

# CITIZENS SERVICES PARTNERSHIP

**A Review Undertaken by the Joint Authority Member  
Task Group**



**Bedfordshire  
county council**



**South Bedfordshire**  
taking pride in our district

**Final Version  
May 2008**

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## 1. Executive Summary

- 1.1 Jointly commissioned by the Scrutiny Committees of Bedfordshire County Council and Mid & South Bedfordshire District Councils, this report seeks to communicate the final conclusions and recommendations of the Joint Authority Member Task Group established to identify why the Citizens Services Partnership (CSP) failed, in order to learn lessons for the future and avoid a similar fate befalling other partnerships. The review covered areas such as governance arrangements, project management, the roles of senior officers and Members, procurement and the delivery of strategic objectives.
- 1.2 The review has been a robust and challenging one for all concerned and this report is intentionally direct in its commentary. By necessity it focussed upon, and critically appraised, past events surrounding the CSP to ensure its conclusions and recommendations can add value to the continuous improvement of all three Council's processes and procedures. It is important to recognise however that all Councils have moved forward considerably since the CSP's demise and are already implementing a number of initiatives to improve both partnership working and project management arrangements generally.
- 1.3 The key findings of the review were: -
- A paucity of governance arrangements to direct and control the CSP;
  - A lack of a clear vision of the purpose and intended outcomes of the CSP;
  - Confused roles and responsibilities and lack of accountability of both Members and officers;
  - An ineffective system of financial control and weak procurement procedures;
  - A lack of any formal project and risk management methodology, combined with a lack of early action to address clearly identified weaknesses;
  - A lack of awareness and attention given to the findings of Internal Audit reports regarding the CSP;
  - Poor assessment of the capacity and skills required to deliver the project;
  - Inadequate leadership and poor value for money; and
  - An acknowledgement by all partners of the need to address the above weaknesses and the pro-active implementation of initiatives to do so.
- 1.4 The main purpose of the Task Group was to conduct a thorough appraisal of the Partnership so that lessons could be learned and the authorities involved could move forward, better prepared for the future and particularly in light of the need to create a unitary Central Bedfordshire by April 2009. The Task Force is confident that this aim has been achieved and therefore commends its recommendations to the constituent authorities Executives.

## 2. Introduction

### 2.1 Origins of the Review

- 2.1.1 The Citizens Services Partnership (CSP) was established to promote a joint approach to the implementation and operation of cross cutting eGovernment technology and business processes across Bedfordshire to achieve improvements and choices in service delivery to the citizens of the region and to also meet Government targets.
- 2.1.2 The CSP had its roots in a Bedfordshire County Council commissioned feasibility study undertaken in 1998 to gauge interest in electronic service delivery across 14 public sector organisations in the county and was given added impetus by the “Modernising Government” White Paper of 1999, which introduced a target of all dealings with local government being deliverable electronically by 2008 (subsequently amended to 2005).
- 2.1.3 The feasibility study formed the basis of a successful bid for Invest to Save funding of £1.238M in July 2000 on behalf of this 14 organisation consortium, but in 2001 the consortium was re-aligned to 5 core partners (the 5 local authorities within Bedfordshire & Luton) and a further grant claim for Local Government On-Line funding of £1.775M was successful in 2002.
- 2.1.4 Although a number of loose governance arrangements existed during these early days including a Memorandum of Understanding, it was not until May 2004 that the CSP was formally established by the signing of a Joint Arrangement Agreement between 4 partners (Bedford Borough Council withdrew from the CSP at that time). In December 2004, Luton Borough Council also decided to withdraw from the CSP, leaving a partnership consisting of Bedfordshire County Council (BCC), Mid Beds District Council (MBDC) and South Beds District Council (SBDC).
- 2.1.5 As a result of increasing concerns over the governance, strategic objectives and cost effectiveness of the CSP, Councillor Steve Male, in his capacity as a member of MBDC’s Scrutiny Committee and Vice Chairman of BCC’s Overview & Scrutiny Committee, proposed the establishment of a Joint Authority Member Task Group to review the activities of the Citizens Services Partnership (CSP) in the summer of 2005.
- 2.1.6 Despite the fact that a similar review had failed in the previous year due to a lack of commitment from some partners (see above), the Scrutiny Committees of all three remaining partner authorities firmly supported the proposal at their respective meetings in August 2005 and appointed two members each to undertake the task.

## 2.2 Review Objectives

2.2.1 The Task Group convened for its first meeting on 17 October 2005 and consisted of the following members: -

- Cllr L Birt (MBDC)
- Cllr M Cathrall (MBDC)
- Cllr W Forde (SBDC)
- Cllr L Ledster (SBDC)
- Cllr V Lee (BCC)
- Cllr S Male (BCC)

Note: Cllr M Cathrall was replaced by Cllr M Gibson following MBDC elections in May 2007.

2.2.2 At that meeting Members appointed Cllr Steve Male as Task Group Chairman for the duration of the review, received a scene-setting presentation and background papers from key officers involved in the CSP and agreed the Task Group's overriding objective, as follows: -

***To assess the overall viability of the CSP,  
the opportunities it presents and its  
progress so far.***

2.2.3 The Task Group agreed that this objective would be achieved by seeking answers to the followings 6 key questions: -

1. How has the project reached this point?
2. Are the programme's scope and objectives clear?
3. What are the benefits for the public?
4. Are the systems and controls fit for purpose?
5. Does the project offer good value for money?
6. Will it deliver on time and within budget?

2.2.4 Responses to these key questions would inform the Task Group's findings, conclusions and recommendations, which would be incorporated into a final report for submission to the constituent authorities' Executives.

2.2.5 Unfortunately however two significant events conspired against achievement of the Task Group's original objective, and these are detailed below: -

- In early 2006 following BCC Internal Audit investigations at the request of the Task Group, the activities of the Partnership became the subject of a local Police and subsequently, a Serious Fraud Office (SFO), enquiry.
- In July 2006, the three remaining partner authorities agreed to terminate the Partnership.

2.2.6 As a result of the SFO enquiry, the Task Group's work was temporarily suspended (in June 2006) and upon resumption (in September 2007) changed in emphasis, becoming a task to establish why the Partnership failed, in order to learn lessons for the future and avoid a similar fate befalling others. These events and the Task Group's change in emphasis are expanded upon in the next section of this report.

## 2.3 Review Context

2.3.1 At its first meeting in October 2005 the Task Group agreed a work programme based around the collection of evidence flowing from officer responses to its key questions (and an extensive set of sub questions at a more detailed level below these key lines of enquiry). It was the Task Group's clear intention to conclude its review by April 2006 and its original work programme and list of questions is attached at Appendix A for information.

2.3.2 The Task Group approached its review in a logical order by addressing each of the key questions outlined within the review's objectives in turn and this process proceeded smoothly until January 2006 with the receipt of substantial evidence from officers and Members addressing key questions 1 to 3.

2.3.3 In January 2006 however and following increasing concerns about the Partnership's governance arrangements, the Task Group considered 2 BCC Internal Audit reports, which reviewed progress regarding previous audit recommendations concerning the Partnership and scrutinised in some detail its probity. As a result the Task Group agreed the following supplementary actions: -

- The submission of a letter from the Task Group Chairman to the Chief Executives, Customer Services Portfolio Holders and political Leaders of each partner authority expressing the view that the Partnership had no mandate to spend further monies if its governance arrangements were not addressed immediately (a copy of this letter is attached at Appendix B); and
- Approval for officers of BCC Internal Audit to continue their investigation into probity issues, concentrating in particular on 4 cases, which merited further attention.

- 2.3.4 These actions led indirectly to the events outlined in paragraph 2.2.5 above and compelled the Task Group to suspend its activities pending conclusion of the ensuing SFO enquiry.
- 2.3.5 It is not for this report to pass comment on the SFO enquiry other than to say its duration was considerable and it was not until September 2007 that the Task Group was able to recommence its work, although during its period of suspension, it did continue to receive regular confidential updates from Beds Police regarding the SFO's enquiry.
- 2.3.6 As mentioned in paragraph 2.2.6 above, when the Task Group was finally able to recommence its activities, its members agreed to change the emphasis of the review to establish why the Partnership had failed in order to learn lessons for the future and avoid a similar fate befalling other partnerships. The primary means by which the Task Group achieved this new objective was to request and consider the following further documentation: -
- A final report from BCC Internal Audit summarising the lessons learnt from the failure of the Partnership. This report provided the Task Group with a thorough list of findings, together with areas of improvement and finally, comprehensive guidelines for future partnership working; and
  - Responses to this final Internal Audit report from the Chief Executives of each partner authority, which addressed Internal Audit findings and detailed how effective current arrangements were at each authority in terms of managing existing and future partnerships.
- 2.3.7 In total the Task Group met on 13 occasions between October 2005 and May 2008, requested and reviewed a considerable volume of documentary evidence and interviewed key witnesses (both officers and Members). A list of these witnesses and the documentary evidence collected is attached at Appendices C and D respectively. Also attached at Appendix E is a timeline of key Partnership and Task Group milestones, which will assist readers to put the whole issue into context.
- 2.3.8 The remainder of this report focuses on the conclusions drawn by the Task Group following its consideration of the above documentation and witness interviews, and includes a number of recommendations for consideration by the Executives of each partner authority. Although the Task Group uncovered a considerable number of specific issues during the course of its investigation, there emerged from these issues a small number of key recurrent themes regarding the reasons behind the failure of the Partnership generally. These themes centred on governance, project management, procurement and organisational capability and the next section has therefore been structured not only to list the specific issues identified but to also group them into these four recurrent themes.

3. Review Conclusions and Recommendations

	<b>Commentary</b>	<b>Conclusions</b>	<b>Recommendations</b>
3.1	<b><i>Governance</i></b>		
3.1.1	<p>The paucity of adequate governance arrangements to direct and control the Partnership was a major failing of those responsible for it and emerged as a regular theme from the Task Group's investigation. Governance is defined as the development and management of consistent, cohesive policies, processes and decision-rights for a given area of responsibility and during its investigation the Task Group identified a number of specific governance issues as areas of concern, which are outlined below.</p>	<p>The Task Group concluded that governance arrangements for the CSP were wholly inadequate and were a major contributor to its failure.</p>	<p>Constituent authorities must ensure that appropriate governance arrangements are in place for all current and future partnerships, by: -</p> <ul style="list-style-type: none"> <li>(i) Reviewing arrangements for all existing partnerships, and</li> <li>(ii) Adopting the Audit Commission's guidelines on partnerships with immediate effect (Governing Partnerships: Bridging the Accountability Gap, October 2005)</li> </ul> <p>In addition to adopting such guidelines as a minimum requirement, constituent authorities should also adopt the following specific recommendations.</p>



	<b>Commentary</b>	<b>Conclusions</b>	<b>Recommendations</b>
3.1.2	<p>Although attempts were made by the CSP Joint Committee to put in place a sound package of governance documents (i.e. a joint agreement, charter, financial regulations, scheme of delegation and a procurement policy) towards the end of the Partnership's life, for much of its existence, the Partnership operated without the benefit of such a framework. As a result the roles and responsibilities of both Members and officers were blurred and confused, which impacted adversely on the extent of authority, accountability and transparency in the decision-making process. This was particularly so in the Partnership's early years, when meetings had no clear focus and no progress was made.</p> <p>In this confused environment, strategic leadership was deficient and contributed to a lack of a firm governance framework being developed. As a result, there was no effective system of internal financial control and no clarity about the Partnership's legal status.</p> <p>The confused environment was compounded by the autocratic style of the CSP Programme Director and the off-site establishment of a Programme Office, whose operation and control was unclear.</p>	<p>The Task Group concluded that the lack of a clear vision of the purpose and intended outcomes of the CSP during its lifetime contributed significantly to its downfall. Moreover, the lack of clarity regarding its legal status caused considerable confusion amongst both officers and Members.</p>	<p>Constituent authorities must develop and articulate a clear vision of the purpose and intended outcomes of a partnership at the outset and ensure that there is clarity about its legal status.</p>

	<b>Commentary</b>	<b>Conclusions</b>	<b>Recommendations</b>
3.1.3	There was little evidence to establish whether Members were clear about their roles and responsibilities in relation to the Partnership and understood the extent of their authority. The Member/officer relationship was not strictly observed by the Partnership and this allowed a Councillor to become inappropriately involved in the operational management of the partnership.	The Task Group concluded that the roles and responsibilities of members and officers involved in the Partnership were blurred, which led to inappropriate relationships and conflicts of interest.	Constituent authorities must set out a clear statement of the respective roles, responsibilities and accountabilities of members and officers in relation to any partnership, determine a scheme of delegation and put in place safeguards against conflicts of interest.
3.1.4	An essential component of good governance is the maintenance of an effective system of internal financial control. The probity audit undertaken by BCC supported the view that the system of internal financial control was not fully effective in identifying potentially fraudulent expenditure. This was despite the fact that a partnership agreement signed by the constituent authorities in May 2004 made it clear that the administering authority (BCC) was to provide legal, secretarial and financial support services.	The Task Group concluded that internal financial control was inadequate.	Constituent authorities must recognise the limits of lawful action and observe the requirements of Financial Regulations, Contract Procedures and the general responsibilities placed on officers and members.
3.1.6	The Task Group also noted that BCC Internal Audit undertook 4 major reviews of the Partnership towards the latter part of its life, all of which raised significant concerns about the lack of a sound governance framework. More specifically, the first such review conducted in March 2004 concluded that governance and operational arrangements were inadequate and had	The Task Group concluded that the lack of early action by those responsible for the Partnership to address the findings of these Internal Audit reports precipitated its failure. Whilst in no way excusing this inaction, the scarcity of timely, succinct and frank reporting to those responsible did not help matters.	Constituent authorities must take immediate steps to ensure the findings of internal audit reports are reported widely and acted upon judiciously. Authorities must also develop and maintain an effective scrutiny function that encourages constructive challenge.

	<b>Commentary</b>	<b>Conclusions</b>	<b>Recommendations</b>
	<p>resulted in delays, lack of co-ordinated effort and a failure to address the issues of transparency, accountability and probity. A follow up review in January 2005 assessed the Partnership as “unsound” and a second follow up review in September 2005 identified the probability of improper practices. This led to a much more detailed probity audit of Partnership transactions in January 2006, the results of which were later reported to Bedfordshire Police.</p> <p>Although these internal audit reports highlighted serious weaknesses, their restricted circulation coupled with frequent changes of key officers caused an insufficient awareness of the problems facing the Partnership and were, in the opinion of the Task Group, not taken as seriously as they should have been by those responsible for it.</p> <p>The Task Group also identified an insufficient level of reporting generally to those Members responsible for the Partnership. There was also no routine Overview &amp; Scrutiny involvement as a final check and balance, despite repeated requests from Overview &amp; Scrutiny Members.</p>		<p>However Task Group recommendations flowing from this review should apply only to those large-scale projects involving partners, but those managing these projects should also be subject to the requirement to submit an annual review to each partner’s Executive (and Scrutiny Committee) outlining progress to date.</p>

	<b>Commentary</b>	<b>Conclusions</b>	<b>Recommendations</b>
3.2	<b><i>Project Management</i></b>		
3.2.1	<p>Although there was an overarching vision and rationale for establishing the Partnership, this was not developed and articulated into a clear statement of purpose and intended outcomes for service users and the general public. The project therefore evolved as the implementation of IT systems without a clear business case and benefits.</p> <p>This meant that apart from a technical plan of activities, there existed no outcome focussed, customer driven project plan. As a result the partnership became technically focussed and lost sight of its strategic objective i.e. what it was trying to achieve from a customer perspective</p> <p>No formal programme or project management methodology was evident at the outset or implemented during the life of the Partnership. Tangible objectives, milestones and timescales were not clearly laid out and progress towards achieving them was slow and poorly co-ordinated. The lack of progress in service delivery was a significant factor in causing both Bedford BC and Luton BC to leave the Partnership. Additionally, there was no evidence of clear leadership from the administering authority (BCC) and when slippages occurred, as they</p>	<p>The Task Group concluded that the lack of a customer focussed project plan with strategic objectives, key milestones and an overarching project framework for the Partnership was a critical weakness. In addition, the distinct lack of leadership to address partnership deficiencies and drive through the project to a successful conclusion compounded the situation.</p>	<p>Constituent authorities must implement a formal project management methodology that describes the services to be delivered, sets timescales and deadlines for delivery and includes: -</p> <ol style="list-style-type: none"> <li>i. Outcome focussed, customer driven, SMART objectives;</li> <li>ii. A specification of the blend of skills, experience and knowledge required to achieve objectives;</li> <li>iii. Is supported by an effective performance management and monitoring system; and</li> <li>iv. Provision of good communication channels and progress reporting to key stakeholders</li> </ol> <p>It is imperative that any methodology adopted includes an outcome focussed, customer driven project plan in addition to any operational plans below it, together with the identification of a lead authority, whose responsibilities &amp; accountabilities</p>

	<b>Commentary</b>	<b>Conclusions</b>	<b>Recommendations</b>
	<p>did at regular intervals, these were seemingly not taken seriously nor addressed accordingly</p>		<p>are clearly defined.</p> <p>Likewise, a Director or equivalent must be responsible and accountable for all aspects of operational management and a suitable senior officer must also be assigned responsibility for maintaining an effective system of financial control. Both these officers should come from the lead authority. Similarly, the lead authority's terms and conditions should be used for the remuneration of consultants.</p> <p>Constituent authorities must also ensure that when slippages occur (outside of defined parameters), they are taken seriously, reported appropriately (to Overview &amp; Scrutiny, in addition to any other formal reporting lines) and addressed accordingly.</p>
3.2.2	<p>Central government's desire to drive through at pace its e-government agenda, softened by the "carrot" of significant grants, overrode legitimate concerns regarding the partnership. In future, there was a need to be robust in the face of government pressure.</p>	<p>There was no formal identification and management of risks within the Partnership, which adversely affected its progress.</p>	<p>Constituent authorities must be robust in the face of government pressure in future and ensure that effective risk management arrangements are established and that members and managers</p>

	<b>Commentary</b>	<b>Conclusions</b>	<b>Recommendations</b>
	This issue was one of a number of examples of risk faced by the Partnership, which had not been clearly identified and managed.		at all levels recognise that risk management is part of their jobs.
3.2.3	<p>It was the Task Group's opinion that the CSP failed to deliver one of the key objectives of any partnership, namely the delivery of value for money. Economies of scale should have flowed naturally from the pooling of resources and a shared understanding of realisable benefits. Against a total spend by the Partnership of approximately £8.5M, the Task Group found little evidence of an enduring legacy, with potentially usable Partnership assets following termination valued at only £727k.</p> <p>There was no clear decision made on how value for money was to be measured or reviewed and it was difficult to establish whether the CSP had the information necessary to conduct reviews. Best use of resources was not made and expenditure represented poor value for money.</p>	The Task Group concluded that the Partnership represented extremely poor value for money.	<p>Constituent authorities must decide how value for money is to be measured and ensure that any future partnership has the information needed to review performance.</p> <p>Additionally, it is imperative that a clear business case is established at the outset and a broader assessment of cost v. benefit undertaken, which can identify tangible benefits, payback periods and/or improved performance.</p>
3.3	<i>Procurement</i>		
3.3.1	In January 2005 a second BCC Internal Audit review assessed the overall position of the Partnership as "unsound", stating that it was not possible to provide reasonable assurance that procurement procedures had	The Task Group concluded that procurement procedures were weak and led directly to the need to involve Bedfordshire Police in its investigation of Partnership activities.	Constituent authorities must articulate the procurement rules, procedures and processes that a partnership will adopt and in normal circumstances these

	<b>Commentary</b>	<b>Conclusions</b>	<b>Recommendations</b>
	not been manipulated to the advantage of favoured suppliers and that it was not possible to fully confirm compliance with EC Procurement Directives.		should mirror those of the lead authority.
3.3.2	The purchase of Hyperwave in March 2003 was rushed and ultimately flawed, with no attempt to match what the partnership wanted to achieve against a suitable list of products. Many of the difficulties which arose later in the Partnership's life, stemmed from the purchase of this unsuitable product.	The Task Group concluded that the procurement of Hyperwave was a pivotal factor in the Partnership's demise.	Constituent authorities must maintain open and effective mechanisms for documenting evidence for decisions to employ suppliers of goods and/or services.
3.4	<b><i>Organisational Capability</i></b>		
3.4.1	<p>Although witnesses confirmed that one of the most challenging tasks faced by the Partnership was constituent authorities' ability to generate sufficient capacity to resource the programme, there was little evidence of any assessment of the capacity required to deliver and manage the project at both officer and Member level.</p> <p>There was also little evidence of any assessment of the skills and capabilities required of officers to manage the project nor any training of Members responsible for the Partnership to ensure they possessed the right skills to adequately challenge and ask the right questions.</p>	The Task Group concluded that no formal assessment had been made of the capacity, skills and capabilities required of both Members and officers to deliver the project successfully.	Constituent authorities must assess and develop the skills required of both Members and officers to enable roles to be carried out effectively, ensure that information that is fit for purpose is provided to decision makers and create sufficient capacity to deliver projects successfully, recognising when outside expert advice is needed.

## 4. Evidence Base

- 4.1 From October 2005 to May 2008, the Task Group met on 13 occasions. In that period Members of the Task Group received and considered a large amount of existing evidence, mainly in the form of previous committee (and other) reports, in addition to instigating extensive new evidence. This new evidence was primarily in the form of verbal reports from key witnesses, although a number of new written reports were also requested and considered.
- 4.2 Much of the factual information contained within existing evidence provided the verification framework to support Members in reaching firm conclusions and recommendations. In some instances however, this existing evidence prompted calls for further new evidence in the form of written reports and/or witness interviews. This allowed Members to appreciate in greater detail the issues involved, which in turn allowed them to draw more rational and cogent conclusions regarding the overall management of the Partnership.
- 4.2 Both the existing and new evidence gathered in the form of written reports and other documents were supplemented by extensive witness interviews undertaken during each Task Group meeting. Members of the Task Group would like to take this opportunity to thank sincerely those Members and officers who kindly agreed to act as such witnesses.
- 4.4 These witness interviews complemented the extensive written documentation considered, and provided the Task Group with a much more in-depth and appreciative understanding of the key barriers surrounding the successful delivery of the Partnership programme. The outcomes of these interviews are contained within the full notes of Task Group meetings available upon request.
- 4.5 Tentative conclusions were reached following the review of evidence at each Task Group meeting and Members subsequently tested (and where necessary amended) these tentative conclusions following completion of the evidence-gathering phase. The conclusions reached by the Task Group take full account of these witness interviews and the documentary evidence gathered. A full list of witnesses interviewed can be found at Appendix C and at Appendix D readers will find a list of documentary evidence considered.
- 4.6 In order to aid better understanding of the fundamental issues affecting the Partnership, a simple chronology of key events is also provided at Appendix E.
- 4.7 A complete version of all the documents outlined above is available upon request.



## 5. Lessons Already Learned

- 5.1 Although the thrust of the report thus far has been to highlight the failures of the Partnership, it is important to acknowledge that all three constituent authorities have moved on considerably since the Partnership's demise in June 2006, in terms of improved partnership working and project management.
- 5.2 This bodes well for the future as all three authorities move forward to create a new unitary local authority in Central Bedfordshire, but there is no room for complacency. Unitary local government will be the biggest ever change programme faced by all three authorities and it is imperative that the partnership and project management improvements already implemented, together with the recommendations outlined within this report are adopted and disseminated across all three authorities with immediate effect to ensure successful delivery of a unitary Central Bedfordshire.
- 5.3 Listed below for information are details of the improvements already made by each authority:

### *Bedfordshire County Council*

- i. Adoption of a policy for Governance Arrangements for Key Partners.
- ii. The implementation of a structured approach to forming and agreeing Countywide Partnership arrangements, supported by the appointment of a Partnerships Manager.
- iii. Member/officer relationships are much more strictly observed and are drawn from the Principles of Good Governance.
- iv. Internal financial controls are much more robust, evidenced by unqualified accounts and improved Use of Resources score.
- v. The Audit Committee critically reviews the findings and outcomes of all sensitive audits.
- vi. Overview & Scrutiny arrangements have been reviewed.
- vii. A robust Standards Committee now exists to promote and maintain high standards of conduct by Councillors.
- viii. Financial Regulations and Contract Procedures have been reviewed and rewritten.
- ix. Risk Management receives a high priority and Risk Registers have been established for the Countywide Partnership and Local Area Agreements.

*Mid Beds District Council*

- i. The adoption of a comprehensive project management toolkit, supported by training for relevant officers.
- ii. Officer training in PRINCE2 project management methodology.
- iii. "Performance Clinic" Management Team meetings every 2 months, which monitors major projects in the Corporate Workplan.
- iv. Adoption of the Audit Commission's guidance on partnerships, Governing Partnerships: Bridging the Accountability Gap.
- v. Regular Management Team review of the Corporate Risk Register, which includes key partnership arrangements.

Officers at MBDC recognise however that although the performance management of partnerships is improving, it remains a development area.

*South Beds District Council*

- i. Regular review of the Corporate Risk Register, which includes key partnership arrangements.
- ii. The review of partnership working generally and the appointment of a Project Manager for its major Property Review & Registration Project.
- iii. Working towards full compliance with the Audit Commission's guidance on partnerships, Governing Partnerships: Bridging the Accountability Gap.

## 6. Summary of Recommendations

6.1 To assist the reader, the recommendations outlined in section 3 are summarised below for information.

### **Governance**

- i. Constituent authorities must ensure that appropriate governance arrangements are in place for all current and future partnerships, by: -  
  
Reviewing arrangements for all existing partnerships, and  
  
Adopting the Audit Commission's guidelines on partnerships with immediate effect (Governing Partnerships: Bridging the Accountability Gap, October 2005)
- ii. Constituent authorities must develop and articulate a clear vision of the purpose and intended outcomes of a partnership at the outset and ensure that there is clarity about its legal status.
- iii. Constituent authorities must set out a clear statement of the respective roles, responsibilities and accountabilities of members and officers in relation to any partnership, determine a scheme of delegation and put in place safeguards against conflicts of interest.
- iv. Constituent authorities must recognise the limits of lawful action and observe the requirements of Financial Regulations, Contract Procedures and the general responsibilities placed on officers and members.
- v. Constituent authorities must take immediate steps to ensure the findings of internal audit reports are reported widely and acted upon judiciously. Authorities must also develop and maintain an effective scrutiny function that encourages constructive challenge. Those managing large-scale projects involving partners should be subject to the requirement to submit an annual review to each partner's Executive (and Scrutiny Committee) outlining progress to date.

### **Project Management**

- vi. Constituent authorities must implement a formal project management methodology that describes the services to be delivered, sets timescales and deadlines for delivery and includes: -  
  
Outcome focussed, customer driven, SMART objectives;  
  
A specification of the blend of skills, experience and knowledge required to achieve objectives;  
  
Is supported by an effective performance management and monitoring system; and

Provision of good communication channels and progress reporting to key stakeholders

It is imperative that any methodology adopted however includes an outcome focussed, customer driven project plan in addition to any operational action plans below it, together with the identification of a lead authority, whose responsibilities and accountabilities are clearly defined.

Likewise, a Director or equivalent must be responsible and accountable for all aspects of operational management and a suitable senior officer must also be assigned responsibility for maintaining an effective system of financial control. Both these officers should come from the lead authority. Similarly, the lead authority's terms and conditions should be used for the remuneration of consultants.

Constituent authorities must also ensure that when slippages occur (outside of defined parameters), they are taken seriously, reported appropriately (to Overview & Scrutiny, in addition to any other formal reporting lines) and addressed accordingly.

- vii. Constituent authorities must be robust in the face of government pressure in future and ensure that effective risk management arrangements are established and that members and managers at all levels recognise that risk management is part of their jobs.
- viii. Constituent authorities must decide how value for money is to be measured and ensure that any future partnership has the information needed to review performance. Additionally, it is imperative that a clear business case is established at the outset and a broader assessment of cost v. benefit undertaken, which would identify tangible benefits, payback periods and/or improved performance.

### **Procurement**

- ix. Constituent authorities must articulate the procurement rules, procedures and processes that a partnership will adopt and in normal circumstances these should mirror those of the lead authority.
- x. Constituent authorities must maintain open and effective mechanisms for documenting evidence for decisions to employ suppliers of goods and/or services.

### **Organisational Capability**

- xi. Constituent authorities must assess and develop the skills required of both Members and officers to enable roles to be carried out effectively, ensure that information that is fit for purpose is provided to decision makers and create sufficient capacity to deliver projects successfully, recognising when outside expert advice is needed.

## 7. Further Information

- 7.1 This report has been prepared on behalf of the Joint Authority Member Task Group by the Overview and Scrutiny Manager at Mid Beds District Council. Should you require any further information regarding its contents, please contact:

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*"challenging, influencing, making a difference"*

For more information about Overview and Scrutiny at Mid Beds District Council visit the website at:

[http://www.midbeds.gov.uk/Your\\_Council/Overview\\_Scrutiny/default.aspx](http://www.midbeds.gov.uk/Your_Council/Overview_Scrutiny/default.aspx)

### Joint Scrutiny Review of the Citizens Services Partnership

The joint scrutiny review should seek the answers to six key questions. Taken together these ought to give a rounded picture of the CSP's overall viability, the opportunities it presents and its progress so far:

1. How has the project reached this point?
2. Are the programme's scope and objectives clear?
3. What are the benefits for the public?
4. Are the systems and controls fit for purpose?
5. Does the project offer good value for money?
6. Will it deliver on time and within budget?

There are four main stages to this work:

- Agreement of work programme and initial briefings
- Detailed evidence from the CSP Joint Committee and officers (this stage is likely to take more than one meeting)
- Discussion of the review's findings and conclusions against each of the five questions
- Approval of concluding report and recommendations to the CSP Joint Committee (via the individual overview and scrutiny committees of BCC, MBDC and SBDC).

The group may wish to hold one follow-up meeting to consider the Joint Committee's response and, if required, issue a final report before winding up.

### Key Questions

Each question heading potentially includes a number of more detailed issues.

#### 1.0 How has the project reached this point?

- 1.1 What were the original consortium's aims and objectives? How well were they researched and planned out?
- 1.2 What has been achieved so far and at what cost? What commitments have been made?
- 1.3 What has been the impact of Luton and Bedford Borough Councils' departure from the consortium?
- 1.4 Has the financial planning and control been sound? What issues were raised in the Internal Audit report?
- 1.5 What lessons should be learnt in taking the project forward from here? Where are the gaps? What needs doing better?

### 2.0 Are the project's scope, objectives and funding clear?

- 2.1 Does the current CSP Joint Committee have clear terms of reference and objectives? How are the outputs and outcomes specified and documented?
- 2.2 Is the scope of the project clearly defined, including who the customers are and the channels of communication they will want to use? How have customers' needs been mapped and how well do the client specifications meet them?
- 2.3 What are the timescales and major milestones? Do these fully meet the ODPM's e-government targets? Is there a detailed (SMART) action plan to deliver?
- 2.4 What were the original cost estimates and what are they now (capital and revenue)? If different, what has changed?
- 2.5 How is the programme being funded, including government grants? What is the basis for the current cost apportionment between BCC, MBDC and SBDC?

### 3.0 Are the systems and controls fit for purpose?

- 3.1 Does the CSP Joint Committee have good audit and governance arrangements? Are there clear, robust structures for decision-making, monitoring and reporting?
- 3.2 Is there effective project management and co-ordination? Are all responsibilities and lines of accountability clear?
- 3.3 Is there sufficient capacity to support the programme and deliver the outcomes?
- 3.4 Is there effective risk management to identify, evaluate and mitigate the financial, procurement, technical and other risks? How are the major procurement issues including Hyperwave being addressed? What contingency plans are there?
- 3.5 Are there effective budgetary and financial controls? How are the accounts audited?

### 4.0 What are the benefits for the public?

- 4.1 What direct benefits will people notice (residents, customers/ service users, people who work in or visit Bedfordshire, others)?
- 4.2 How will it improve access to local information and what types/ categories of information will be available? How will it improve convenience for people in terms of simplicity and speed of access? What range of transactional services will it offer? How will it improve service quality to customers?

- 4.3 How will the impact of these benefits be measured? Are there examples of successful outcomes from similar projects elsewhere?
- 4.4 How many people currently access the BCC/MBDC/SBDC websites, what is the pattern of usage and how is this projected to increase over time?
- 4.5 How will the new services be promoted to encourage maximum take-up?

### 5.0 Does the project offer good value for money?

- 5.1 Does the CSP Joint Committee judge the project to be good value for money? If so, how has it reached that judgement?
- 5.2 What are the yardsticks or cost comparators in other local authorities? What can be learnt from other authorities?
- 5.3 How will the programme improve operational efficiency within the three authorities (for instance e-procurement), reduce administration costs and help meet Gershon targets?
- 5.4 How will it benefit joint intelligence gathering, information sharing and co-ordination with partner organisations in Bedfordshire, and possibly public sector agencies across a wider area?
- 5.5 Will the overall benefits (to both residents and the council) be commensurate with the costs?

### 6.0 Will it deliver on time and within budget?

- 6.1 Is the programme broadly on track? Has there been any slippage? If so, where?
- 6.2 What are the most recent projections for implementation timescales? If different from the action plan, why?
- 6.3 Does the latest budget monitoring show any significant variance? If so why? What are the predicted outturn costs?
- 6.4 Have any significant risks or weaknesses been identified?
- 6.5 If so, what action has been taken to control or mitigate them?



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BMC  
1st March 2006

Dear Sir/Madam

### **Citizens Services Partnership (CSP)**

The Chairman and Members of the CSP Joint Authority Scrutiny Task Group have asked me to communicate a recommendation made by them at a meeting held on 20<sup>th</sup> February 2006 regarding the CSP.

It is understood by the Task Group that the CSP Joint Committee will be considering the adoption of a package of governance documents at its meeting scheduled for 23<sup>rd</sup> March 2006, which have been prepared in consultation with Beds County Council Internal Audit and fully satisfy audit and governance requirements. It is further understood that if adopted by the Joint Committee, these documents will provide a firm governance framework for the operation of the CSP and provided the key controls within the documents are not weakened by amendments, the major risks that have existed since the CSP commenced operations in 2000/01 will at last have been removed.

The Task Group therefore recommends that the CSP Joint Committee adopts the package of governance documents in full and without amendment. Should these documents not be adopted in full then the Task Group firmly believes that the Joint Committee will have no mandate to spend any further Partnership funds.

I very much hope you will be able to lend support and convey this recommendation to the CSP Joint Committee and those officers supporting it.

For information, Members of the Task Group are Cllr L Birt (MBDC), Cllr M Cathrall (MBDC), Cllr W Forde (SBDC), Cllr L Ledster (SBDC), Cllr V Lee (BCC) and Cllr S Male (Chairman, BCC).

Yours faithfully,

Mr B Carter  
Overview & Scrutiny Manager

## List of Witnesses Interviewed

### Bedfordshire County Council

R Arthur	Consultant Senior Auditor
J Atkinson	Head of Legal Services
N Bell	Former Director of Finance
G Bowers	Former Programme Manager, CSP Office
C Chukwulozie	Assistant Director, Audit & Risk Management
R Ellis	Director of Corporate Engagement & Corporate Services
J Flowers	Former Strategic Director
G Jeram	IT Officer
M Lomas	Former Assistant Director of Customer Services
T Neaves	Former Director of Finance
K Odgers	Consultant (representing BCC Internal Audit)
Cllr P Walley	CSP Joint Committee Member

### Mid Bedfordshire District Council

Cllr J Gardner	CSP Joint Committee Chairman
B Morris	Director of Corporate & Democratic Services
S Redmore	Deputy Chief Executive

### South Bedfordshire District Council

A Kang	Corporate Services Manager
G Stevens	Corporate Services Manager

## List of Documentary Evidence Considered

1. MBDC Response to BCC Final Internal Audit Report (3 March 2008)
2. BCC Response to BCC Final Internal Audit Report (3 March 2008)
3. SBDC Response to BCC Final Internal Audit Report (10 March 2008)
4. BCC Further Financial Analysis of the CSP (10 March 2008)
5. Addendum to Final Internal Audit Report (15 February 2008)
6. BCC Financial Analysis of the CSP (8 February 2008)
7. Briefing Paper: Best Practice in Managing/Governing Partnerships in the Public Sector (8 February 2008)
8. BCC Final Audit Report (7 February 2008)
9. BCC Executive Report regarding Closure of CSP (27 June 2006)
10. MBDC Executive Report regarding Closure of CSP (21 June 2006)
11. CSP Proposal for Closedown: Briefing Paper for Chief Executives (25 May 2006)
12. BCC Technical Portal Platform Assessment (April 2006)
13. BCC Probity Audit Report (7 February 2006)
14. BCC 2<sup>nd</sup> Follow Up Audit Report (7 February 2006)
15. BCC Briefing Paper: Lessons Learned from Hyperwave
16. MBDC Briefing Paper Addressing Key Task Group Questions 2 & 3 (20 January 2006)
17. BCC Briefing Paper Addressing Key Task Group Question 1 (24 November 2005)
18. Customer Service Transformation Through E-Government Presentation Notes (17 October 2005)
19. CSP Joint Committee Agenda Item: Setting the Scene – Introducing the Programme & Updating on Change (19 July 2005)
20. CSP Joint Committee Agenda Item: Moving Forward Together with Budget for 2005/06 (19 July 2005)
21. CSP Joint Committee Agenda Item: CSP Outturn Report 2004/05 (19 July 2005)
22. CSP Joint Committee Agenda Item: Report on Progress Against Joint Committee Resolutions (19 July 2005)
23. CSP Joint Committee Agenda Item: Joint Committee Governance Document (19 July 2005)
24. BCC Follow Up Audit Report (April 2005)
25. CSP Joint Committee Minutes (17 March 2005)
26. BCC Audit Report (May 2004)
27. Bedfordshire & Luton ESD Consortium Presentation Notes to MBDC Customer Services Advisory Committee (17 September 2003)

### Citizens Services Partnership Timeline

Date	Event
1998	BCC commission high level research study to gauge interest in electronic service delivery (ESD) across 14 public sector organisations in the county
1999	Conference held to consider outcomes of research & establishment of consortium
July 00	Consortium feasibility study & successful bid for Invest to Save (ISB) funding of £1.238M
Oct 01	Review of costs, consortium membership realigned to 5 core partners (Beds local authorities)
Aug 02	Further LGOL grant claim of £1.775M
Feb 03	Programme Director appointed
May 03	<p>Consortium Memorandum of Association agreed with ODPM</p> <p>Consortium now governed by Member Executive Board (previously governed by Programme Executive Board (Chief execs of 5 partners) and a Programme Management Board (2 Members from each partner))</p>
May 04	<p>Joint Arrangement Agreement produced but not signed by all partners (BBC refused).</p> <p>Joint Committee (JC) established to govern CSP</p> <p>BCC Internal Audit (IA) report produced &amp; assesses CSP as “satisfactory but with reservations”</p> <p>BBC leaves CSP</p>
Sept 04	Revised Agreement produced but not signed by all partners (Luton refuse)
Dec 04	Luton leaves CSP
Apr 05	Follow up BCC IA report produced & assesses CSP as “unsound”
17/10/05	1 <sup>st</sup> CSP Joint Authority Task Group meeting, receives presentation & establishes key questions
24/11/05	2 <sup>nd</sup> Task Group meeting, receives IA reports mentioned above and initial officer response to key questions

**Appendix E**

20/01/06	3 <sup>rd</sup> Task Group meeting, receives further officer response to key questions and lessons learned from Hyperwave issues
Feb 06	2 <sup>nd</sup> Follow up BCC IA report produced – growing concerns of improper practice BCC IA Probity report also produced investigating CSP transactions – identifies 4 cases requiring further investigation
20/02/06	4 <sup>th</sup> Task Group meeting, receives above 2 IA reports & agrees that IA should continue its investigation of individual cases immediately. Task Group also agrees to send a letter to the Leaders, Customer Services PFHs and Chief Executives of remaining 3 partners asserting that partners have no mandate to spend further CSP funds without agreeing to and implementing with immediate effect a package of governance documents prepared by BCC IA
01/03/06	Above letter sent
Feb/Mar 06	IA reports its findings to Beds Police, who refer matter to Serious Fraud Office (SFO)
25/04/06	CSP JC agrees to terminate partnership
08/06/06	5 <sup>th</sup> Task Group meeting, receives initial verbal update regarding Police investigation from BCC Director of Finance. Group's work formally suspended pending outcome of Police investigation
21/06/06	6 <sup>th</sup> Task Group meeting, receives further update from BCC Director of Finance
27/06/06	BCC Executive agrees to terminate CSP (MBDC Executive agrees 21/06/06)
30/06/06	CSP terminated by mutual agreement of 3 remaining partners
20/09/06	7 <sup>th</sup> Task Group meeting, receives update from Beds Police
16/01/07	8 <sup>th</sup> Task Group meeting, receives update from Beds Police
06/06/07	Task Group Chairman receives progress report from Beds Police
Summer 07	SFO concludes its investigation, finds no prospect of securing a conviction for serious fraud & passes case back to Beds Police
26/09/07	9 <sup>th</sup> Task Group meeting, receives update from Beds Police, who confirm Group can recommence its work
16/10/07	10 <sup>th</sup> Task Group meeting, agrees to request final IA report covering lessons learned & fitness of partners to manage partnerships in future

	<b>Appendix E</b>
15/02/08	11 <sup>th</sup> Task Group meeting considers IA report & requests a detailed response to it from the Chief Executives of partner authorities
18/03/08	12 <sup>th</sup> Task Group meeting to reconsider IA report in light of responses from the Chief Executives of partner authorities and agrees tentative conclusions
07/05/08	13 <sup>th</sup> Task Group meeting to consider its draft report of findings, conclusions and recommendations