

Review of Service Level Agreements with Partners

North Wiltshire District Council

Audit 2004/2005

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Summary report

Introduction

- 1 This document reports on the Audit Commission's review of North Wiltshire District Council's management and practice on its Service Level Agreements (SLA) with its partners in the voluntary and community sector. This is a risk area relating to the efficient and effective use of resources, particularly as the Council spends £2.2 million per annum through SLAs with other service providers.

Background

- 2 North Wiltshire District Council was rated a 'fair' council in CPA 2004. The CPA report refers to the Council's:
 - lack of strategic mechanisms for reviewing the work of the partnerships in order to sustain focus on corporate priorities and avoid duplication; and
 - the role and responsibilities for taking action is unclear in some partnerships. For example, the Council does not set out what it plans to do to meet the shared objectives in the Crime and Disorder Reduction Partnership and the waste partnership.
- 3 The Council provides significant funding through SLAs (£2.2 million per annum). While some of this goes to a leisure trust for the management of the council's leisure centre, £1 million is provided to help fund smaller voluntary and community organisations. This money is used by these organisations to support their management overheads and to provide services to the community. The Council is currently working with its partners to develop a voluntary sector compact.
- 4 The audit and inspection plan for 2004/05 included a review of the Council's partnership arrangements. The scope and focus of this review was agreed between the Audit Commission and the Council.

Audit approach

- 5 This review focused on two of the Council's existing SLAs as case studies that were used to diagnose the Council's overall arrangements for managing SLAs.
- 6 The work comprised the following.
 - An initial meeting with the Council to agree the scope of the project and the approach to the work.
 - A set-up meeting with the Council to agree a project specification for the work.
 - A review of documents provided by the Council.
 - A case study of two SLAs with partner organisations; the Wiltshire Wildlife Trust and the Citizens Advice Bureau (chosen because they encompass a range of diverse services).
 - A site visit over two days to conduct interviews of:
 - a senior manager engaged in overseeing the commissioning and management of SLAs;
 - a councillor with portfolio responsibility for SLAs;
 - council staff engaged in the delivery of the case study SLAs;
 - managers in the partner organisations of the two case study SLAs; and
 - a representative of the voluntary sector.
 - Presentation of the findings to the Council in the form of a draft report for comment followed by a final report.
 - A discussion with the Council on how it plans to develop the service.

Main conclusions

- 7 There are many positive aspects to the Council's arrangements for SLAs, as follows.
 - Partnership working and the role of SLAs in helping the Council to deliver against its corporate priorities is a key ambition for the Council.
 - It is making positive progress on working with partners on developing a SLA framework (The Wiltshire Compact), which will provide a sound basis for managing its joint working with the voluntary and community sectors.
 - It has robust arrangements for managing and evaluating grant applications that are easy to use.
 - It uses a written form of agreement when it provides financial support to partners and this provides for most eventualities.
 - Relations with its partners are good.
 - It has a good awareness of its level of performance in managing the delivery of SLAs.
 - It seeks opportunities to learn best practice from other organisations to help it get the most from its SLAs.
- 8 However, some aspects of the Council's arrangements are in need of development. It does not:
 - use SLAs to maximum effect to deliver its corporate aims;
 - keep up-to-date records of all of its SLAs;
 - ensure that the delivery of SLAs across the organisation is co-ordinated;
 - promote its grants to all sectors of the local community;
 - show clearly what it expects in return for its investment in SLAs or how it will measure what has been delivered;
 - use SLAs to influence the service provider to deliver wider corporate ambitions;
 - know what the end users of SLA services think of the service being delivered;
 - demonstrate whether its investment in SLAs is delivering the original project objectives and delivering value for money; and
 - learn from its own experience on delivering SLA.

Recommendations

<i>Further develop the corporate framework for managing SLAs so that:</i>
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<i>R1 there is clarity on what the Council is setting out to achieve from its SLAs, at a corporate and service level;</i>

<i>R2 all SLA activities are aligned to deliver corporate objectives;</i>

<i>R3 the cost and benefits of the Council's work on SLAs and the impact on local people is evaluated;</i>
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<i>R4 the overlaps and interdependencies between SLAs across the Council is understood and managed appropriately; and</i>

<i>R5 the willingness of the Council to work with the voluntary and community sector is promoted widely.</i>
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9 The expected benefits of this recommendation are:

- to help drive continuous improvement in the contribution that SLAs make to the Council's ambitions; and
- clarify the outcomes achieved for the resources invested in SLAs.

10 The implementation of this recommendation will have high impact with low costs. This should be implemented by March 2006.

<i>Formulate SLAs so that they:</i>
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<i>R6 contain targets that enable achievements to be measured in terms of the outcomes expected for the local community; and</i>
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<i>R7 contribute towards the Council's wider corporate aims.</i>
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11 The expected benefits of this recommendation are:

- to ensure that SLAs are not narrowly focused on single service areas and opportunities are taken to deliver wider corporate aims.

12 The implementation of this recommendation will have high impact with low costs. This should be implemented by March 2006.

<i>Deliver SLAs so that performance is regularly evaluated by:</i>

<i>R8 monitoring SLA performance against measurable targets;</i>
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<i>R9 identifying adverse performance at the earliest opportunity and taking steps to correct it;</i>

<i>R10 measuring and reporting progress on delivering corporate priorities through SLAs; and</i>
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<i>R11 finding out what users think of the service delivered through SLAs.</i>
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- 13 The expected benefits of this recommendation are:
- to ensure that SLAs are delivering work on time, within budget and meeting user expectations.
- 14 The implementation of this recommendation will have high impact with medium costs. This should be implemented by March 2006.

Make it easier for staff to formulate and manage the SLAs they are responsible for by:

R12 providing technical support and advice to staff on the management of SLAs; and

R13 providing training and being clear about the level of competency required for all roles on SLAs.

- 15 The expected benefits of this recommendation are:
- ensuring that SLA commissioners and managers have the right skills and experience to fulfil their role on delivering SLAs.
- 16 The implementation of this recommendation will have medium impact with low costs. This should be implemented by March 2006.

Learn from experience by:

R14 checking that the SLA objectives have been met on completion;

R15 systematically capturing and sharing good practice and problems with SLAs across the organisation; and

R16 celebrating success and recognising exceptional performance in SLAs.

- 17 The expected benefits of this recommendation are:
- ensuring that the Council learns from its own practice on delivering SLAs.
- 18 The implementation of this recommendation will have medium impact with low costs. This should be implemented by March 2000.

Detailed report

Strategic framework for SLAs

Areas of strength

- 19 Partnership working and the role of SLAs in helping the Council to deliver against its corporate priorities is a key ambition for the Council. Partnership working is one of the Council's ten corporate priorities for 2005/06. This is linked to its long-term vision to underpin all of its work by partnership working and community engagement by harnessing the skills, experience and resources of partner organisations. The responsibility for delivering this priority is allocated to a Lead Councillor and a Corporate Director.
- 20 The Council has recognised for some time that it needs to do more to ensure that it gains the maximum benefit from its partnerships and its improvement plan for last year contained two key targets on this, as follows.
 - Agree a process for the strategic co-ordination of partnerships and monitoring arrangements by March 2005.
 - Review and agree the Council's role and contribution to key partnerships as part of the Business Planning Process for 2005/06 by April 2005.
- 21 These targets were deferred to allow the Council to focus on establishing the Community Strategy with the Local Strategic Partnership. The Council's revised milestone target for the current year is to:
 - establish a mechanism for evaluating all partnerships by addressing value, alignment to corporate priorities and delivering the 2020 vision by 2006.
- 22 This target is underpinned by specific actions to:
 - review the arrangements for evaluating partnerships SLAs by July 2005;
 - review SLAs and grants across the Council by August 2005;
 - train staff in the procurement of SLAs by December 2005; and
 - to appoint a member of staff to do this work by April 2005.

- 23** The Council is making positive progress on developing a SLA framework, which will provide a sound basis for managing its joint working with the voluntary and community sectors. The Wiltshire Compact has been developed in partnership with other public sector and voluntary and community sector organisations operating across Wiltshire. It has recently been adopted by all of the partners and will apply to the organisations they represent. The Compact is supported by codes of practice on such things as consultation, funding and equalities. Although this Compact is new and has not yet made a significant influence on the outcomes from the Council's SLAs with partners, it does provide a good foundation to build upon.
- 24** The Council's commitment to fostering the strengths of the voluntary and community sector is reflected in its practice. It provides a wide range of different types of grants to many different organisations operating in the district. This extends to using the voluntary sector to provide services traditionally provided by council employees. This includes housing benefits advice provided by the Citizens Advice Bureau and a home energy advice service provided by the Wiltshire Wildlife Trust.
- 25** It is easy to apply for a grant from the Council. There is a standardised grant application process, which is easy to find on the Council's website. The website provides good information to guide applicants. The types of grant available are described, the criteria that must be met to qualify and the decision-making process. There is also a useful description of other sources of grant aid available in the area.
- 26** The Council has a robust process to help it to make decisions on grant awards. It evaluates the relative merits of grant applications against established criteria. This helps to ensure that grants are awarded by each of the Area Committees in a consistent, fair and transparent manner.

Areas for development

- 27** SLAs are not being used to maximum effect by the Council to deliver its corporate aims and to ensure that they address the priority needs in the local community. Although the Council is committed to working in partnership with the voluntary and community sector, there is no written strategy setting out how it will do this. There is no framework to guide the delivery of work through SLAs to ensure it is aligned to meeting the Council's ambitions for things such as social inclusion and healthy lifestyles in the community.
- 28** The Council does not maintain an up-to-date and full set of records of all of its SLAs. The last time a full and complete list was compiled and reported was in 2002, as part of its preparations to establish a local strategic partnership. Individual staff keep records of SLAs they are responsible for and there are records of spending. However, there is no single source of information of all SLAs which is accessible to managers, staff and councillors, which they can use to help with coordination, review, scrutiny and monitoring of SLAs across the organisation.

- 29** Many aspects of the Council's current arrangements for managing its SLAs across the organisation are uncoordinated. Although the written legal and procedural terms and conditions of agreements are relatively consistent between SLAs, the specification of what is to be delivered is not. Commissioning staff negotiate the deliverables from SLAs in the context of their own service and their personal understanding of how SLAs should be formulated. This is done without fully evaluating the needs of the Council as a whole or the interdependencies with SLAs in other service areas. There is variable practice across the Council's services in setting measurable targets and the monitoring of SLAs.
- 30** The Council does not know if all of its SLAs are providing VFM. Much of its focus is on the cost of SLAs, with less emphasis on the wider consideration of whether they provide VFM in terms of their efficiency and effectiveness in delivering benefits to the local community for the money spent. For example, annual reviews of grants are generally limited to whether an inflationary allowance will be added without evaluating what has been achieved in the past, what the consequences on delivery will be and whether better VFM or enhanced benefits could be achieved by increasing or decreasing the grant.
- 31** The Council is not fully effective in promoting its grants to all sectors of the local community. It does occasionally do press releases on specific events and initiatives it has funded, but it does not actively use publicity to encourage the voluntary and community sector to engage with the Council on joint working to deliver benefits to the community. For instance, it does not use existing newsletters published by the voluntary and community sector to promote its willingness to form partnerships for mutual benefit or to reach specific interest groups. The Council recognises that it needs to do more on this and has recently created a new post to develop its external communications.

Formulating SLAs

Areas of strength

- 32** The Council formulates a written form of agreement when it provides financial support to partners, so that all parties to the arrangement are clear what is expected of them. This type of agreement varies from a letter for smaller awards of grants to more detailed SLAs when larger sums of money are involved. It has established rules governing when SLAs are to be used. For instance, grants exceeding £5,000 must have a formal SLA.
- 33** The terms and conditions of SLAs provides for most eventualities. The form of agreement used by the Council includes most of the items listed in the checklist in Appendix 1 of this report. This includes the respective responsibilities of the parties to the agreement, the process for resolving disputes and the period covered.

Areas for development

- 34 The Council's SLAs do not always make it clear what it expects in return for its investment or show how it will measure what has been delivered. Where there are targets, many are expressed as inputs rather than outcomes that people will recognise as things that will affect them. An example of this is a target for a SLA partner to provide 25 public presentations on home energy. Although this target is measurable, its achievement is not an indication of the outcomes of this investment in terms the attitudes or practice of householders in the use of energy in the home and on the level of energy consumption.
- 35 The Council's SLAs are narrowly focused on specific service areas and do not attempt to influence the service provider to deliver wider corporate ambitions. For instance, the SLA covering the management of nature areas does not contain any provisions to reconcile the primary purpose of protecting the environment with providing public access which might help towards delivering its ambitions for healthy lifestyles and social inclusion. Likewise, the SLA covering home energy addresses its primary purpose of reducing energy consumption but has no aims to address fuel poverty, which might help it to contribute towards the Council's ambitions for the health and economic well-being of people in the greatest need.

Delivering SLAs

Areas of strength

- 36 The Council maintains good relations with its partners. SLA partners think the Council is approachable and reasonable in their dealings with them. The Council keeps them informed and is consultative. The Council also maintains positive relations with the representative bodies of the voluntary and community sector.

Areas for development

- 37 The Council does not know how well its SLAs are performing. There are few examples where the Council uses outcome-focused targets to measure achievement. Many measures of performance cover activities rather than what is to be achieved for the community and are not things that local people would recognise as things that will have a direct relevance to their quality of life. In addition, few of these are supported by targets that can be measured. Where targets do exist, there is limited evaluation and reporting on how well the SLA has delivered. Without clear actions with measurable targets that relate to the priorities of the community, there is a risk that SLAs will at best focus on routine service delivery rather than stretching service delivery to achieve challenging targets.

- 38 The Council does not know what the end users who benefit from the outcomes of SLAs think of the service being delivered. It does not collate or monitor user satisfaction information or know if partner organisations receive complaints or even have any arrangements to allow people to make comments on the service received. Likewise, it does not know whether its SLA partners are meeting their own values or those of the Council, such as the code of conduct on dealing with the public or on equality.

Reviewing SLAs

Areas of strength

- 39 The Council demonstrates a good awareness of its level of performance in managing the delivery of SLAs and of the issues that are still to be addressed. For example, it has recognised the need to develop a coordinated SLA framework backed up by appropriate systems and technical support. It has reviewed its arrangements for SLAs and identified that it has more to do to ensure the full implementation of a structured corporate approach to the way it manages SLAs. As noted earlier in this report, it has set itself short-term objectives to rationalise the way it manages its SLAs and has created a new post that will help move this work forward.
- 40 The Council seeks opportunities to learn best practice from other organisations to help it get the most from its SLAs. For example, the Council has worked in partnership with other councils in Wiltshire to develop the Wiltshire Compact. It has good contacts with other councils through the local network of partnership officers. It has used these links to identify inconsistencies between the level of service provided to different councils by voluntary sector partners operating across Wiltshire and has gained enhanced service delivery as a result. It has also engaged with the Audit Commission on shaping this review to meet its needs and is open to challenge.

Areas for development

- 41 The Council lacks knowledge about whether its investment in SLAs is delivering the original project objectives. It does not systematically assess whether the original SLA benefits have been met. Formal post-project reviews are not used to review the actual benefits of the project against the original business case that justified the formulation of the SLA. Consequently, the council does not know whether it is delivering VFM from its investment in SLAs.
- 42 The Council is failing to learn from its own experience on delivering SLAs and to apply the learning to future SLAs. Experience from SLAs in one Council service, about things that went well and things that did not work, are not captured either during or at the end of the SLA, so that the lessons can be applied to future SLAs in other parts of the Council. Where experience is shared, it is usually on an informal and haphazard basis by individual approaches between staff rather than a formal sharing of knowledge.

Appendix 1 - SLA checklist

Requirements	Yes/No
1. Does the overall agreement include the following?	
The objectives of the service.	
Parties to the agreement.	
Nominated officers/role responsible for the agreement .	
Period covered by the agreement.	
Definition of terms used.	
Signature of each party.	
Procedures for amending the agreement.	
Procedure for adopting legislative or regulatory changes enacted during the lifetime of the agreement.	
Provision for early termination of agreement by one or all parties.	
Arrangements for ensuring probity in arrangements.	
2. Does the agreement include the following service issues?	
Definition of services to be supplied.	
Service hours and dates (eg 9 to 5 working days only, 24/7 etc).	
Workload limits (upper and lower) where this is measurable.	
Responsibility for insurance.	
3. Are the following client/provider issues covered?	
Procedures for procuring additional services.	
Contingency arrangements for interruptions to service provision.	
Non disclosure agreement (provision restricting provider from disclosing information to third parties without client permission).	
Escalation procedure in the event of the client being dissatisfied with the service, including provision for third party arbitration.	
Clients responsibilities (eg for providing support).	

Requirements	Yes/No
4. Are the following communications issues included?	
Contact points at both service provider and client.	
Communications channels/methods (eg calls to be logged with helpdesk).	
5. Are the following performance monitoring items included?	
Target performance levels including minimum acceptable service.	
Arrangements for monitoring and reporting achievement of and variance from performance levels.	
Frequency of performance reports and deadline for their production.	
Rights of client for access to 'audit' performance information.	
Action to be taken in the event of missed targets (eg penalty payments).	
Expectations of quality assurance and measurement.	
Handling of complaints.	
Arrangements for ethical governance.	
6. If the agreement is between different legal entities, are legal issues covered? In particular, the following.	
Extent of legal liability to third parties by all parties to the agreement.	
Extent of Professional Indemnity insurance to cover specialist staff.	
Client confidentiality, data protection, Information Security.	
Provision for sub-contracting by the provider.	
Ownership of assets realised as a result of the agreement.	
7. Are funding arrangements specified? These should include the following.	
<p>Whether the service is to be funded by :</p> <ul style="list-style-type: none"> • cash payments (where the provider and client are different bodies); and • notional recharges or funded by the provider (usually where the service is in-house). 	

16 Review of Service Level Agreements with Partners | Appendix 1 - SLA checklist

Requirements	Yes/No
For a fixed price service, there should be an agreed fee or scale of charges. If charges are to be based on actual costs, the method for determining what costs are to be recharged to the client, eg including overheads should be clear.	
Dates of payment where relevant.	
Procedure for procuring and pricing additional services.	
8. Are audit arrangements clear?	
If the client and provider use different internal or external audit services, are the auditing arrangements clearly specified?	
Do the arrangements co-ordinate the auditing of the non-financial aspects of the agreement including governance and performance management?	

Source: Audit Commission Procurement Guide

Appendix 2 - Action plan

Page no.	Recommendations	Priority 1 = Low 2 = Med 3 = High	Responsible for delivery	Agreed	Proposed actions/comments	Target date
Further develop the corporate framework for managing SLAs so that:						
7	R1 there is clarity on what the Council is setting out to achieve from its SLAs at a corporate and service level;	High				
7	R2 all SLA activities are aligned to deliver corporate objectives;	High				
7	R3 the cost and benefits of the Council's work on SLAs and the impact on local people is evaluated;	High				
7	R4 the overlaps and interdependencies between SLAs across the Council is understood and managed appropriately; and	Medium				

Page no.	Recommendations	Priority 1 = Low 2 = Med 3 = High	Responsible for delivery	Agreed	Proposed actions/comments	Target date
7	R5 the willingness of the Council to work with the voluntary and community sector is promoted widely.	Low				
Formulate SLAs so that they:						
7	R6 contain targets that enable achievements to be measured in terms of the outcomes expected for the local community; and	High				
7	R7 contribute towards the Council's wider corporate aims.	High				
Deliver SLAs so that performance is regularly evaluated by:						
7	R8 monitoring SLA performance against measurable targets;	High				
7	R9 identifying adverse performance at the earliest opportunity and taking steps to correct it;	Medium				

Page no.	Recommendations	Priority 1 = Low 2 = Med 3 = High	Responsible for delivery	Agreed	Proposed actions/comments	Target date
7	R10 measuring and reporting progress on delivering corporate priorities through SLAs; and	High				
7	R11 finding out what users think of the service delivered through SLAs.	Medium				
Make it easier for staff to formulate and manage the SLAs they are responsible for by:						
8	R12 providing technical support and advice to staff on the management of SLAs; and	Medium				
8	R13 providing training and being clear about the level of competency required for all roles on SLAs.	Medium				

Page no.	Recommendations	Priority 1 = Low 2 = Med 3 = High	Responsible for delivery	Agreed	Proposed actions/comments	Target date
Learn from experience by:						
8	R14 checking that the SLA objectives have been met on completion;	Medium				
8	R15 systematically capturing and sharing good practice and problems with SLAs across the organisation; and	Low				
8	R16 celebrating success and recognising exceptional performance in SLAs.	Low				