in the case of partnership bodies where the power to commit resources is vested in 2 or more different organisations.

If a discrete set of regulations is not to be written for the operation of the aligned budgets, at the very least the existing financial regulations and standing orders and scheme of delegation of the local authority and the Health bodies may need to be amended to ensure they do not inhibit the smooth delivery of the joint service. For example, council financial regulations may not permit employees of other agencies to authorise expenditure from local authority funds. This will need to be addressed where a hybrid model of Paradigm 2A and 2B is selected, effectively having a single manager under the control of a joint committee rather than a partnership body where it would be common practice to develop regulations for the partnership body because it badges itself as a body.

Accountability for Service Provision

The joint committee or partnership body will be responsible in the first instance for the provision of all services specified in the Local Partnership Agreement.

The partners will monitor the delivery of the service against the service specification and to enable this process to take place, the joint committee or partnership body may provide statements (to an agreed time scale such as monthly, quarterly etc) showing:

- Proposals to make payments between the partners in accordance with the Community Care and Health (Scotland) Act.
- The level of service being delivered in terms of activity and quality compared with agreed levels and standards.
- Expenditure on the service compared with the agreed service agreement value.
- Reasons for any under spending and an indication of the proposed distribution of the funds.
- Early warning of any forecast overspends and details of proposed corrective action.
- An annual statement demonstrating the ring fencing of funds relating to the service agreements over an agreed period.

Disputes, Escalation Procedures, Exit Strategies and Termination of Partnership Arrangements

There will be a number of reasons why a partnership arrangement will need to be reviewed or renegotiated, as the need for the service changes, as the model of services develops or because of difficulties within the partnership itself. Partnership working will inevitably mean disagreements or disputes between the partners from time to time. It need not and should not result in the termination of the partnership except in extreme cases. It is important from the outset that partners consider how to handle any turbulence effectively and plan what the alternatives could be, and how they will be managed. This includes;

- A clearly defined escalation process between the partners
- Provisions for local arbitration
- Continuity of service
- Staffing issues that may arise
- Termination of the partnership arrangements
- Notice periods
- Asset re-allocation and disposal

- Responsibility for debts
- Withdrawal of a partner body
- Timescales that would be required for changing the arrangement, or bringing it to an end.

Agreement should be reached in advance about the financial responsibility for costs associated with termination, such as valuation fees and due diligence reports. The final financial reports of the partnership should be produced as quickly as possible, audited and all its business matters brought to a conclusion. Appropriate arrangements need to be made for contingent liabilities that may not be finalised for some time. Finalisation of the partnerships affairs will enable the respective contribution from or distribution to partners to be effected. No distribution of surpluses should be made until the financial position has been finalised.

Chapter Six

Local Partnership Agreements – The Financial Perspective

CCD7/2001 set out the need to reflect local partnership arrangements through a Local Partnership Agreement. The Local Partnership Agreement (LPA) for joint resourcing and joint management (LPA) is a formal agreement (but need not be a legally binding document constructed in “legalese”) between the agencies involved in operating a joint service. There are however a number of areas set out in the “action steps” approach that the LPA will need to cover. The number of areas covered in the LPA may vary depending on whether the partnership intends to operate with an aligned or pooled budgets although there will be a minimum amount of information required to be included. Local partners will wish to decide how much of the financial detail needs to be contained in the body of the LPA and how much could be meaningfully appended.

A template local partnership agreement and further examples (including the LPA for the “Care Together” partnership) can be found on the Joint Future Unit website <http://www.scotland.gov.uk/health/jointfutureunit>. Care Together is a partnership between Perth and Kinross Health and Social Services spending £51m of public funds during 2002/2003.

From a financial perspective, the CIPFA Joint Resourcing Advisory and Network Group concluded that the areas that should be addressed in the Local Partnership Agreement include the following:

- The partners involved in the partnership
- The aims, objectives and outcomes of the agreement
- The level of contribution of each of the partners. The level of contribution should be explicit about the inclusion of identified overheads and capital charges
- Agreement on financial reporting arrangements and virement
- The level of budget variation within the year and between years that will be acceptable to the partners

- Management of inflationary pressures
- Arrangements for awarding contracts for services entered into by a partner on behalf of the partnership
- Agreement on charging policies operated by local authorities within the partnership arrangements
- Arrangements in place for governance and finance
- Arrangements for disputes
- Arrangements in the event of termination of the agreement
- Arrangements for managing risk
- Arrangements for measuring the partnership's performance
- Agreements on any payments between the partners (as per the Community Care & Health Scotland Act and existing Resource Transfer)

Aims, Objectives and Outcomes

There will be a range of aims, objectives and outcomes in the Local Partnership Agreement. Many will be process and service driven. Others will be spelt out clearly in terms of outcomes for those who receive services. In total these will reflect the stakeholders' interests and should be measurable. Partners will wish to consider whether there are any financial imperatives for the partnership and how these can be agreed, expressed and measured.

In England, where over £1billion is already committed to pooled budgets, partners are required to prepare a simple "Memorandum of Account" for the joint expenditure committed to the pooled fund. The CIPFA Joint Resourcing and Advisory Network Group believe that this might also be a helpful element of aligning budgets (under both Paradigm 2A and 2B) both as a guide for external audit and as useful preparation for those wishing to progress to pooled funding arrangements. However, the CIPFA Joint Resourcing and Advisory Network Group would wish to stress that the preparation of the "Memorandum of Account" is not a legal requirement but could be viewed as best practice. ***The following two pages include an extract from Audit Commission guidance regarding the format of a memorandum of account for pooled arrangements. The CIPFA Joint Resourcing Group believes***

that this format can easily be adapted to fit the aligned budget arrangements in Scotland.

FORM OF MEMORANDUM ACCOUNT

By definition, pooled funds are flexible, intended to meet local needs and priorities. Consequently, it is not possible to prescribe a detailed format for the memorandum account to be produced by the host partner. However, as a minimum the account should show:

- a. the contribution to the pool by each partner. Where contributions are in kind (eg by making a staff resource available), the nature and value of the contribution should be identified; and
- b. the expenditure incurred by the pool in the period.

Ideally, expenditure should be linked to the agreed objectives of the pool so that the memorandum account demonstrates that the pool has met its aims and objectives. Where expenditure cannot be identified by objectives and a subjective analysis is appropriate, an alternative format should be agreed in writing between the pool partners, preferably in the partnership agreement. Similarly, where partners agree to include additional information in the memorandum account regarding assets and liabilities, including any capital assets held on behalf of the pool, this should also be agreed in writing.

The detail of the memorandum account is not prescribed but, in the Commission's view, it should:

- a. bear the name, or summarised details, of the pooled fund;
- b. be certified by the Chief Financial Officer/Director of Finance;
- c. show total contributions and expenditure, not merely a surplus or deficit; and
- d. be linked to the agreed aims and objectives of the pool wherever possible.

This minimum level of information is reflected in the model memorandum account below, which has been agreed informally between MHSE, CIPFA and the Audit Commission.

POOLED FUND MEMORANDUM ACCOUNT for the period xxxx to yyyy

(Name of pooling agreement)

Gross Funding (w)			£
	Cash	Staff	Other (please specify, eg grants (y))
Authority i Authority ii Authority iii			
Total Funding (a)			
Expenditure (x)			
	Cash	Staff	Other (please specify, eg grants (y))
Objective 1 (z) Objective 2 Objective 3			
Total Expenditure (b)			
Net underspend/overspend (a)-(b)			

CERTIFICATE OF CHIEF FINANCIAL OFFICER/DIRECTOR OF FINANCE

I certify that the above pooled fund memorandum account accurately discloses the income received and expenditure incurred in accordance with the partnership agreement, as amended by any subsequent agreed variations, entered into under section 31 of the Health Act 1999.

Signed Date

Chief Financial Officer/Director of Finance

In the compilation of this memorandum account, note that:

- (w) The gross funding from each partner should be the amount agreed through the funding agreement, as subsequently adjusted by agreement between the partner bodies. Contributions in kind (eg staff) should be specified where required by the partnership agreement.
- (x) Expenditure incurred by the pool should be in accordance with the funding agreement, as amended by any subsequent agreement between the partner bodies.
- (y) Contributions from grant and their expenditure on grant-eligible purposes will usually be equal except where the grant conditions permit an unspent grant allocation to be carried forward to the following year.
- (z) The analysis of expenditure by objective should accord with the outcomes specified in the partnership agreement. Where expenditure cannot be analysed by objective, the partners should agree on the basis of analysis.

Chapter Seven

Resources

Contributions

Partners must agree the resources which each will contribute year on year in all Paradigms of joint resourcing and joint management. In so doing partners need to be transparent about the data under initial discussion and whether it relates to current budgets or current expenditure. All assumptions need to be shared for example about efficiency savings or known inflationary pressures or commitments. Ideally, assumptions made should, as far as is reasonably possible, be consistently applied by all partners.

Partners must resource the new arrangement in a way that will provide stability and the ability to plan for the medium term, so that the arrangement has a proper chance to bed in and begin to produce results. Partners should set out the potential risks to financial stability over the medium term.

The partnership should agree the required period of notice for any significant change in contribution by either partner under all Paradigms of joint resourcing and joint management. Partners must also agree a definition of what constitutes “significant” in relation to the joint resourcing pot.

The amount to be provided to cover joint development priorities, inflation and cost pressures, and how to manage efficiency savings, will need to be negotiated and agreed between the partners each year and shown in the Local Partnership Agreement.

The single manager must be able to influence each partner’s contribution to the partnership. For example, if the manager was a local authority employee, he/she would presumably be able to influence the LA’s contribution but arrangements would have to be made to ensure that the single manager was a member of the Trust’s decision making structure. The single manager would basically need to ensure that

the partnership was allocated a 'fair' budget and was not being asked to accept an 'unfair' share of savings.

The following terms should be agreed before commencement of all joint resourcing and joint management Paradigms and only adjusted each year as necessary:

- How much each partner will contribute for the year and where possible projected for future years
- How much variation from year to year will be acceptable to the partners
- How much variation in year (to each budget or combined if managed by a single manager) is acceptable
- How the partners will require the budget to be managed (each budget or combined expectations if a single manager)
- How joint development priorities would be funded
- How under and overspends will be dealt with including details of the consequent financial responsibility of each partner in such circumstances
- How inflation will be managed
- How any efficiency savings will be generated and how savings will be reallocated etc
- Monitoring arrangements in terms of the nature, timing and recipients of the service, and financial management information
- Details of service agreements that the partners enter into for the delivery of services
- Whether resources include capital resources
- Treatment of overheads

Mainstream budgets and grants relating to the partnership arrangement can be used and specific grants may be part of the overall budget available to the partners, if appropriate. Ring fenced allocations and specific grants, while treated as part of the holistic resources for the purpose of planning etc will continue to be deployed and accounted for in the usual way.

Resources such as accommodation, information systems, goods and services will need to be agreed between the partners and appropriate recharges and capital charges agreed. There is clearly a need for openness and sharing information early in this process otherwise the aim of the arrangement could be undermined.

Financial Framework

The different types of partnership structure as outlined in the Paradigms of joint resourcing and joint management dictate specialised financial control requirements. A financial control framework will require to be developed for aligned budgets as a partnership body. Internal and external audit should be consulted in the formulation of the framework.

Formulating A Framework of Financial Control – Good Practice Requirements

A prerequisite of sound financial management is the existence of a control framework which:

- Aligns financial responsibility with management responsibility so that managers working jointly and single managers who make decisions are made responsible for the financial consequences of their actions
- Ensures that every activity or cost centre budget is administered by one and only one named budget holder
- Makes budget holders responsible only for expenditure which they can influence
- Is flexible enough to provide for the extension of control by cost centre managers to expenditure previously managed elsewhere
- Is backed up by the provision of appropriate training and guidance to budget holders on their duties and responsibilities
- Clearly defines the joint management hierarchy including the role of single managers so that each budget holder understands his/her role within the overall framework
- Sets out the reporting procedure so that managers know what, when, how and to whom, they should be reporting budgetary performance

- Results in the regular and positive reporting of budgetary performance to the Joint Committee or partnership body and onwards to the parent bodies
- Clarifies the role of the Chief Financial Officer(s) for the joint working arrangements

Before deciding the budget holder structure for the partnership, think through case-by-case who should make which decision. In the case of the early form of aligned budgets (Paradigm 2A) there may be little change in budget holder except for the process through which decisions are arrived at. Partnership bodies, with single managers require more thought. There are no firm arguments in favour of delegation or centralisation but some general rules may help partnerships to settle on the approach, which best suits, their circumstances. In recent years, community care policy has emphasised the benefits to service users, patients and carers of devolved responsibility and this checklist would support that principle but recognises that as new joint working arrangements take hold, this may require to be staged over time.

Partners should delegate responsibility when:

- A lot of short term decisions are required since strategic decisions are more likely to involve senior managers
- The service aims to respond to client needs
- Costs are particularly dependent on managers behaviour and are likely to respond to incentives

Partners should not delegate or delegate with extreme care when:

- The need for expenditure is unpredictable and the costs might be significant enough to affect the delegated budget
- Incentives could be perverse or undesirable and local decisions about use of resources could adversely affect the position of the partnership as a whole

The task of getting the match of joint management and budget responsibilities right takes some thought and should not be underestimated. Remember the basic

principles – each budget should have one budget holder; budget holders should only be responsible for income and expenditure that they can control and items that they cannot control should be managed elsewhere. The principle is not to delegate as far down the management hierarchy as possible just for the sake of doing so but to make financial responsibility match the reality of management control.

The alignment of financial responsibility with management responsibility to ensure that decision makers are responsible for their actions is reiterated. It may be that a manager operates alone or works jointly with other managers. A single manager, supported by prescribed span of control and management arrangements can quickly and efficiently exercise financial control and identify corrective action required. Consequently, the CIPFA Joint Resourcing Advisory and Network Group recognised the value of a single manager in the exercise of financial control of aligned budgets.

Regard should be given to the joint management arrangements and lines of communication when formulating or sharing information about the financial control framework. As well as identifying the budget holder for each activity or cost centre, the budgetary roles of each tier in the joint management hierarchy must be clarified. An informal ‘every one understands what is expected of them’ approach can complicate rather than simplify matters. It is therefore important that the links in the chain of command between tiers of joint or single management are properly established if such problems are to be avoided.

Controlling Revenue Budgets – Good Practice Requirements

- The establishment of ground rules so that managers know precisely what their duties, responsibilities, rights and freedoms entail
- The setting of sensible virement limits to encourage flexibility in the use of resources by budget holders to achieve their stated joint management objectives
- The use of incentives which reward those budget holders who manage their budgets well

- The streamlining of monitoring procedures so that attention is focused both by budget holders and their supervising managers on those areas requiring the tightest control
- The development of early warning mechanisms, relying on the regular and prompt reporting of both financial and non-financial results, to enable the Joint Committee or Partnership Body and senior management to monitor performance and to react swiftly and positively to any adverse situation

Where capital expenditure requires to be controlled then the good practice requirements for revenue budgets should, for the purposes of this Guide, be considered to be generic and equally applicable to capital.

Managing the Aligned Budgets

The joint committee or partnership body should identify the principal budget holders and, if appropriate, should identify a single manager who will be responsible for managing the aligned budgets. They should identify who will ensure that the financial infrastructure exists to administer the budgets on behalf of the partners and ensure that the resources associated with each of the partners contribution can be individually accounted for and tracked within the financial systems.

The joint committee or partnership body will be accountable for commissioning services and managing the overall budget, forecasting, operationally planning and monitoring the service and reporting to the contributing partners on the outputs and outcomes as shown the Local Partnership Agreement.

Partner bodies will identify and account for the appropriate individual components of their budgets, which are being committed to the joint resourcing arrangements. The joint committee or partnership body will be kept fully informed of resources being used on a regular basis to enable members to monitor progress against agreed outcomes for the partnership arrangements.

Agreement will be reached in negotiation between the partners as to whether any underspend and overspend arising from unforeseen circumstances should be carried

over to the following year to enable the aligned budgets for that year to be suitably adjusted. The application of any under/overspends will require to be explicit within the agreement.

The joint committee or partnership has a responsibility to deliver the services within the agreed joint resourcing arrangements and must make every effort to ensure that this is achieved. They must keep the partner bodies informed of the holistic budgetary position as well as their position against their own budgetary contribution and of actions to be taken to combat any potential under/overspends.

If it is agreed by the partnership that any potential under/overspending is not capable of being contained within the agreed partnership arrangements, the partners will agree how any such under/overspends should be dealt with and make recommendations to the parent bodies or institute corrective action depending on the scale of the underspend/overspend and their scheme of delegation. Consideration will need to be given in advance of possible restrictions over ability to carry underspends forward, by each body's financial regime.

If it becomes apparent that the balance of budgets is not correct, then the Resource Transfer mechanism exists to make permanent shifts from NHSScotland to local authorities within an approved framework. The Community Care and Health (Scotland) Act 2002 broadens these provisions to allow more flexible transfer of resources between NHSScotland and local authorities where it can be demonstrated that by doing so, the donor body can demonstrate benefit to the discharge of its statutory functions.

The partners will ensure that their auditors will have access to any relevant documents or reports as part of the normal internal and external audit arrangements.

Charges

Whilst NHS services will remain free at the point of delivery, the local authority will still be required to charge for some services, such as the provision of non personal care (from 1 July 2002 when free personal care was introduced) and will have the

discretion to charge for other services, such as transport, leisure facilities, and equipment (where this is not included in the definition of free personal care).

In taking forward partnership arrangements the partners will need to agree how to manage charging, and how to specify the difference between charged for and non charged for services.

VAT

Local authorities and NHS bodies are governed by different VAT regimes. Under the new partnership arrangements, it is important that partners are clear as to which VAT regime is governing their activity. VAT arrangements should neither seek to penalise nor advantage the partners for joint activity.

UK Guidance exists at the Health and Social Care Joint Unit <http://www.doh.gov.uk/jointunit/vat.htm>. Discussions are currently underway with HM Customs and Excise to agree a Scottish position statement for both aligned and pooled budgets. In the interim, partners should follow the VAT regulations for their respective bodies.

Awarding Contracts

Partners should follow the regulations for awarding contracts within their respective bodies.

Appendix 1
Good Corporate Governance
Checklist 1

ORGANISATIONAL STRUCTURES AND PROCESSES

Y/N Ref Comments

Checklist – Statutory Accountability

Has the partnership established effective arrangements to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice?

Checklist - Accountability for Public Money

Has the partnership established appropriate arrangements to ensure that public funds are:

- properly safeguarded?
- used economically, efficiently and effectively?
- used in accordance with the statutory or other authorities that govern their use?

Checklist - Communication with Stakeholders

Has the partnership established:

- clear channels of communication with the body's stakeholders?
- appropriate processes to ensure that such channels operate effectively in practice?

Has the partnership made an explicit commitment to openness in all the activities of the body?

Does the partnership

- report publicly the processes for making appointments to the partnership?
- make publicly available the names of all

Partnership members, together with their relevant other interests?

Checklist - Roles and Responsibilities

Is there a clearly defined division of responsibilities at the head of the body?

Organisational Structures and Processes (continued)

Does the partnership body:

- meet regularly?
- retain full and effective control over the body?
- monitor the executive management?

Has the partnership established a framework of strategic control (or scheme of delegated or reserved powers)?

Does the framework of strategic control include a formal schedule of those matters specifically reserved for the collective decision of the Partnership?

Does the partnership maintain the framework of strategic control up to date?

Has the partnership established clearly documented and understood management processes for:

- policy development, implementation and review?
- decision-making, monitoring, control and reporting?

Has the partnership established formal procedural and financial regulations/standing financial instructions/standing financial instructions to govern the conduct of its business?

Has the partnership established appropriate arrangements to ensure that it has access to all such

relevant information, advice and resources as is necessary to enable it to carry out its role effectively?

Where the body is responsible for making appointments to the Partnership , has it established a formal process to ensure that such appointments are made:

- in accordance with specified criteria?
- on the basis of merit and the individual's ability to carry out a defined role within the organisation?

Organisational Structures and Processes (continued)

Where the body is responsible for making appointments to the partnership, are such appointments dealt with by the partnership as a whole?

Is the role of the chairman formally defined in writing?

Are members of the partnership:

- independent of management?
- free from any other relationships, which may materially interfere with exercising an independent judgement on issues of strategy, performance, resources and standards of conduct?

Are the duties, terms of office, remuneration/authority and its review, of partnership members defined clearly?

Where the body is responsible for making appointments of members to the Joint Committee or Partnership Board:

- are appointments for a fixed term?
- are re-appointments subject to a formal appraisal process?

Does the Chief Executive have line responsibility for all aspects of executive management?

Is he or she accountable to the partnership for the ultimate performance and implementation of the Partnership's policy?

Has the partnership made a senior executive responsible for ensuring that appropriate advice is given to it on all financial matters? Has the partnership made a senior executive responsible for ensuring that partnership procedures are followed and that all applicable statutes

and regulations and other relevant statements of best practice are complied with?

Has the partnership established a remuneration committee to make recommendations on the remuneration of top executives?

FINANCIAL REPORTING AND INTERNAL CONTROLS

Checklist – Annual Reporting

Does the partnership publish on a timely basis an objective, balanced and understandable annual report?

Does the partnership include in its annual report a statement explaining its responsibility for the body's accounts?

Does the partnership include in its annual report a statement confirming that it has complied with relevant standards or codes of corporate governance?

Checklist – Internal Controls

Has the partnership taken steps to ensure that systems of internal control:

- are established?
- Continue to operate in practice?

Does the partnership include in its annual report a statement on the effectiveness of the body's systems of internal control?

Has the partnership taken steps to ensure that effective systems of risk management are established as part of the systems of internal control?

Has the partnership taken steps to ensure that an effective internal audit function is established as part of the systems of internal control?

Checklist – Audit Committees

Have the audit committee of each partner take responsibility for the independent review of the systems of internal control and of the external audit process?

Checklist – External Auditors

Has the partnership taken steps to ensure that an objective and professional relationship is maintained with the external auditors?

STANDARDS OF BEHAVIOUR

Checklist – Leadership

Has the partnership taken steps to ensure that its members exercise leadership by conducting themselves in accordance with high standards of personal behaviour?

Checklist – Code of Conduct

Has the partnership developed a formal code of conduct defining the standards of personal behaviour, to which individual Board members and all employees of the body are required to subscribe?

Has the partnership established appropriate mechanisms to ensure that members and employees of the body are not influenced by prejudice, bias or conflicts of interest?

Appendix 2

A synopsis of the Community Care and Health (Scotland) Act

Part 2 of the Community Care and Health (Scotland) Act contains the new provisions on Joint Working which will take effect, subject to parliamentary approval, from autumn 2002. The new provisions are broadly similar in nature to the 1999 Health Act (England and Wales) known as “Section 31 flexibilities”

The Scottish Act contains a range of permissive powers to improve joint working including the power for NHS bodies to make payments more flexibly to local authorities and vice versa which expand upon the existing resource transfer mechanism, which permits payments from the NHS to local authorities only and for the purposes for service re-provision.

The Scottish Act contains powers to allow NHS bodies and local authorities to delegate statutory functions to each other and to pool budgets where such delegation takes place.

Staff will be protected in cases of transfer between the agencies in cases where TUPE may not apply.

Most significantly, Scottish Ministers have taken powers to intervene and impose joint working arrangements of their choice in cases where services are judged to be failing the interests of service users, patients and carers.

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Sterling Work Finance Control and Budgeting for Local Authority Partnerships : A Practical Guide 2001 published by CIPFA

On Board A Guide for Board Members of NDPB's in England produced by CIPFA 2002

Copies can be obtained :

Telephone 020 7543 5605 or visit www.cipfa.org.uk/shop

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