



MASTER THESIS

# GOVERNANCE PARTNERS

ENSCHEDÉ, MARCH 2017

DOGAN KOSAR





*MASTER THESIS*

## **GOVERNANCE PARTNERS**

GUIDANCE, CONTROL AND SUPERVISION OF THE  
GOVERNANCE PARTNERS OF THE MUNICIPALITY OF  
ENSCHEDÉ

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### **DOĞAN KOŞAR**

PUBLIC ADMINISTRATION  
SPECIALIZATION - PUBLIC MANAGEMENT

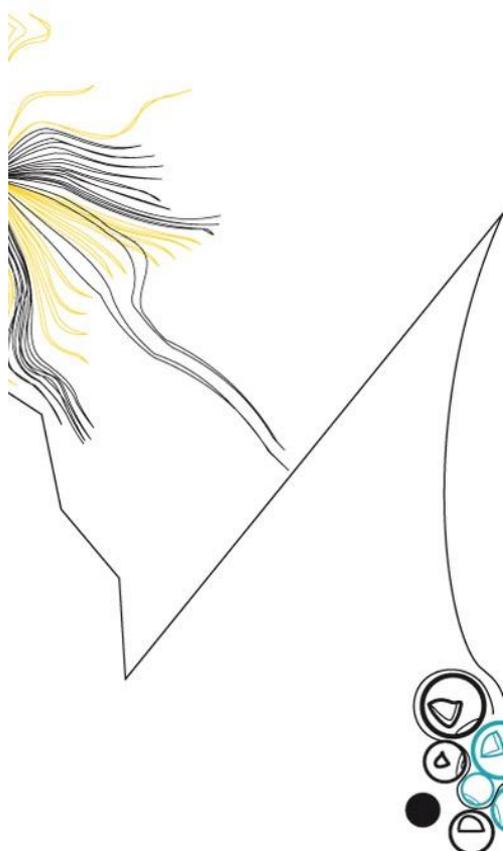
FACULTY OF BEHAVIOURAL, MANAGEMENT & SOCIAL  
SCIENCES

### **SUPERVISORS**

Dr. P.J. KLOK	UNIVERSITY OF TWENTE
Dr. V. JUNJAN	UNIVERSITY OF TWENTE

Drs. G. GANKEMA	MUNICIPALITY OF ENSCHEDÉ
Dr. Mw. J. J. LIGTERINGEN	MUNICIPALITY OF ENSCHEDÉ

**DATE**  
15 MARCH 2017



## Preface

With this thesis, my time as a master student Public Administration at the University of Twente will come to an end. In this preface, I would like to make use of the opportunity to thank various people that supported me during this process.

First of all, I want to thank my supervisors Dr. Pieter-Jan Klok and Dr. Veronica Junjan from the University of Twente for their guidance and feedback during this process. They helped and advised me to improve the academic quality of my report. Their expertise and feedback has been a valuable addition to the overall result.

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Finally, I want to thank my family and friends for their support and interest throughout this entire period. Your support gave me the faith and energy necessary to complete this thesis.

*Degan Kosar*

Haaksbergen, March 2017

## **Abstract**

The dilemmas about the position of city councils with respect to governance partners have been strongly questioned past years. There are several reports appeared about whether and how municipalities can exert influence on governance partners. The present thesis aims to provide insight into the tasks of the city council of Enschede in the guidance, control and supervision with respect to the governance partners. It is also investigated in which ways the task execution can be improved. The study is using the different theories to understand how factors interact between each other and in specific given contexts. In addition, there is developed a new process model to explain and show the whole process around governance partners. To answer the questions of this study methods of qualitative research were used. Based on the results of the interviews and document analysis, this study finds that are a number of (practical) issues that could be improved. It has been discovered that the provision of information is not optimal and that a periodic evaluation of the governance partners is lacking. Suggested recommendations to improve the position of the city council of Enschede with respect to governance partners are: making the role and responsibilities of the city council more explicit, provide a periodic evaluation, improve the arrangements with governance partners and coordinate the amount of information with the needs of the city council.

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# Glossary

## English

Governance partners  
Financial interest  
Administrative interest  
Substantive interest  
Guidance  
Control  
Supervision  
Municipality of Enschede  
City council  
Mayor of Enschede  
Alderman  
The board of mayor and aldermen  
Executive board  
Governing board  
Ministry of the Interior and  
Kingdom Relations  
General Meeting of Shareholders  
Board of directors  
Municipal interest  
Director  
Joint Arrangements  
Public body  
Partnership  
Public limited company  
Private limited company  
Public-Private Partnership  
Cooperative  
Foundation  
Joint Body  
Legal entity  
Provincial-Executive

## Dutch

Verbonden partijen  
Financieel belang  
Bestuurlijk belang  
Inhoudelijk belang  
Sturing  
Beheersing  
Toezicht houden  
Gemeente Enschede  
Gemeenteraad  
Burgemeester van Enschede  
Wethouder  
College van burgemeester en wethouders  
Dagelijks bestuur  
Algemeen bestuur  
Ministerie van Binnenlandse Zaken en  
Koninkrijksrelaties  
Algemene vergadering van aandeelhouders  
Raad van commissarissen  
Gemeentebelang  
Bestuurder  
Gemeenschappelijke regelingen  
Openbaar lichaam  
Vennootschap  
Naamloze vennootschap  
Besloten vennootschap  
Publiek-private samenwerking  
Coöperatie  
Stichting  
Gemeenschappelijk orgaan  
Rechtspersoon  
Gedeputeerde Staten

## Section 1: Introduction

### 1.1 Introduction

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Members of the city council are set for big questions due to the large decentralizations. These decentralizations have led to the fact that municipalities have been assigned more tasks, by the government, in the course of time. To carry out all these tasks, more and more municipalities recognize that it is wise to work together with other parties (Rekenkamercommissie, 2014a, p. 3). The execution of municipal tasks can be arranged in a number of ways. The choice of a particular mode of task implementation is motivated by the conviction that this way is the most appropriate form to help realize the municipal policies and ambitions and/or to secure local interests (D. H. Rekenkamer, 2014, p. 1). A specific form of cooperation involve governance partners.

Municipalities perform many task through governance partners. These are parties who perform tasks on behalf of the municipality (Dubbeldeman, Have, Lange, & Vugt, 2006, p. 6). These are temporary or long-term partnerships. Such a partnership is formed with other municipalities, authorities, non-profit organizations or private parties. In recent years there has been much controversy about governance partners, this was partly due to the increase in the number of such partners. This increase is caused by legal provisions to carry out tasks jointly through a partnership (G. Enschede, 2015a, p. 7). With the increase in the number of governance partners and the money that is going herein, this has also led to an increasing financial and substantial risks for the municipalities (Breda, 2015, p. 1). Various governance partners all over the country have run into major financial deficits in recent years and/or have gone bankrupt (Breda, 2015, p. 9). The participating municipalities are then obligated to pay the deficit and debt. But there are also other issues for municipalities. Municipalities often struggle with the different roles they have; as principal and as owner/shareholder of a governance partner (Kilic-Karaaslan & Voets, 2014, p. 4). And also the distance can be a struggle, this means that the council and the board of mayor and aldermen feel that they have little control, influence and grip on the governance partner (Kilic-Karaaslan & Voets, 2014, p. 4). When we consider the public interest that the municipality serves and public tasks for which it is responsible, then the term governance partners is much more important. There are many public and private, and non-profit organizations which have also a role in deciding the implementation of municipal policies. This brings financial and administrative risks with it. It is important that the municipality as representative of the general interest is in control of these networks and the network appropriately directs. These issues have been the reason why many councils of municipalities are wondering how they can give more guidance and how they can better control and monitor (or

supervise) the governance partners. This is also the case for the municipality of Enschede. This is a study commissioned by the municipality of Enschede. The basis of the contract to a governance partner lies in the policies of the municipality itself, and this is considered as a duty of the council (Hunze, 2014). This is one of the reasons why the municipality of Enschede has an increasing focus on governance partners. Due to this increased attention, the city council has more and more questions about issues that have to do with the governance of these partners. The main goal of this research is to provide insight on the tasks of the council in the guidance, control and monitoring of the governance partners. On the one hand there is a need for a total inventory of governance partners, and on the other hand, an analysis of the monitoring and steering capability by the council. This research also investigates if the council of Enschede has sufficient and appropriate tools to fulfill its framework-setting and monitoring role and if the council takes full advantage of it.

## 1.2 Research Question

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This study aims to provide insight into the tasks of the city council of Enschede in the guidance, control and supervision with respect to the governance partners. Also, an attempt is made to provide an impetus for improvements. The overall research question is:

*What are the tasks of the council of Enschede with regard to guidance, control and supervision of the governance partners and in which ways can their execution be improved?*

In order to give an answer to the main research question, I will make use of four sub-questions. These are listed below.

1. *Which governance partners has the municipality of Enschede? And what is the municipal interest?*

The first sub-question is a descriptive question. By this sub-question the aim is to show clearly the governance partners of the municipality of Enschede. So, this gives an understanding of the actual situation with regard to governance partners in which the municipality participates.

2. *In what way does the municipality of Enschede shape the governance of its governance partners?*

The second sub-question has the aim to look at the governance aspects. This includes all agreements about guidance, control and supervision the governance partners. Important questions covered by this

second sub-question are; how does the municipality gives strategic direction to the governance partners (guidance)?, what measures and procedures does the municipality have in place, so that they are assured that the governance partners function properly (control)?

*3. What information gets the council about the governance partners and is this enabling the council to steer and control?*

With this sub-question the aim is to analyze how the provision of information is carried out in practice between the municipality of Enschede and his governance partners. An important question covered by this sub-question is how does the municipality supervise the policy of the board and the general affairs of the governance partners (supervision)?

*4. In what way can the council improve the execution of their tasks?*

With this last sub-question, the aim is to investigate what can be improved in the execution of the tasks of the council regarding to the governance aspects of its governance partners (guidance, control and supervision).

### **1.3 Scientific and social relevance**

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The scientific and social relevance will be explained, in order to indicate the relevance of this research.

- Scientific relevance

This topic is scientifically relevant and worthy of attention because of the many different studies that local audit offices and audit committees have done over the years. The critical observations in a number of these reports, give rise to further investigation of phenomenon linked to governance partners. It is also scientifically interesting because there is little systematic knowledge about this topic.

- Social relevance

But this topic has also a social relevance. There are a number of governance partners which have activities with a significant social impact. It may therefore be important that a governance partner is under proper supervision and control of a municipality, because the municipality has the goal to serve the public interest.

## Section 2: Theory

### 2.1 Principal-Agent Theory

Cooperation between municipalities and governance partners can be explained from different theoretical models. One of these theories that can help to understand these collaborations is the principal-agent theory. The principal-agent theory can make an important contribution to the modelling of the relationship between a municipality and a governance partner. But this theory can also give insights on a number of assumptions in relation to the concepts of guidance, control and supervision.

The principal-agent model is engaged in, 'studying the choice question of contractual design of exchange relations between economic agents' (Dijk, 2010, p. 15). The policy is set out in the municipality and implementation is provided by the governance partner. The theory assumes that the owners of an enterprise (the principal) and those that manage it (the agent) will have different interest (Cornforth, 2003, p. 7). There is according to this theory, a clear hierarchy between principal and the agent (Facto, 2015, p. 8). The two (the principal and the agent) are not partners or equal to each other. The agent is the one who works for the principal. The profit of the principal depends on how the agent carries out its work and tasks. In contrast to the principal, the agent often know whether he or she is performing optimally (Huisman, 2006, p. 16). That is why the information is often incomplete and asymmetric in this relationship.

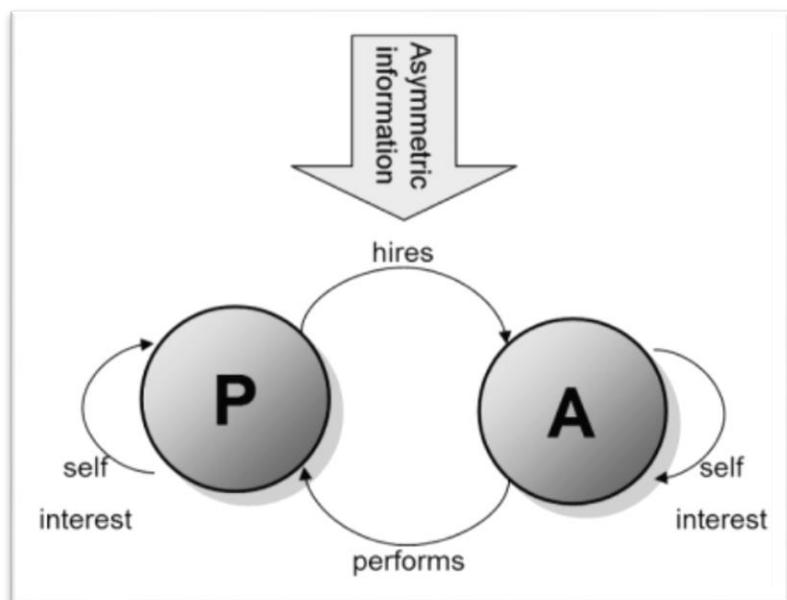


Figure 1: Principal-Agent

Source: (Facto, 2015, p. 56)

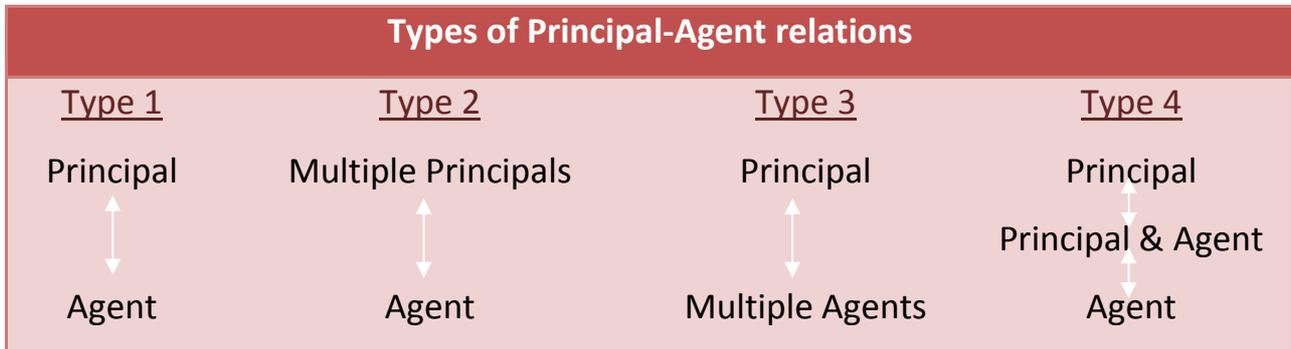
The principal-agent model is built up from a number of assumptions. The first assumption is that parties enter into an exchange relationship with each other because they expect a certain advantage. This is mainly due to the phenomenon of specialization. Added value is created when two actors are both active in the production of a product in which they are most efficiently and effectively, and then these products are exchanged (Dijk, 2010, p. 15). This means, that in this case the principal (a municipality) and an agent (a governance partner) are both applicable to the task they perform best. Another assumption relates to the goals of the principal and the agent. According to Dijk (2010), it is assumed that both parties completely rational only pursue their own interest, without taking into account each other's interests. This commitment to the realization of their own interests, combined with asymmetric

information relationship between the principal and agent, can lead to a risk of opportunistic behavior of the agent (Dijk, 2010, p. 16). This can cause problems, such as coordination problems or motivational problems. In many cases the agent, has more knowledge, expertise and information about his work field than the principal. This means that the deployment of the agent is therefore not one hundred percent assessable by the principal. In the case of a governance partner, the practice may indicate that any shortfall can somehow be captured by the municipalities of the collaboration (Facto, 2015, p. 56). The agent has by his expertise and practical knowledge the possibility to shift some of the costs of its activities on the principal (Scheuten, 2006, p. 29). In this situation, the governance partner has little incentives to spend the money efficiently. The principal agent theory pointed to this as the problem of 'moral hazard'. Furthermore, the agent has the possibilities to give his performance a better look than they really are. This is possible because the principal has not fully view here. In short, according to Scheuten (2006, p. 29), the principal is faced with imperfect monitoring due, it is difficult to measure; the commitment of the agent, the capacity of the agent and the results obtained. In this theory this problem is called 'adverse selection'. This kind of problems in a cooperation may lead to lower achievements. It seems that it is characteristic in a principal-agent relationship, that the principal faces control problems in a situation of conflict of interest and information asymmetry (Scheuten, 2006, p. 29). The principal does not know how great the distance with the agent may be and how free he can get it.

Although the principal agent theory provides important insights to analyze the relationship between the municipality (the principal) and the governance partners (agents), the theory has also its limits. One of the limits is the fact that in the principal agent theory, economic aspects are central. The theory evaluates situations from the perspective of economic efficiency. From the view of this theory is efficiency considered decisive for the way in control of an organization. The theory of principal agent is suitable for private organizations, but this theory cannot be applied point to point on a public organization (like a municipality in this case).

### **2.1.1 Types of Principal-Agent relations**

In the previous section the main characteristics of the principal-agent theory are explained, but also the different types of these relations deserve attention. The relation between the principal and agent is not always in the same form. There are several variations that can occur in these relationships. It may happen that there are multiple principals, or multiple agents. These different types of relations are shown below in the table, there is made a distinction between four types.



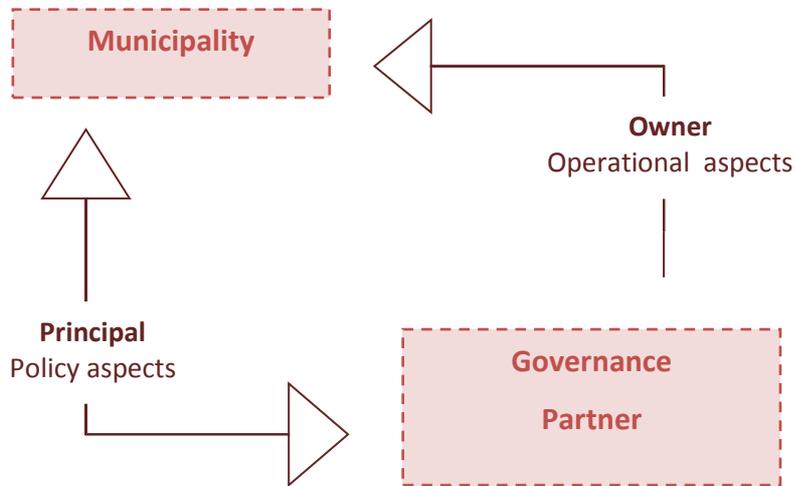
**Figure 2: Types of Principal-Agent relations**

This research is largely considered with type 1 and 2, this is the result of the cases that are included in this study. Type 1 is the most simple variation of a principal-agent relation. In the terms of this study it means that one municipality is in collaboration with one governance partner. Type 2 is the situation with multiple principals, this means for example that multiple municipalities are included in the cooperation with a governance partner. Consequences of this may be that the various principals give conflicting instructions to the agent. Multiple principals also means that the assessment of the performance of the agent is therefore viewed from multiple perspectives. Principal-agent relationship with multiple principals can therefore sometimes be quite difficult. Especially when every principal wants to exert influence in a way in the process, so their benefit is maximized and that any adverse effects are placed to the other party (Huisman, 2006, p. 17).

It is also possible to make another distinction. This distinction becomes clearer when we apply the principal-agent relation to the relationship between a municipality and governance partner. The main two principal-agent relationships are those relationships in which a municipality controls a governance partner as principal (I) or as owner (II) (Dijk, 2010, p. 18). From the position of principal of a governance partner a municipality wants the highest possible quality of services at the lowest possible price. This can be referred to as the policy aspects<sup>1</sup> of the relationship with the governance partner (Dubbeldeman et al., 2006, p. 16). From a position as the owner is a municipality primarily focused on the continuity of the governance partner. According to Dubbeldeman et al. (2006, p. 16), this focus is caused from a managerial responsibility within a governance partner. The primary goal is then to ensure a stable organization and prevent structural financial loss. This concerns the more operational aspects<sup>2</sup>. In the figure below, the application of the principal-agent theory on the relationship between the municipality and governance partner clearly showed.

<sup>1</sup> Beleidsmatige aspecten

<sup>2</sup> Beheersmatige aspecten



**Figure 3: Relationship municipality-governance partner**

*Source: (Dijk, 2010, p. 18)*

## 2.2 Governance Partners

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The municipalities have increasingly been allocated more tasks in the course of time. In order for a municipality to carry out all his tasks, municipalities can choose between:

1. Self-executing
2. Through subsidy relations be carried out
3. Outsourcing and be carried out through contracts and procurement
4. Carry out tasks through a governance partner (Breda, 2015, p. 12)

When the municipality carries out the tasks itself, it is an advantage that the distance between board and the execution is very small. The disadvantage is that the municipality bears the entire financial risk. When the municipality choose to perform the tasks themselves, any efficiency or knowledge advantage through collaboration with other parties is not automatically achieved (R. Rekenkamer, 2007, p. 11). The municipality can also outsource the activities. This can be done by providing subsidies, but there are also other possibilities such as procurements and contracting. By agreeing on deliverables and information with the party to whom the task is outsourced, the municipality can influence the relevant organization. However, the municipality does not have administrative responsibility for the executive organization. This means that there is a lack of administrative participation in a subsidized institution and that the municipality has not a direct right of say (Risicomangement, 2013, p. 15). For governance partners this is regulated in a different way.

The term governance partners is for the first time introduced in the 'Decision Budget and Accountability' (BBV)<sup>3</sup>. Governance partners are in this decision defined as:

*"A private or public organization in which the province or the municipality has an administrative and a financial interest".*

Governance partners are simply 'organizations, whereby the municipality is the (co-) owner as the case may a shareholder who perform municipal duties on behalf of the municipality. In general terms it concerns collaboration by municipalities, whereby each participating municipality wholly or partially owns and/or has a contractual participation with the governance partner to realize certain activities or certain policies (Breda, 2015, p. 12). According to Dubbeldeman et al. (2006, p. 6), municipalities participate in governance partners only if they have an added value. They often collaborate with governance partners in order to spread risks or to generate financial resources. From the literature there are also other motives and benefits for cooperation in the form of governance partners. Besides financial and efficiency benefits, professionalism and knowledge benefits are also from a great value in

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<sup>3</sup> Besluit Begroting en Verantwoording provincies en gemeenten

such partnerships. But also municipal cross-border matters can be more easily picked up, and individual municipalities can join forces so that municipalities are collectively stronger. On the other hand, there can be also disadvantages related to governance partners. This could include greater distance to their own citizens but also there is a chance that individual municipalities have less influence in such a partnership. One of the disadvantages of working with governance partners which is also relevant for this study is that there are few possibilities for guidance by the city council.

But how does the municipality take the decision to participate in a governance partner? The decision which the municipality would have to take, can be supported by a decision framework. The roadmap to participate in a governance partner is attached in appendix I.

### **2.2.1 Forms of governance partners**

There are different legal forms for governance partners. The choice of the legal form of governance partner is important because each legal form has its own (legal) procedural requirements and characteristics. According to Rekenkamercommissie (2014b, p. 13), these procedural requirements determine to a large extent the possibilities that a municipality has to guidance and control the governance partner. In the choice of a legal form, various considerations play an important role. Some of these considerations are:

- The tasks of a governance partner
- The required administrative distance between the municipality and the governance partner
- The roles of client/customer and owner
- The desired strength of the board
- The extent of the financial risk (Rekenkamercommissie, 2014b, p. 13)

The most common legal forms, which will be described more in detail below are: Joint arrangements, foundations, partnerships and public-private partnerships. The extent of the financial risk will be discussed in paragraph 2.2.4.

#### ***Joint arrangement***

A joint arrangement is a public form of cooperation established in the Law common arrangements<sup>4</sup>. Joint arrangements can be divided into four forms. These forms of cooperation based on the Law common arrangements can be distinguished from 'light' to 'heavy' forms with respect to their legal status and anchoring (Rekenkamercommissie, 2014a, p. 4):

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<sup>4</sup> Wet gemeenschappelijke regelingen

- A. De 'Regeling zonder meer'
- B. Joint body
- C. Central-municipality
- D. Public Body

The joint arrangement which establishes a public body is the only form that can be understood as a governance partner and at the same time this is the most used form in a public form of cooperation. If from now the term joint arrangement is mentioned it can be interpreted as a public body. The public body has the status of a legal entity, this allows the management of such an arrangement to participate independently in legal transactions. Municipalities may, in principle, transfer all of their tasks and competencies to a public body. The Law common arrangement, sets requirements for the form and content of joint arrangements. The law requires that a public body consist of a governing board, executive board and a chairperson. Besides that, the law also provides several provisions<sup>5</sup> to ensure that municipalities (and especially the city councils) can have influence and control on decision-making and operation of joint arrangements (Rekenkamercommissie, 2014b, p. 21). Joint arrangements can be entered by the board of mayor and aldermen, the city council or by the mayor.

<b>Joint arrangement</b>	
Tasks	Can perform all municipal tasks and competences.
Administrative distance	Direct influence present at the realization of products and services through delegation of members of the board of mayor and aldermen ( or council members) in the governing board and executive board.
Roles	Division of roles client/customer and owner are not entirely clear in structure. (roles are intermingled)
Desired strength board	Less strength of board, because directors of the joint arrangement also operate their own municipal interest.

**Table 1: Joint arrangement**

*Source: (Rekenkamercommissie, 2014b)*

### **Foundation**

A foundation is established by notarial deed to achieve an idealistic goal (Rekenkamercommissie, 2014b, p. 21). This type of governance partner is often characterized by a subsidy relationship between the municipality and the organization. Like the joint arrangement, also a foundation has the status of a legal

<sup>5</sup> Wgr art. 16

entity. According to Dubbeldeman et al. (2006, p. 31), a municipality as co-founder of a foundation needs approval from the Provincial-Executive<sup>6</sup>. The foundation should not distribute profits to its directors or founders. A foundation also has a more monistic character, it has a board but has no monitoring mechanism in the form of meeting of shareholders or members. Rekenkamercommissie (2014b, p. 22), state that the foundation structure is concisely regulated by law. The law provides sufficient space to arrange a variety of topics in the statutes. Nevertheless, a foundation can be an important form of a governance partner. This form of cooperation can be used to regulate sport, volunteering and social-cultural work.

<b>Foundation</b>	
Tasks	Only suitable for tasks of an executive nature
Administrative distance	Depending on the statutes direct policy influence can be presence by delegation of municipal representation on the board. Board act primarily in the interest of the foundation
Roles	Division of roles client/customer and owner are not entirely clear in structure.  (roles can be intermingled, but it can be avoided by making good agreements)
Desired strength board	Less strength of board, because directors are dependent on the municipality.

**Table 2: Foundation**

*Source: (Rekenkamercommissie, 2014b)*

### **Partnership**

Public limited companies and private limited companies are legal entities participating under its own name in legal transactions. Like a foundation, also this form of cooperation is established by notarial deed with an approval of the Provincial-Executive. Partnerships are mainly active in areas that do not belong to the primary municipal tasks such as supply of energy and water, waste disposal and banking (Dubbeldeman et al., 2006, p. 32). The key considerations to work with this type of governance partner are commercial and autonomy. The municipality is as a shareholder administratively involved in this type of governance partner. The municipality is at a public or private limited company (co)-owner, and this should lead to a smaller distance to the board of the municipality. But according to Dubbeldeman et al. (2006, p. 33), in practice, the risk profile of a partnership is often higher than that of a foundation. This is mainly due to the nature of the activities, scope, governance philosophy and the autonomous position of

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<sup>6</sup> Gemeentewet art. 160 lid 3

a partnership.

<b>Partnership</b>	
Tasks	Suitable for tasks with a commercial character.
Administrative distance	Indirect policy influence through voting rights in the general meeting of shareholders on finance and efficiency. Administrative influence by appointing board and board of directors from the general meeting. Directors and members of the board of directors have the primary interest of the company in mind.
Roles	Division of roles client/customer and owner are clearly defined in structure
Desired strength board	High level of strength of board, because directors can take independent of the municipality policy decisions.

**Table 3: Partnership**

*Source: (Rekenkamercommissie, 2014b)*

### **Public-Private Partnership**

A special category of governance partners are governance partners with the participation of private parties in addition to the government. These collaborations are increasingly being used to achieve government objectives. The result of the collaboration is higher quality of the product for the same amount of money, or the same quality for less money. This means that a municipality can create with this collaboration the prospect of a higher quality and a reduction in project costs (Lelystad, 2016, p. 15). In such a collaboration, the municipality is at risk on the transferred money and should also take into account that the private interest may differ from the own goal (Hengelo, 2013, p. 6).

<b>Public-Private Partnership</b>	
Tasks	Suitable for projects with a public interest
Administrative distance	Given the greater distance between the municipality and the PPP, there is the possibility that the private interest could conflict with the public interest, it is a difficult task to have influence as a municipality.
Roles	Division of roles client/customer and owner are clearly defined in structure
Desired strength board	Average strength of the board, directors are working together but have different interests.

**Table 4: Public-Private Partnership**

*Source: (Rekenkamercommissie, 2014b)*

## 2.2.2 Responsibilities Board of mayor and aldermen and Council

In 2002 the Law dualization local authority<sup>7</sup> is introduced. Since the introduction of the law are the roles, tasks and positions of the city council and the board of mayor and aldermen separated. In a dual system the board of mayor and aldermen executes and the council sets frameworks and is checking the board of mayor and aldermen (Rekeningencommissie, 2013, p. 7). This also applies when it comes to governance partners. The figure below shows this dual system in a clear way.

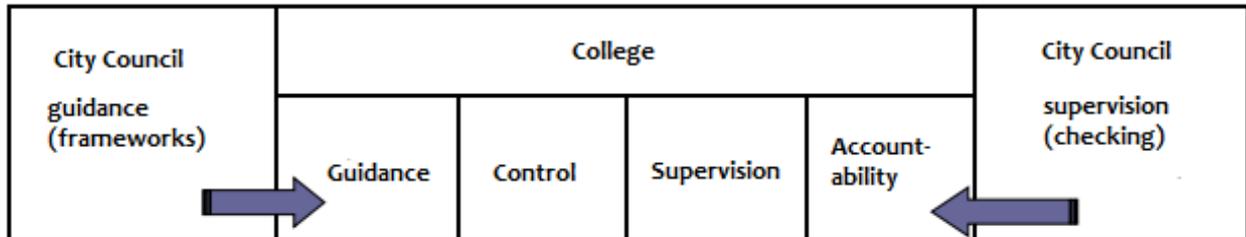


Figure 4: Dual system

Source: (Rekeningencommissie, 2013)

For governance partners this means in the first step that the board of mayor and aldermen decides if a governance partner is an appropriate tool to achieve the municipal goals. Also the management of a governance partner belongs primarily to the tasks of the board of mayor and aldermen. So, the board of mayor and aldermen is responsible for planning and carrying out tasks, within the frameworks set by the council. In this separation of responsibilities it is good to distinguish between start-up phase and the operation phase<sup>8</sup>.

### - Start-up phase

In a dual system, it means that the decision to participate including the guidance of the governance partner is the responsibility of the board of mayor and aldermen (Dubbeldeman et al., 2006, p. 11). The law requires that the board of mayor and aldermen can decide, but that the council determines what belongs to the public task and sets the frameworks<sup>9</sup>. This means that the council before each participation must ask the question whether the activities, the governance partner will execute for the municipality, belong to the field of public interest. The board of mayor and aldermen can therefore decide only after it has received approval from the city council. According to Dubbeldeman et al. (2006, p. 11), while establishing frameworks, the council may consider general principles and the way in which the council wants to be informed during the start-up and operation phase.

<sup>7</sup> Wet dualisering gemeentebestuur

<sup>8</sup> De aanloopfase en de uitvoeringsfase

<sup>9</sup> Gemeentewet art. 160 lid 1, Provinciewet art. 158, Wgr art. 1 lid 1

### - *Operation phase*

After the governance partner gets down to work, it is the duty of the board of mayor and aldermen to keep track of execution, performance, cost and risks (Dubbedeman et al., 2006, p. 11). Where necessary the board of mayor and aldermen will guide the governance partner. The city council verifies that the governance partner performs the tasks in accordance with the frameworks and whether the board of mayor and aldermen guard this well and guide them if necessary. A control mechanism of the council is that they can use periodic evaluations of the governance partners to check the board of mayor and aldermen. Important to mention is that the council cannot directly intervene in the governance partner. A last point is that the management and control of a governance partner seems to be difficult because of the large distance between the governance partner and the municipality. According to Rekeningencommissie (2013, p. 7), this also applies equally to the monitoring by the council.

### **2.2.3 Administrative interest**

To speak of a governance partner there must be, among other things, an administrative interest. The Decision Budget and Accountability itself describes what is meant by an administrative interest. The municipality must have a right of say<sup>10</sup>.

#### *Article 1 paragraph d BBV*

administrative interest: have a say, either by board representation or by voting right.

In the guide governance partners which is published by the Ministry of the Interior and Kingdom Relations and IPO<sup>11</sup>, there is given an additional explanation on the administrative interest. There is an administrative interest as an aldermen, councilor or officer of the municipality takes place on behalf of the municipality in the board of the governance partner, or votes on behalf of the municipality (BBV, 2014, p. 4). When there is only a (not used) right of appointment or nomination right<sup>12</sup>, there is strictly speaking not a governance partner relationship possible. Municipalities often make use of such rights to ensure that directors of good quality get into the board of a governance partner (R. J. M. H. d. Greef, Huntjens, & Oud, 2012, p. 40). This means that the right to have a say can be established in two ways, board representation and voting right.

First board representation will be explained. It is possible for the municipality to take a seat on the board of the governance partner. This can be in the management, board of directors or in the executive board. Through this way the municipality can influence the body responsible for carrying out tasks. R. de Greef, Zijlstra, and Theissen (2015), state that the problem is that the interest of the governance partner should

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<sup>10</sup> Met 'right of say', wordt hier bedoeld *zeggenschap*

<sup>11</sup> Interprovinciaal overleg

<sup>12</sup> Benoemingsrecht of voordrachtsrecht

be at the forefront of decision-making in the board, so that should be above the municipal interest. This can mean that a board seat does not ensure that municipal interest are well represented. It may even mean that in case of conflicting interest ("a double –hatted position<sup>13</sup>") the director should abstain of voting. In that case, the municipality cannot influence at all. For the representation of the municipality in a governance party, it is important to keep the various relationships separate. Therefore, it is useful to discuss the representation of the different forms of participation. A distinction is made between representation in a public participation and representation in a private participation.

- *Representation in a public participation*

A joint arrangement<sup>14</sup> is governed by an executive board and an governing board. The Law common arrangements, provides that the governing board of a public body is composed of members who are appointed by the participating municipalities' council among its members and among the aldermen. In this law it is also defined that the executive board of the public body consist of a chairmen and two or more other members. These members are appointed by and from the governing board (Meppel, 2015, p. 17). In principle, according to the Law common arrangements, the municipality could be represented in the governing board by councilors, aldermen and even the mayor. This depends on the arrangements made during the formation of the joint arrangements. But the Law common arrangements has changed since January 1, 2015. The legislative amendment introduces new articles of law on the composition of the governing board. First the governing board, by regulations in which only city councils participate, only consisting of members of the participating councils<sup>15</sup>. Secondly, it is clarified that the governing board, in the case that the arrangement is made by the board of mayor and aldermen, should only consist of aldermen<sup>16</sup>. These two changes are motivated by the idea of duality of the new municipal law. With this there will be a separation created between management by aldermen's on the one hand and control by councilors on the other (Meppel, 2015, p. 17).

- *Representation in a private participation*

In a private participation the municipality enters as a shareholder. According to Meppel (2015, p. 17), there are some risks associated with the representation of the municipality in a private organization. Firstly, there can be a conflict of interest. This may come when roles are intermingled. The municipality may be involved in a private party in different roles. These could include roles such as legislator and regulator, shareholder and customer. Secondly, the position of the municipal representative may sometimes not be clear. It is stated by Meppel (2015, p. 17), that a member of the board of mayor and aldermen as a municipal representative has an own responsibility when it comes to serving the interest of a private party. This is due to the fact that members of the board of mayor and

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<sup>13</sup> Dubbele petten

<sup>14</sup> Hier gaat het om de juridische vorm 'openbaar lichaam'

<sup>15</sup> Art. 13 lid 1 nieuw Wgr

<sup>16</sup> Art. 13 lid 6 nieuw Wgr

aldermen are together and individually responsible to the city council for the way they act in a governance partner.

The second way to have a say is by voting right. The question arises as to what is meant by the right to vote. Is it, for example, only the right to vote at a General Meeting of Shareholders or even the right to vote in the executive board or board of directors? According to R. de Greef et al. (2015, p. 37), voting in the executive board is not subject to voting right. This is due to the fact that the executive board is a collegial body in which there is no place for own interests. The same applies to the board of directors. So it is obvious to connect voting right with the right to vote in representative bodies<sup>17</sup>. Since the members have indeed the right to vote to serve their own interests. So this means, according to R. de Greef et al. (2015, p. 10), that the council can exert influence through voting right in a ‘owners-meeting’ (general meeting or governing board). Through the right to vote, the municipality can bring forward their own municipal interest in the governance partner.

### Administrative analysis

Till now administrative interest is explained, but the risks are not discussed. In this study, I will not go into detail about the risks associated with administrative and financial interest. The risks can be important to know for the city council, so they can classify governance partners on the level of risk.

The analysis of the administrative risks can be carried out by answering the following questions, these questions are based on Rekenkamercommissie (2014b, p. 19) . Based on these questions, the governance partner can be organized on the risk level of low, average or high.

	Low	Average	High
1 To what extent corresponds the municipal interest to the interest of the organization?	Completely	Partially	Minimal
2 Is there influence on the composition of the board?	Yes		No
3 Is the municipality represented on the board?	Executive board	Governing board	No
4 Are there clear agreements about objectives and deliverables?	Yes	Partially	No
5 Are there clear agreements about provision of information?	Yes	Partially	No
6 To what extent are the deliverables affecting the realization of municipal policy objectives?	Minimal	Partially	Maximal

**Table 5: Administrative analysis**

*Source: (Rekenkamercommissie, 2014b, p. 19)*

<sup>17</sup> Vgl. art. 2:13 BW

## 2.2.4 Financial interest

Besides the administrative interest, financial interest is also a requirement to speak of a governance partner. In the Decision Budget and Accountability it is defined what is meant by financial interest.

*Article 1 paragraph c BBV*

financial interest: the sum made available to the governance partner which is not recoverable if the governance partner goes bankrupt, respectively the amount for which liability exists if the governance partner default on its obligations.

There is therefore a financial interest if the municipality resources made available to governance partners is lost in case of bankruptcy or when the municipality is liable for the financial problems of the governance partner (R. de Greef et al., 2015, p. 46). This definition of the Decision Budget and Accountability exclude loans, guarantees and exploitations as being a basis for a financial interest in a governance partner (Dijk, 2010, p. 10). For the municipality of Enschede it seems that the financial interest is important. In the Policy Governance Partners 2015 (G. Enschede, 2015a), it is stated that the municipality aims for the highest possible influence which can be justified from a financial interest. This has to do with the preference that the distribution of voting rights is based on the size of the financial contribution.

### Financial analyses

In order to assess the financial risks of a governance partner, the answers to the following questions are important (amounts are indicative)

	Low	Average	High
1 Scale annual financial contribution	< € 150.000	€ 150.000 - € 500.000	> € 500.000
2 Is the capital and reserves of the governance partner sufficient?	Completely	Partly	Not
3 Required municipal resilience based on risks in Governance Partner	< € 100.000	€ 100.000 - € 500.000	> € 500.000
4 To what extent is the municipality liable?	Not	Partially	Completely
5 Is the organization able to steer financially?	Completely	Partly	Not
6 Is the management of the organization in order?	Yes	Partially	No

**Table 6: Financial analyses**

*Source: (Rekenkamercommissie, 2014b)*

Participation in governance partners brings financial risks with it. Since the governance parties are at a distance, there is much less control of the risks possible (Meppel, 2015, p. 18). It may therefore be important that there is a frequent risk analyses of the participations.

*- Joint Arrangements*

In the Note governance partners Meppel (2015), it is stated that the financial risk of a joint arrangement is generally given high. The reason given for this, is that the participating municipalities are fully financially liable. If a financial deficit cannot be covered by the joint arrangement, then there will be recourse to the participating municipalities. In addition, there is also the risk that the participating municipalities may differ of vision on policy matters, including the financial policy (Meppel, 2015, p. 18).

*- Foundations*

The financial consequences are very low. As a municipality you are only liable for the provided funds. The foundation formally responsible for operational risks. But according to Dubbeldeman et al. (2006, p. 32), in practice, the municipalities bear part of the risk informally or through additional agreements.

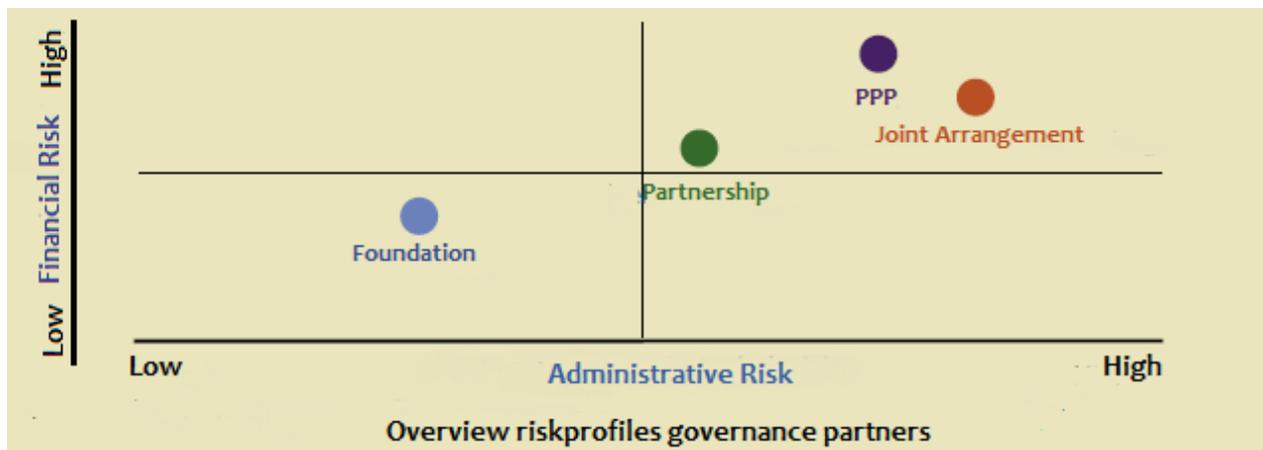
*- Partnerships*

The financial risk in a partnership is generally lower than for a joint arrangement. This because of the fact that by partnerships the participating municipalities are not completely financially liable. The participating municipalities running risks only over the contributed capital<sup>18</sup> (Meppel, 2015, p. 18).

*- Public-Private partnership*

According to (Meppel, 2015), the financial risk of a public-private partnership is generally average. This is due to the fact that the municipality running risk over the contributed capital. It should be mentioned, that the municipality often has other financial targets in comparison with the private party.

Based on the foregoing, it can be concluded that the risk of governance partners are reasonable diverge. This is again clearly showed in the following figure.



**Figure 5: Overview risk profiles governance partners**

*Source: (Dubbeldeman et al., 2006, p. 39)*

<sup>18</sup> Ingebrachte vermogen

### 2.2.5 Substantive interest

The question arises as to what is meant by the substantive interest. Are terms like “the municipality interest”, “public interest” just the same as the substantive interest? Substantive interest is in the first instance important in accordance with policy<sup>19</sup>. A part of the municipal policies is carried out by the governance partners in place of the municipality. However, the municipality will remain responsible for the realization of the policy (Meppel, 2015, p. 6). In accordance with policy, it is essential to make a distinction between output and outcome. Do you want to measure the output which a governance partner delivers (output), or do you want to measure the social effects thanks to the policy (outcome) (Hassing & Vanheste, 2002, p. 17)? The municipality may, in collaboration with a governance partner, have objectives in terms of performance that they want to reach. These are the output targets. But also in terms of outcome a governance partner may be substantively important. The municipality may have targets in terms of social effect they want to reach. And also in this case a governance partner can have a substantial interest for the municipality. Hassing and Vanheste (2002), stated that the disadvantage of an outcome goal, and also the big difference with output targets, is that the relationship between municipal effort and social effects are often difficult to explain.

So, each form of collaboration with a governance partner, is there to serve the municipal interest. According to R. de Greef et al. (2015), the municipal interest must be interpreted as the public interest. This means that with a governance partner, a public interest is served. This is also reflected in the Decision Budget and Accountability.

*Article 15 paragraph 2 b BBV*

In the list of governance partners include at least following information: [...] the public interest served in this way

The public interest can be described as those interest whose promotion<sup>20</sup> is pulled by a government or which is entrusted to government body (R. de Greef et al., 2015, p. 16). This is also consistent with how the Scientific Council for Government Policy<sup>21</sup> indicates the public interest: “ There is a public interest if the government attracts the protection of a public interest based on the belief that the interest otherwise not come into its own” (WRR, 2000, p. 20).

Substantive interest of a governance partner is therefore concerned with the realization of the municipal policy with the public interest involved.

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<sup>19</sup> Beleidsmatig

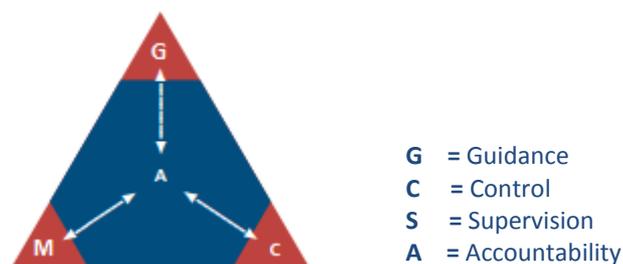
<sup>20</sup> Behartiging

<sup>21</sup> Wetenschappelijke raad voor het Regeringsbeleid

## 2.3 Governance

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Giving a good definition for the concept of governance turns out to be difficult. In the private and the public sector, there is a trend towards ever increasing demand for accountability and transparency as well as an ever increasing awareness of the necessity for having checks and balances (Finance, 2000, p. 8). In the paper which was presented in 2000 by the Ministry of Finance of the Netherlands, it was stated that the concept of governance focuses on the organization's stakeholders, the associated objectives and the responsibility of the organization's management to achieve these objectives (Finance, 2000, p. 8). Another concept of governance was given by Walker, Boyne, and Brewer (2010), according to their paper, governance is the system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector. To achieve a meaningful use of the concept of governance, it is useful to establish a more detailed definition of the concept. Many concepts and terms are in circulation when it comes to governance, these might include: corporate governance, government governance and public governance (Bossert, 2002, p. 244). The concept of governance which is most interesting for this study is government governance. Government governance is a translation of corporate governance for the public sector (M. Rekenkamer, 2008). According to M. Rekenkamer (2008) and Dubbeldeman et al. (2006), government governance is defined as; 'safeguarding the interrelationship between guidance, control and supervision by government organizations and by organizations set up by government authorities, aimed at realizing policy objectives efficiently and effectively, as well as communicating openly thereon and providing an account thereof for the benefit of the stakeholders'. This governance model shows that government governance consists of four elements, which can be illustrated in the following triangular diagram.



**Figure 6: Elements of government governance**

Source: (Finance, 2000)

So governance from this perspective is the overall term for the guidance, control, supervision and accountability of the governance partners.

Earlier in section 2.1.3, the dual system is mentioned and the responsibilities of the council and board of mayor and aldermen are described. If the government governance approach is applied to the dual system, not much changes. The board of mayor and aldermen is still responsible for the achievement of the policy objectives set by the council. The board of mayor and aldermen is also still accountable to the council on reaching the policy objectives. And this means that the council exercises control on the actual realization of the policy objectives. This dual system covers all aspects of government governance. The implementation of government governance and dualization is shown below in a more clearly way<sup>22</sup>.

<b>Guidance</b>	<u>The council</u> shall determine the policy objectives and financial frameworks
<b>Control</b>	<u>The board of mayor and aldermen</u> executes the policy in an efficient and effective way and ensure that the execution remains within the frameworks
<b>Supervision</b>	<u>The council</u> checks if the implementation of the policy is effective and efficient and monitors the achievement of the objectives and financial arrangements.
<b>Accountability</b>	<u>The board of mayor and aldermen</u> is accountable to <u>the council</u> and the board of mayor and aldermen must actively provide information to the council.

**Table 7: Government governance and dualization**

In this study the first three aspects of governance are central. Guidance, control and supervision, will now be described but it is difficult to make a clear distinction between the three aspects. There exist a certain degree of overlap between these three elements, and also these elements are sometimes interpreted differently. This overlap is mainly because these elements are involved in a process in which they are intermingled and this makes it hard to give clear boundaries between these elements.

### 2.3.1 Guidance

Guidance is one of the elements which is a part of governance government. Guidance consists of all activities whereby the municipality gives direction to the governance partner. This also includes the question how the management processes and associated division of responsibilities have been structured with a view to achieving the policy objectives (Finance, 2000, p. 16). Besides that, it deals

<sup>22</sup> Zoals vastgelegd in de Gemeentewet

with the tasks of the governance partner, the agreements on the contribution to the realization of the policy objectives and/or the supply of products/services, financing, risks and risk distribution, the agreements on administrative and financial responsibility and the provision of information and agreements on continuation or termination of participation (Kilic-Karaaslan & Voets, 2014, p. 14). The guidance of a governance partner can take several forms. Neelen (1997, p. 70) states that a distinction can be made between three types of guidance mechanisms: guidance by the transmission of information, guidance by giving financial incentives and guidance by providing rules and regulations. It looks like that the guidance mechanisms appear to be clear concepts, but Neelen (1997, p. 71) states that in practice various mixing forms of guidance mechanisms occur. In a performance contract with output budgeting it may seem like that it is guided by rules and regulations, but there can also be envisaged that it is guided by financial incentives (Dijk, 2010, p. 21). The power of guidance lies in making agreements in advance and also to record these agreements on paper (Haag, 2014, p. 13). This automatically means that a governance partner is guided, based on output. The start-up phase is the time when the council can have influence. In the start-up phase the council can actively guide on the design of the governance partner. This because of the fact, that at that time the statutes (or joint arrangements) of governance partners remain to be determined, where the conditions are set for the functioning of the governance partner. If the governance partner is established, it seems to be difficult for the council to perform guidance. The possibilities to guide a governance partner is then limited. In general, the council has several guidance opportunities after the start-up phase. It mainly concerns the documents in the planning- and control phase. These are, first, the documents provided by the governance partners, but also the municipal documents in which the compulsory Paragraph Governance Partners is included (Broer, Freeke, & Bruins, 2013, p. 11).

### ***Operationalization***

The description of guidance shows that adequate guidance implies that the municipality beforehand makes good and measurable agreements with the governance partners to achieve the objectives. To ensure that the governance partner will fulfill these commitments, but also to intervene when that is not the case, the municipality will in advance regulate his control measures<sup>23</sup>. In some cases, it may seem that the criteria for guidance and control are quite similar. But the difference lies in the stages. In the first stage (start-up phase), arrangements are made and this can be seen as the criteria for guidance. After this stage, these same criteria are used to control a governance partner. So, it is possible that there are similar criteria for guidance and control, but they use it in a different context. The criteria for control will be described in the next paragraph, now it is important to further operationalize the concept of guidance. One of the main points is how the municipality interprets the content and structure of a

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<sup>23</sup> Beheersmaatregelen

partnership with a governance partner. Guidance therefore mainly concerns the agreements on content and structure. These agreements are very important, because possibilities of guidance are strongly dependent on the arrangements laid down in the statutes or regulations of a governance partner (Habets, 2013, p. 3) . There are some aspects, which will better reflect what is meant in this study by guidance. To make guidance possible the municipality needs agreements about performance and budgets. Besides that, there is need for a policy framework and multi-year plans where it is described what the municipality wants and expect from a governance partner. This includes also agreements about output, division of roles, responsibilities and competences. Well-regulated provision of information is also necessary for the municipality if it wants to guidance a governance partner.

If all these points are regulated well, the municipality is able to give direction to the governance partner and so to have influence. What is described till now, is the possibilities to guidance a governance partner. But, this moment in the process is important for the city council, because at this stage they can also give direction to the board of mayor and aldermen. If the council finds that there has been no careful preparation of the agreements, than the council has a number of instruments which can influence the decision making of the board of mayor and aldermen (Rob de Greef & Stolk, 2015, p. 33). The first instrument is the 'Voorhangprocedure', whereby the council may wish to debate with the council or express through motions their concerns to the board of mayor and aldermen. The second instrument is amendments/request for modification and the last instrument is to withhold permission. So, guidance is only possible with agreements which are made and recorded before a governance partner is set up. The municipality can create possibilities with these agreements to give direction to governance partners. The city council in particular, can have influence on these agreements by using their instruments.

### **2.3.2 Control**

Once a governance partner has been designed, a system of rules and procedures has to be implemented and maintained. This is for providing assurance to the administrators that the governance partner will remain on the right course for achieving the adopted policy objectives. This is called control, the second element which will be described of the government governance model. Municipalities get information mainly through reports and consultation platforms (Dubbeldeman et al., 2006, p. 22). The first question that must be asked is whether this is indeed the case. A next question is whether the reports content satisfy the requirements which are set. According to Dubbeldeman et al. (2006, p. 23), it is established that municipalities make little use of reports to monitor progress during the year of implementation. If a municipality anyway make good use of reports, then the information is limited mostly to financial data. Indicators relating to the achievement of objectives and performance

agreements are hardly mentioned. A part of the control design is also implementing a periodic test of the financial management of the governance partners by the auditor of the municipality (Haag, 2014). Besides the financial risks must thereby also be taken into account the legal risks. Together with the agreements made with provision of information and consultation structure is this the control framework of the board of mayor and aldermen regarding to governance partners. The foregoing shows that the council has few or no instruments to intervene in this element of governance. Controlling a governance partners, is primarily the task of the board of mayor and aldermen. The council may, of course, from his own role, check the board of mayor and aldermen. In this situation the council is dependent on the information received.

### ***Operationalization***

In the previous paragraph it has been mentioned that the criteria for guidance and control can be quite similar. This is mainly because control is also made possible by the agreements which are made in advance of setting up a governance partner. Actually guidance and control are dependent on each other, measures and procedures are needed to allow guidance in order to realize the intended policy goals. But what is exactly meant by control in the context of this study? Control is mainly about information flows and data collection. There are several agreements made (for example to create guidance possibilities), such as provision of information, division of roles and responsibilities and it is important that these agreements are fulfilled. If this is not the case, it will be difficult for the municipality to intervene and also supervise a governance partner. So, it can be said that this part of the governance aspect ensures that guidance and supervision is made possible. Control is not only focused on information and data collection, another part of control pays attention to the continuity of the governance partner, the financial organization and risk management. Control briefly summarized is mainly about data collection and intervention. What information we get? Is this information complete? And how can this information be used? This governance aspect requires that there is within the municipality people with knowledge and expertise to respond and handle in a good way with the information they get.

### **2.3.3 Supervision**

The third element of the government governance model is supervision. According to Finance (2000, p. 17), the purpose of supervision is to establish whether policy objectives are actually being achieved, providing, if necessary, opportunities to make adjustments. Supervision is essentially about rules, tasks and responsibilities. The supervisor in this context is the one who fills the supervisory role from the board of mayor and aldermen towards a governance partner and in that capacity sitting in an governing board or General Meeting of Shareholders. Since there are different forms of governance partners,

supervision will each time may have a different shape. To keep proper supervision, it is important to also capture on paper the roles and responsibilities of supervisors. As a supplement the council may adopt a policy<sup>24</sup> on the representation of members the board of mayor and aldermen in the governance partners. For major decision-making processes, the aldermen, depending on the nature of the decision to be taken mostly go back to the board of mayor and aldermen and the council. Kilic-Karaaslan and Voets (2014, p. 18) state, that there is often not a clear criteria for determining the appropriate escalation level (for situations with major decision-making processes). Aldermen regulate this on the basis of political sensitivity and experience.

### ***Operationalization***

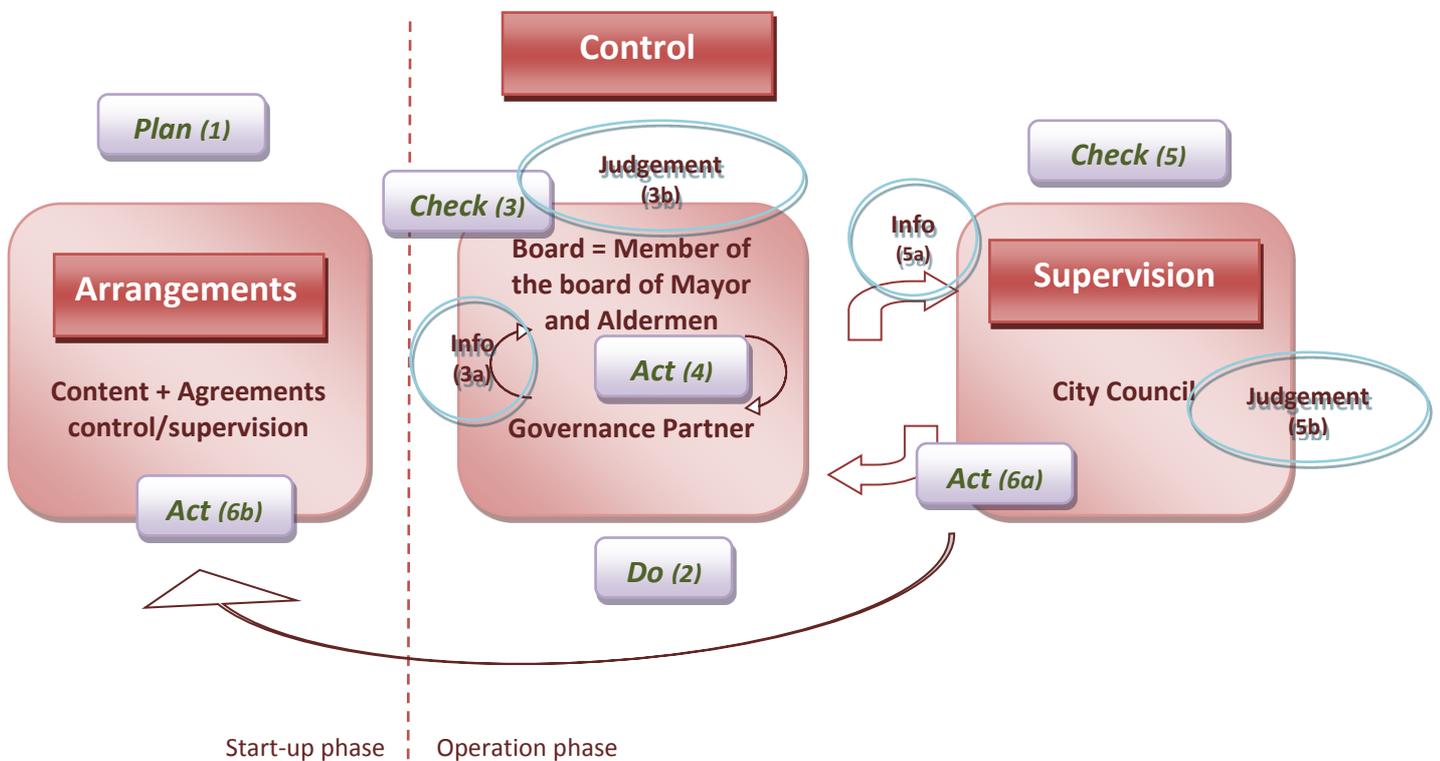
In order to gain more understanding of the concept of supervision, it is useful to see what it entails and what is covered by this concept. Like for guidance and control also for supervision, the base is to work with clear agreements. Only if there are clear agreements the municipality can fulfill its supervisory role. Supervision is needed to check whether the governance partner sticks to his commitments. It may be that confusion can occur between the concepts of control and supervision. For this study it is important to give a clear separation for the two concepts. Control is mainly aimed at “checking”, supervision is the next step whereby the municipality can or must “act”. In this governance aspect the council can exert influence. Like mentioned before, the council can set frameworks and can supervise the board of mayor and aldermen when it is executing tasks. The council therefore holds is as a supervisor overseeing the board of mayor and aldermen. Through this way, the council can influence different aspects of a governance partner. Besides this, the aspect of supervision also covers instruments which can be used to act as a supervisor.

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<sup>24</sup> Een gedragslijn

## 2.4 A New Model

The theory of government governance offers many insights to understand how the different elements of governance are in relation with governance partners. But it still seems difficult to translate these elements and aspects to the practice. This is also clearly noticeable when documents from different municipalities dealing with governance partners are analyzed. The three elements (guidance, control and supervision) which are used in this study, have for example in various other studies a different interpretation. To indicate clearly the whole process around governance partners again, there is in this study developed a new process model. This process model clearly shows how the process around governance partners takes shape from the beginning to the end. The process model is shown below:



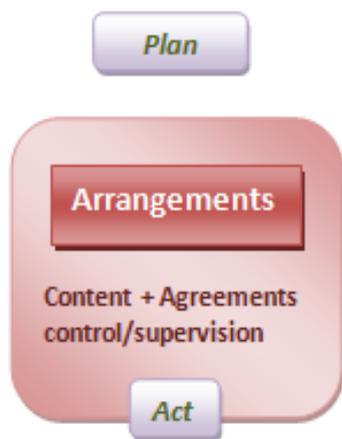
**Figure 7: New process model governance partners**

This process model is set up in the framework of this study, so the whole process is targeted at municipal level. In addition, in the process model the elements of governance are also added. The theory that has been discussed so far, is therefore brought together in this model and it is also combined with PDCA cycle. The PDCA cycle can be used to control the process. Deming (1989) describes this cycle to achieve targets. The PDCA cycle exist of four components namely, plan, do, check and act. The first phase is the planning phase. In this stage a plan is developed with the results you to achieve and how

you want to do that. The second phase (do) is the execution phase. In the do-phase all operational activities of the process are executed. The approved plan of the first phase is the starting point. The third stage is the check phase, which means that the plan or the method, which is used, is evaluated. It is also the phase to compare actual results with results that were planned. The final stage is the act phase, the process owner can now intervene and take action, to achieve the originally planned results. Initially this PDCA cycle is used for business operations and not so much in the public sector. But in the context of this research, it can be used to organize and clarify the process of governance in relation with the governance partners.

At first glance this process model may look complicated and there may be a need for more explanation. In order to meet this need, the components of the model are explained one for one. A distinction is made among three phases.

### Phase 1 (Start-up Phase):



Start-up phase

The first step in this process model falls within the start-up phase. In this first step it is all about setting arrangements. As already mentioned, the agreements made with the governance partners are essential in the collaboration. In this phase of the process it is crucial to have clear arrangements for control and supervision. With these arrangement the municipality can set the conditions for future implementation. It is important to know that in this phase the focus is really on the agreements recorded on paper. It can be noticed, that guidance is not mentioned as a governance aspect in this model. Guidance is quite a broad concept and it often leads to confusion. To avoid confusion, there is in this study chosen to understand guidance as 'plan'. This makes the distinction between the different aspects more clearer. So, act can be understood as adjusting the process, intervening in the process or taking actions in the process. In this part of the process the council has a number of tools and instruments to

exert influence. These are all formal instruments. The first instrument is information. The city council bases its act opportunities on the information he receives. According to Rob de Greef and Stolk (2015, p. 32), usually there can be made some 'fixed information products', in the creation of a cooperation and this could be requested by the council. These various information products can be seen in the following table;

Regular information	With this information the city council can follow the doings of the board of mayor and aldermen.
Declaration of intent	It is administratively pronounced why cooperation is needed and how the development is shaped.
Strategic reconnaissance	Business plan; feasibility study, in which the strategic perspective for cooperation is outlined (substantive, legal, financial and organizational contours).
Directing decision	Information about along which lines the cooperation take shape.
Final decision	In this decision it is decided which content, legal, financial and organizational forms the cooperation will get.
Implementation plan	A plan stating how the cooperation is established in the coming period.
Concepts for the legal documents	The joint regulations, statutes, contracts, delegation and mandate decisions.

**Table 8: Information products**

*Source: (Rob de Greef & Stolk, 2015, p. 32)*

It turns out that in practice the city council not always receive these information products. For example, the council only receive the declaration of intent and then only see the final results. Based on the information obtained, the council may decide that they want to know more about the how and why of the cooperation (Rob de Greef & Stolk, 2015, p. 32). A second instrument is to call the board of mayor and aldermen to account. Because this governance aspect is not included in this study, I will not go in detail about this instrument. What is relevant to know, is that this process takes places in the usual democratic process of accountability (Rob de Greef & Stolk, 2015, p. 32). If the board on the basis of the previous two instruments will find that they need to intervene then the council has a number of tools to act. This is also the last instrument which the council can use in this first step of the process model. These have already been described previously, but be repeated again here in order to make clear this first step in the process.

1. Agree; if the council comes to the conclusion that everything has been carefully created and that the right choices are made, it can accept the joint arrangement or give permission (Rob de Greef & Stolk, 2015, p. 33).
2. 'Voorhangprocedure'; the council may wish to debate with the council or express through motions their concerns to the board of mayor and aldermen (Rob de Greef & Stolk, 2015, p. 33).
3. Amendments/request for modification; with this tool the council can amend the joint arrangement or it can ask the board of mayor and aldermen through a motion to effect a change (Rob de Greef & Stolk, 2015, p. 33).
4. Withhold permission; the council may decide not to adopt a joint arrangement or the council may withhold permission (it must then be in conflict with the law or common interest) (Rob de Greef & Stolk, 2015, p. 33).

It may also be important to mention that in extreme cases the council can formally choose to terminate the confidence in the board of mayor and aldermen, which is causing the cancellation of cooperation (unless a specific form of cooperation is required by law).

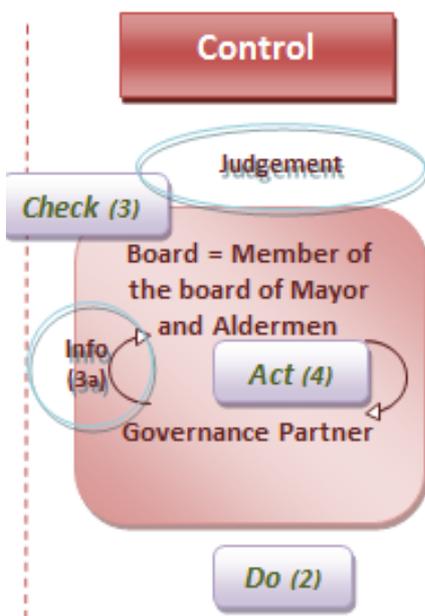
*The table below shows the criteria included those aspects of arrangements (these are based on the Law common arrangements (Wgr), Decision Budget and Accountability (BBV) and the checklists provided by (Dubbeldeman et al., 2006) and (Broer et al., 2013)*

Criteria	Model #	Governance aspect: Arrangements
#1	Plan (1)	Are the agreements on the tasks of the governance partner formalized in a contract?
#2	Plan (1)	Is there is a clear division of roles between council and board of mayor and aldermen put on paper?
#3	Plan (1)	Is the aim of the governance partner enshrined in its statutes to contribute to the goals of participating municipalities?
#4	Act (6a)	Are there agreements been made and recorded about act mechanisms, so the council can fulfill its framework-setting and supervisory role?
#5	Judgment(5b)	Are there arrangements been made and recorded about any interim evaluations between the governance partner and the supervisors?
#6	Act (6b)	Are there agreements been made and recorded on termination of participation in the governance partner?
#7	Info (5a)	Are there agreements been made and recorded about the provision of information? - when and how often the information should be provided? - to whom the information is to be supplied? - what information should be delivered with regard to the contents of the reports?
#8	Info (5a)	Are there agreements been made and recorded on the frequency and nature of consultation structure between the governance partner and the municipality?
#9	Act (6a)	Is the way in which supervision is shaped recorded in agreements? (supervision of the governance partner) - Are there clear rules about the tasks and responsibilities of supervisors? - Has the council the competence to give direct instructions during the execution?

#10	<b>Act (6b)</b>	Is it agreed that the supervisors can modify the agreements made during the collaboration?
#11	<b>Info (5a)</b>	Did the council and board of mayor and aldermen made clear agreements about the manner, frequency and content of the information received by the council from the board of mayor and aldermen (member) about the governance partner?
#12	<b>Judgment (5b)</b>	Does the council request additional information (products)?
#13	<b>Act (6b)</b>	Is the council aware of its formal instruments to intervene in the start-up phase? And are these instruments used when needed? -Voorhangprocedure - Amendments/request for modification - Withhold permission

**Table 9: Governance aspect: Arrangements**

**Phase 2 (Operation Phase):**



The second phase is more complex than the first one. In this phase, the governance aspect control is discussed. This is also the phase where the governance partner executes its activities. That is also the explanation for the term ‘do’ of the PDCA cycle. So that is actually used for performing the activities. The municipality is usually represented by a member of the board of mayor and aldermen on the board of a governance partner, which is also the starting point of this model. Because this member is a part of the board of the governance partner, it is also the one that has the information. This is information about the state of affairs within a governance partner, this can be financially but also about the policy objectives. On the basis of the information that a member

of the board of mayor and aldermen (who has the role of a director) receives, he/she can form a judgement. The info and the judgement together is the aspect of ‘check’ from the PDCA cycle. Very important is that this ‘check’, is not a check that comes from the municipality. This situation clearly shows the ‘double-hatted position’ problem. The member is a representative of a municipality, but is

also a director of a governance partner. In practice, the member in the governance partner, firstly should contribute to the objectives of the governance partner. So this check is an internal check within a governance partner when the member performs his duties as a director, this also applies to the act. As a member of the board of mayor and aldermen (which is active in the governance partner), forms the judgement that something has to change, he or she can act as a director. So this member does not have to act on behalf of the municipality, he or she can also act seen from its duties and function as a director. The city council of the municipality has in this phase little or no influence. The council is very dependent on the member who is also the municipal representative. The member of the board of mayor and aldermen which also functions as a representative is then also the one that gives information to the city council about the situations of the governance partner. In the model this is the 'info' that leads to the third phase, together with the legally required information which must be provided for the council and the information products agreed on in the first phase. An important question is how correct and complete this information is. The city council receives information from a representative who has the main goal to contribute to the objectives of the governance partner.

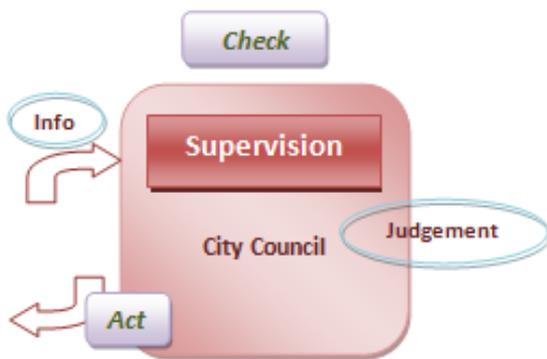
*The table below shows the criteria included those aspects of control (these are based on the Law common arrangements (Wgr), Decision Budget and Accountability (BBV) and the checklists provided by (Dubbeldeman et al., 2006) and (Broer et al., 2013)*

Criteria	Model #	Governance aspect: Control
#1	Info (3a)	Is the governance partner reporting about the execution of their tasks to the member of the board of mayor and aldermen? (if yes, #2)
#2	Info (3a)	Receives the representative of the municipality periodic reports regarding: <ul style="list-style-type: none"> <li>• Realization of the policy objectives</li> <li>• Performance agreements</li> <li>• Realization versus budget</li> </ul>
#3	Info (3a)	Are these aspects reported? <ul style="list-style-type: none"> <li>• Financial information</li> <li>• Operational information</li> <li>• Indicators on management and performance</li> </ul>
#4	Judgment (3b)	Are there evaluation meetings on the basis of the reports?
#5	Act (4)	Does the member of the board of mayor and aldermen, as a member of the board of a governance partner, act in behalf of the municipality he/she is representing?

#6	Act (4)	Can the municipality through its representative carry out instructions from the council within the governance partner?
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Table 10: Governance aspect: Control

**Phase 3 (Operation Phase):**



The last part of the model is focused on supervision. It is not always clear yet who has the role of a supervisor. In several documents published by municipalities, the representative (mainly members of the board of mayor and aldermen) of the municipality in the governance partner is given the role of supervisor. In practice, it seems that this can cause several problems. Most of these problems are related to the fact that the representative must prioritize the governance partners interests. And this leads again to the ‘double-hatted position’ problem. Therefore, in this model it is chosen

to appoint the city council as the supervisor. This fits also within the controlling and framework-setting role of the city council. As can be seen in the model, the city council receives information from the governance partner. This information, which the city council receives, as already mentioned, is mainly through reports and consultation platforms. When the city council has received all the information, they can review this information and form a judgement. This judgement is based primarily on the first phase of the model, the arrangements. During the judgment the city council will examine whether the agreements, which are made in the plan phase, are fulfilled. This process, where the council gets the info and form a judgement, is the ‘check’ which is implemented in this phase. If the city council, after the check, reaches the decision to intervene then we can call this act. This is actually the only direct way for the city council to act and intervene in a governance partner.

The table below shows the criteria included those aspects of supervision (these are based on the Law common arrangements (Wgr), Decision Budget and Accountability (BBV) and the checklists provided by (Dubbeldeman et al., 2006) and (Broer et al., 2013)

Criteria	Model #	Governance aspect: Supervision
#1	Info (5a)	Does the information received by the council deals with (possible) administrative and financial risks?
#2	Info (5a)	Does the information the council receives made clear how municipal objectives are realized by the governance partner?
#3	Info (5a) Judgment (5b)	Do the supervisors have (or get) the right information to check?:  Does the council receives the agreed information? Does the council receives the right information to form a judgment?
#4	Judgment (5b)	Is it evaluated whether the activities of the governance partners are carried out within the frameworks of the policy?
#5	Judgment (5b)	Is there a segregation of functions within the civil service of the municipality between the one who works for the governance partner (in the context of the policy) and those who form judgments about the reports?
#6	Judgment (5b)	To what extent are offered data by the governance partner checked for accuracy and completeness?
#7	Act (6a)	Are the supervisory mechanisms for intervention actively used when objectives are not reached?  - do the supervisors take corrective actions? - do the supervisors carry out sanctions in the governance partners? - do the supervisors approve annual reports <sup>25</sup> and budgets?
#8	Act (6a)	Does the council know what the exit opportunities are? And do they use it when it is needed?

**Table 11: Governance aspect: Supervision**

<sup>25</sup> Jaarrekeningen

## Section 3: Methodology

### 3.1 Research Design

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In order to answer the research question of the study, a qualitative design will be used. Qualitative research, according to Babbie (2010, p. 394), is the non-numerical examination and interpretation of observations, for the purpose of discovering underlying meanings and patterns of relationships.

The specific design of this study is descriptive. Such a design helps to provide answers to the questions of who, what, when, where, and how associated with a particular research problem. A Descriptive research design is used to obtain information concerning the current status of the phenomena and to describe "what exists" with respect to variables or conditions in a situation (USCLibraries, 2008).

### 3.2 Case Selection

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In this part attention will be paid to the cases that have been selected to conduct the study and the criteria that are used to select them. According to Seawright and Gerring (2008, p. 296), case selection in a case study research has twin objectives; that is, one desires (1) a representative sample and (2) useful variation on the dimensions of theoretical interest. The cases in this study consist of the governance partners of the municipality of Enschede. This is a very diverse group, with different legal forms. Regularly, the vision is lacking on how many and which governance partners are present. In this part of the investigation it is tried to give an overview of the governance partners of the municipality of Enschede. This overview has been formed on the basis of Program Budget 2017-2020 of Enschede. This overview can be seen in appendix II.

There are several case selection methods. Seawright and Gerring (2008), have presented seven case study types. The case selection strategy which is being used in this research is the diverse case method. This selection strategy has as its primary objective the achievement of maximum variance along relevant dimensions (Seawright & Gerring, 2008, p. 300). The selection of the cases of governance partners has been informed by the logic of purposeful sampling, where the researcher has selected cases on the basis of their usefulness and diversity (Babbie, 2010, p. 184). The main goal of the case selection process was to obtain a variety between the cases, in terms of the criteria.

In order to come to a selection, there is a two-stage strategy used. This is a strategy in which the procedure of selection consist of two parts. During the **first** part, some of the governance partners are excluded, this concerns partnerships which are not (or not longer) relevant for this study. Here are

governance partners included which will be or is shut down in accordance with the Program Budget 2016-2019. These partners are for example; CBL Vennootschap, Enschedese Ontwikkeling, Verkoop Vennootschap, Publiek Belang Electriciteitsprocedure and Enschedese Zwembaden. In addition, in the first-stage also decided not to include these governance partners in the study; Vordering op Enexis, CSV Amsterdam en Bank Nederlandse Gemeenten. These are governance partners that have been arisen because of financial reasons, and who have no value for the subject of this study.

The next step, the **second-stage**, is to select governance partners on the basis of certain criteria. First of all, it is strived for diversity in the context of the legal forms of the governance partner. A second criterion was the availability of the regulations and statutes. All governance partners have a statute or a joint arrangement, but these seem not always easy to find. Many of these governance partners have existed for years, and the statutes and joint arrangements are then somewhere in the archives of the municipality. Due to the lack of time for this research, it was not feasible to search the archive of the municipality. All joint arrangements were available on the internet, for other statutes I received help from the colleagues of the municipality of Enschede. With this I had a large number of governance partners' statutes and joint arrangements. For the governance partners, which I did not have these statutes, are not selected as case. Thirdly, there is also examined to what extent a governance partner may be interesting for research for the municipality of Enschede. During this last point, cases were selected in consultation with the municipality of Enschede.

The following governance partners have been selected for this study:

Form	Name
Joint Arrangements	<ul style="list-style-type: none"> <li>• Stadsbank Oost-Nederland</li> <li>• Regionaal Bedrijventerrein</li> </ul>
Private limited company	<ul style="list-style-type: none"> <li>• Onderhoud Enschede</li> </ul>
Public limited company	<ul style="list-style-type: none"> <li>• Twente Milieu</li> <li>• Twentse Schouwburg</li> </ul>

### 3.3 Data collection

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Qualitative research is aimed at obtaining in-depth information, while quantitative research is focused on obtaining numerical information (Babbie, 2010, p. 394). Because this study is a qualitative study, I will use qualitative data collection methods. In the process of collecting data, I will use existing

data but I will also collect original data. So this means that two methods of data collection will be used in this study; desk research and interviews. For sub questions 1 and 2 data is used that is derived from the document analysis. For sub questions 3 en 4, the data is collected by interviews and document analysis.

### **3.3.1 Desk Research**

The data collection process also involved the analysis of the governance partners' and the municipality's policy documents. Documents such as strategy plans, annual reports, covenants, legislations and contracts will be analyzed. In addition, also laws and regulations (municipal law, law common arrangements) and some other studies about partnerships were studied. This analysis can provide a source of additional information about the purpose, activities, evaluation and governance aspects of the governance partners.

To be able to find relevant information the current state of the governance partners and how the municipality shapes the governance of this partners I need to examine several documents. With a document analysis is it also possible to look at the provision of information received by the council of Enschede in recent years.

For the document analysis the following documents have been used:

- Statutes/Joint arrangements of the governance partners
- Municipal budget en annual reports (from 2016/2017)
- Council and committee reports
- Policy documents of the municipality

### **3.3.2 Interviews**

The second method to collect data for this study is through interviewing. Interviewing is a method of data collection in which individuals are subjected to a series of questions which are then recorded, written or digital (Johnson & Reynolds, 2011). In order to collect original data for this research, it is necessary to conduct interviews. It can also be important to conduct interviews because not all the information may be present in documents. For this study I will make use of semi-structured interviews with councilors of the municipality of Enschede, so I can capture a deeper understanding about how the councilors experience the governance aspects relating to governance partners. Motivation to use in this study the semi-structured interview method is that this method is well suited to identify individual perceptions of a problem or phenomenon. This method also gives the informants the freedom to express their views in their own terms and allows a two way communication. According to Harrell and Bradley (2009, p. 27) semi-structured interviews are often used when the researcher wants to delve deeply into a topic and to understand thoroughly the answers provided. And this is why semi-structured

interviewing fits this study, because some questions are created during the interview and this allows the interviewer and the person being interviewed the flexibility to look into details or discuss issues.

Furthermore semi-structured interviewing requires a guide with questions and topics that must be covered, because of the flexible character of the method it carries the danger of missing important aspects. The role of the interviewer is important, because not all questions are designed ahead of time.

It is crucial for the interviewer to be well prepared. Babbie (2010) points out several guidelines for interviewing that are essential.

One of this guidelines is to choose neutral wordings, because the way you use words can have influence in the answer you get. A second issue is about the right follow-up questions. According to Babbie (2010, p. 277), sometimes respondents will give an inappropriate or incomplete answer. In such situations probing is a key element. *“This is a technique employed in interviewing to solicit a more complete answer to a question, it is a nondirective phrase or question used to encourage a respondent to elaborate on an answer”*(Babbie, 2010, p. 277). Babbie (2010) mentions more of these guidelines, other examples of these guidelines are; make topics clear. A strategy could be that the interviewer first asks general questions and pose follow-up questions with a higher level of specificity. Finally, Babbie (2010) warns for double-barreled questions (questions that have multiple parts with multiple possible answers).

The different concepts under study and the criteria are used as a checklist of topics to be discussed. A list of questions regarding the different topics of the interview is generated, but whenever an interviewee brings up a relevant interesting topic that is not covered by the interview questions I will ask follow-up questions. During the setting up of the interview questions the guidelines of Babbie (2010) are taken into account.

An overview of the interview questions can be found in appendix III (in Dutch)

### ***Interviewees***

To answer the research questions of this study is besides the document analysis also the information from the interviews of importance. Not all the information that is required to answer the questions of this study are present in documents. To capture this information, interviewees are asked. Another reason is that interviewees, can be used in order to interpret the data found in the documents. By asking questions to interviewees, I can get better and deeper understanding. However, a disadvantage of this method can be the reliability because I will ask for their views on some topics and this is always subjective. With the techniques I mentioned before, I tried to reduce this threat to reliability.

The interviewees are the councilors of the municipality of Enschede. Enschede has 39 councilors and it is not feasible, due to lack of time, to interview all of them. The starting point for selection was first of all

to have a diversity in political background of councilors. The municipality of Enschede has 10 political parties, and all these political parties may have different views on issues related to governance partners. In order to capture all different views, it was decided to interview 1 councilor from each political party. A second selection was to select interviewees which have sufficient knowledge on the topic, this will also increase the reliability and validity. Through email are all party chairman's contacted and asked if they (1) could appoint a person within their party that is best-informed about the issues around governance partners and if they (2) wanted to participate in the interviews. The table below shows which parties have participated the interviews.

Participant	Name	Political party	Approached by:	Interview date:
	Braber, M.	D66	Personal mail	24 October 2016
	Van der Aa, E.	CDA	Personal mail	24 October 2016
	Van der Velde, L.	PVDA	Personal mail	26 October 2016
	Overink, B.	BBE	Personal mail	31 October 2016
	Kort, J.	GL	Personal mail	31 October 2016
	Broekman - Veltman, A.	VVD	Personal mail	1 November 2016
	Tekkelenburg, W.	CU	Personal mail	15 November 2016
	Van Luttkhuizen, M.	SP	Personal mail	21 November 2016
	Visser – Voorn, G.	EA*	Personal mail	26 November 2016
		OPA**	Personal mail	-

\* Interview questions are answered digital

\*\* Did not participate

### 3.4 Data analysis

Data analysis is the range of processes and procedures whereby we move from the qualitative data that have been collected into some form of description of the people and situations we are investigating (QDA, 2012). First of all, the semi-structured interviews are recorded and transcribed. According to Babbie (2010, p. 400), the key process in the analysis of qualitative research data is coding. Coding is a technique that is often used for making sense of qualitative data like interviews by transforming the data in a more standardized form. So this means that the second step in the data analysis is to use coding. Because I use criteria for each dimension, I made a checklist whereby a criterion is coupled to one or more interview questions. The checklist of topics and the list of general questions are determined by the way the concepts are operationalized.

A full overview of the checklist with the criteria and the interview questions they fit in can be seen in appendix IV.

## Section 4: Results

In this chapter the results of this study will be presented. It will start with the describing of the different cases, then the findings arising from municipal policy with regard to governance partners will be explained. Finally, the interview results and findings will be presented.

### 4.1 The governance partners

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The governance partners, who deserve special attention because they are the cases of this study, will be briefly explained below. More detailed information about these governance partners can be found in the appendix V (in Dutch).

#### Joint Arrangements

##### Stadsbank Oost Nederland (SON)

With the law municipal debt assistance <sup>26</sup>, which came into force in 2012, the municipality has the leading role in the area of debt service. The SON is a joint arrangement in which 22 municipalities participate and acts in the policy field of social security. The SON plays an important role in the implementation of the policy pursued by the municipalities for people in debt (Onderzoek, 2016, p. 1). With different partners the SON contributes to the achievement of social objectives in the social domain. In particular, the SON has the task to provide financial services to strengthen the financial resilience of households.

##### Regionaal Bedrijventerrein Twente (RBT)

The RBT was established in 2005 and aims at the realization of the industrial park and the cooperation between the parties. The RBT is intended to develop the industrial scale for the benefit of the regional demand for land plots for companies that require a lot of space. Through this objective an attempt is made to strengthen the economic structure of Twente.

#### Private limited company

##### Onderhoud Enschede (OE)

Onderhoud Enschede, the former maintenance department of the municipality of Enschede, was

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<sup>26</sup> De Wet gemeentelijke schuldhulpverlening (Wgs)

launched on March 1, 2016 as an independent company. The OE is commissioned by the municipality of Enschede for maintenance and construction of public space (O. Enschede, 2016). This includes also the work activities on the three municipal cemeteries. In addition, Onderhoud Enschede BV makes an important contribution to the current labor market objectives of the municipality of Enschede, because 60% of its staff consists of target groups like mentioned in the labor market objectives of the municipality of Enschede.

### **Public limited company**

#### Twente Milieu

Twente milieu is a public limited company working for seven municipalities of Twente. The initial task is the collection of household waste. This core task has been expanded with the management of waste flow and management of public spaces. Additionally Twente Milieu also gives advice on municipal policy and makes a contribution to environmental awareness and sustainability objectives in the region (Milieu, 2016).

#### Twentse Schouwburg

The aim of this governance partner is the exploitation and management of occasions for the performing arts and other entertainment as well as the exercise of a catering company. Twentse Schouwburg is an important cultural facility for the municipality of Enschede and surroundings. The company operates four buildings with six podiums in the center of Enschede (Wilminktheater, 2016). The organization also provides an opportunity for celebrations, parties and conferences.

## **4.2 Municipal policy**

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### **4.2.1 Policy Governance Partners**

A policy which deals with the governance partners was for the first time adopted in 2010 by the city council. This policy framework was prepared in response to the Financial Regulation of the municipality from 2009, in which it was stated that once in 4 years a note governance partners had to be offered to the city council.

Currently the policy of the municipality of Enschede regarding to governance partners can be found mainly in the 'Policy Governance Partners 2015'. This new policy framework is adopted by the city council in 2015. In this new policy framework, the rules for entering a new governance partner explicitly mentioned, which was not the case in the 'Policy governance partners 2010' (G. Enschede, 2015b, p. 92).

In addition, this policy framework includes assumptions regarding to governance partners and criteria for deciding to participate in a governance partner. In this framework it is also formulated what form a governance partners should take. The policy governance partners 2015 is broadly divided into three phases; establishment phase, control phase and evaluation and termination phase.

While studying the policy governance partners 2015 it is noted that:

- The policy governance partners 2015 states that the roles of shareholder and principal are separated. This looks specifically at shareholder in public limited companies and private limited companies. This separation you could also put on the representation in the executive board (DB) and governing board (AB), in order to prevent a double-hatted position. Currently, the board of mayor and aldermen represented in the executive and governing board by the same alderman. This brings the risk of conflicts of interest with it and may provide ambiguous situations for councilors.
- The policy governance partners provides little or no options to intervene on practical considerations, because it is not clear on what grounds (criteria and/or weighting) choices can be made.
- A component of the control phase is the supervisory framework, but the roles and responsibilities of the council and the board of mayor and aldermen are not described. It may be helpful to clarify the roles and responsibilities of the board of mayor and aldermen and council in this supervisory framework. Regarding to the council the roles and responsibilities could be mentioned as defined by the law. To make it more explicit, an act perspective could be formulated that fits a certain role.

#### **4.2.2 Paragraph Governance Partners**

The paragraph governance partners in the municipal budgets and annual reports is one of the key instruments in the management and control of the governance partners. From the program budget 2016-2019 (September 2015) the paragraph governance partners gets a new structure. According to (G. Enschede, 2015a, p. 18) is the old current structure of the paragraph no longer appropriate to achieve the target for an abridged budget presentation. This new structure of the paragraph governance partners, also meets the requirements of the Decision Budget and Accountability (BBV) about governance partners. Second, the new structure should also meets the desire of the council to highlight the public interest of the governance partners. With this updated paragraph governance partners the council obtains the most important information on the governance partners and unnecessary information is omitted. The paragraph governance partners shall consist of the following components: (1) Policy intentions concerning governance partners, (2) Control governance partners and (3) list of

## governance partners

While studying the paragraph governance partners it is noted that:

- In the program budget 2016 – 2019 and program budget 2017 – 2020 the new format of the paragraph governance partners is applied, all three components (like stated in the 'Policy governance partners') are in both budgets presented.
- The new format should also highlight the public interest of governance partners, in the program budget 2016 – 2019 these public interests for each governance partners are outlined. It is notable that the program budget 2017 – 2020 is missing these public interests. This is remarkable because it was precisely the desire of the council to highlight the public interests of the governance partner.
- In the program budget 2016 – 2019, the public interest, like mentioned before, are included, but it lacks the (statutory) objectives of the governance partners. This has the consequence that the paragraph governance partner does not provide a complete overview of the objectives to the councilors.
- The program budget 2017 – 2020 has the paragraph governance partners which has included the (statutory) objectives, but these objectives are not always clear and well defined.

### 4.3 Findings, measured against the criteria

In section 2, criteria have been developed that deserve attention in the assessment of the governance aspects. The findings for each criterion are described below, these findings are based on the interviews and analyzed documents. A more detailed overview is given in appendix VI.

The symbols below show the extent to which the criteria are met:



Realized



Not realized



Limited achieved



Largely achieved

#### 4.3.1 Arrangements

Score	Criteria	Findings
	Are the agreements on the tasks of the governance partner formalized in a contract?	<ul style="list-style-type: none"> <li>The tasks of the governance partners are defined in statutes/joint arrangements</li> </ul>
	Is there is a clear division of roles between council and the board of mayor and aldermen put on paper?	<ul style="list-style-type: none"> <li>There is no clear division of roles put on paper</li> </ul>
	Is the aim of the governance partner enshrined in its statutes to contribute to the goals of participating municipalities?	<ul style="list-style-type: none"> <li>This is enshrined in the statutes, but the contribution could be described clearer</li> </ul>
	Are there agreements been made and recorded about act mechanisms, so the council can fulfill its framework-setting and supervisory role?	<ul style="list-style-type: none"> <li>Opinions are divided, but the role as supervisor turns out to be more difficult to fulfill</li> </ul>
	Are there arrangements been made and recorded about any interim evaluations between the governance partner and the supervisors?	<ul style="list-style-type: none"> <li>There are no arrangements about evaluation sessions between the governance partner and the supervisors</li> </ul>
	Are there agreements been made and recorded on termination of participation in the governance partner?	<ul style="list-style-type: none"> <li>For the joint arrangements the termination is regulated and for the companies there is an option for sale of shares</li> </ul>
	Are there agreements been made and recorded about the provision of information? - when and how often the information should be provided? - to whom the information is to be	<ul style="list-style-type: none"> <li>There are agreements for the provision of information. It is notable that these agreements are better organized for joint arrangements than for companies.</li> </ul>

supplied?  
- what information should be delivered with regard to the contents of the reports?



Are there agreements been made and recorded on the frequency and nature of consultation structure between the governance partner and the municipality?



Is the way in which supervision is shaped recorded in agreements? (supervision of the governance partner)  
- Are there clear rules about the tasks and responsibilities of supervisors?  
- Has the council the competence to give direct instructions during the execution?



Is it agreed that the supervisors can modify the agreements made during the collaboration?



Did the council and the board of mayor and aldermen made clear agreements about the manner, frequency and content of the information received by the council from the board of mayor and aldermen (member) about the governance partner?



Does the council request additional information (products)?



Is the council aware of its formal instruments to intervene in the start-up phase? And are these instruments used when needed?  
- Voorhangprocedure  
- Amendments/request for modification  
- Withhold permission

When and what information should be provided is clear, but to whom and how is sometimes unclear

- There is not an agreement about a consultation structure between the municipality and the governance partner
- In the statutes and regulations it is not recorded in which way supervision is shaped. There are no clear rules about the tasks and responsibilities of supervisors
- For each governance partner it is recorded that there is a possibility to modify the agreements. But, this turns out to be very difficult in practice
- 5 of the 9 interviewees indicate that the agreements are clear and that they feel they get enough information. Provision of information is getting better between the council and the board of mayor and aldermen, but it can still be improved
- Difficult to assess, it depends on the individual councilor. If council feels the need, then they request additional information
- Most of the councilors are aware of the formal instruments (6 out of 9), but it deserves more attention. Because this gets little attention with in the city council

## Conclusion

If a governance partner has been set up and a municipality takes part, the need may arise to give guidance to the governance partner. In order to provide guidance, it is important to beforehand make proper arrangements. If we look at the extent to which the city council uses the frameworks (policy

governance partners) for governance partners and to the question whether a decision to enter into a governance partner is subject to a specific assessment framework<sup>27</sup>, it has been noticed that these documents are limited examined. A large part of the councilors interviewed, have indicated that they know of the existence of policy documents about governance partners, but they are not aware of the exact content. They look often to the circumstances of the case. The interviews also revealed that due to the lack of time and the lack of knowledge the councilors do not know all budgets and annual reports of the governance partners, with as result that guidance of a governance partner is more difficult. The interviews have shown that not all governance partners are known for councilors. Also has been found that councilors do not have, in most cases, direct contact with governance partners. If councilors need extra information, this goes mainly via the responsible alderman.

Another obstacle in the guidance, according to the interviews, is the position of the city council during the decision process. Based on the governance structure of companies, the shareholder is usually the last governing body that should make a judgment on a proposal from the executive. Actually, this means that in the process from the design of a proposal to advice or approval of the board of directors there are already taken a few decisions before the general meeting of shareholders have participated in any proposal. The position of the shareholder at the end of the process (especially for decision processes of company's), ensures that the council gets the feeling that the guidance options are limited. During some interviews it is expressed that the municipality would like to be involved earlier in the process of decision on a proposal, so it can exert more influence on the final proposal.

There is also an interesting point which focuses mainly on the instruments themselves. At least two interviews have shown that by a deviant behavior of a director of a governance partner the option to dismiss a director or to suspend or to say no trust is not used by the councilors because of the heaviness of the instruments. On this basis it can be carefully stated that there is a demand for more flexible instruments to correct a board of a governance partner in implementing policy.

### 4.3.2 Control

Score	Criteria	Findings
	<p>Is the governance partner reporting about the execution of their tasks to the member of the board of mayor and aldermen ? (if yes, #2)</p> <p>Receives the representative of the municipality periodic reports regarding:</p> <ul style="list-style-type: none"> <li>Realization of the policy</li> </ul>	<ul style="list-style-type: none"> <li>The member of the board of mayor and aldermen is a member of the executive or governing board (or both), this means he will be kept informed</li> <li>*</li> </ul>

<sup>27</sup> Afwegingskader

	objectives	
	<ul style="list-style-type: none"> <li>• Performance agreements</li> <li>• Realization versus budget</li> </ul>	
	Are these aspects reported?	• *
	<ul style="list-style-type: none"> <li>• Financial information</li> <li>• Operational information</li> <li>• Indicators on management and performance</li> </ul>	
	Are there evaluation meetings on the basis of the reports?	• No, there are no evaluation meetings
	Does the member of the board of mayor and aldermen, as a member of the board of a governance partner, act in behalf of the municipality he/she is representing?	• There is no certainty about it, but most councilors (5 of 9) assume that this is happening. There is no clear insight into this
	Can the municipality through its representative carry out instructions from the council within the governance partner?	• The council can give the representative a command, which he/she may submit to the board of the governance partner

**\* There are no findings for these criteria. These criteria deal with the provision of information between the governance partner and the representative (member of the board of mayor and aldermen). Because this study mainly focuses on the role of the city council these criteria are not included in this study.**

## Conclusion

If a governance partner has been set up, the progress of implementation should be controlled. Provision of information plays an important role. The municipality of Enschede has elaborated these requirements about the provision of information in the policy governance partners 2015. The council gets informed about governance partners in general by annual reports, so this means that the content of, for example, the paragraph governance partners is indeed important. But the focus of the information in this paragraph is mainly focused on financial aspects and this is quite limited. Councilors who just read this paragraph governance partners, miss a lot of information. There are no visions or policies outlined in this paragraph about governance partners and if you as a councilor want to control a governance partner, you will also need such sort of information.

The interviews with councilors also shows that in general little attention is paid by councilors to governance partners as long as it goes well. The city council could organize information sessions on the implementation of the policy by a governance partner, but the interviews has shown that type of evenings are not organized.

Another discussion point could be the double-hatted position. The board of mayor and aldermen is the link between the city council and the governance partner. The alderman is involved in a governance

partner as a principal and as owner. This means that the aldermen on the one hand, is the director of the governance partner and on the other side is he responsible for the implementation (of municipal policy). This could lead to unclear situations for the governance of a governance partner. In a governance partner where many municipalities are participated in, is the ability to influence limited, because the voice of the municipality is one the many. If a municipality wants to achieve results, than additional efforts are required. Some of the councilors told in the interviews that municipalities can form coalitions to get a bigger voice.

### 4.3.3 Supervision

Score	Criteria	Findings
	Does the information received by the council deals with (possible) administrative and financial risks?	<ul style="list-style-type: none"> <li>Opinions are quite divided. Information about risks is becoming better, but it needs to be tightened further</li> </ul>
	Does the information the council receives made clear how municipal objectives are realized by the governance partner?	<ul style="list-style-type: none"> <li>5 of the 9 interviewees indicate that the information received does not clarify the municipal objectives</li> </ul>
	Do the supervisors have (or get) the right information to check?:  Does the council receives the agreed information? Does the council receives the right information to form a judgment?	<ul style="list-style-type: none"> <li>The information is obtained. But difficult to form a judgment, because the organization is not (good enough) known by councilors and because there is not always enough insight into the service of the governance partner</li> </ul>
	Is it evaluated whether the activities of the governance partners are carried out within the frameworks of the policy?	<ul style="list-style-type: none"> <li>No, it is not checked if the activities are within the frameworks of the policy</li> </ul>
	Is there a segregation of functions within the civil service of the municipality between the one who works for the governance partner (in the context of the policy) and those who form judgments about the reports?	<ul style="list-style-type: none"> <li>Yes, but this is not always clear to everyone. This segregation could be described more clearly (for example in the 'policy governance partners')</li> </ul>
	To what extent are offered data by the governance partner checked for accuracy and completeness?	<ul style="list-style-type: none"> <li>This is based on the audit report</li> </ul>
	Are the supervisory mechanisms for intervention actively used when objectives are not reached? - do the supervisors take corrective	<ul style="list-style-type: none"> <li>Yes, if needed the council uses their supervisory mechanisms. But it is very</li> </ul>

	<p>actions?</p> <ul style="list-style-type: none"> <li>- do the supervisors carry out sanctions in the governance partners?</li> <li>- do the supervisors approve annual reports and budgets?</li> </ul>	<p>difficult to take corrective actions as one of the participants in a governance partner</p>
	<p>Does the council know what the exit opportunities are? And do they use it when it is needed?</p>	<ul style="list-style-type: none"> <li>• Opportunities are not clear for all councilors, but they indicate that exit is most of the time very difficult</li> </ul>

**Conclusion**

The primary source for supervisors to base their judgment are the annual reports. In the majority of the cases the targets are based on the objectives as it is stated in the statutes or regulations of the governance partner. As previously mentioned, the information which the council receives is mainly on finances. The focus on the financial situation of a governance partners is because it is difficult to classify other risks. In addition, the municipalities are dependent on the management of the governance partner. Some of the councilors stated then also that it is difficult to supervise the governance partners with the information they get. If there are no financial shortages, there is not much attention. However, it should be noted that the council pay more attention in certain governance partners because of the previous incident in the past. Furthermore, it was striking to notice that some councilors do not even have the need to supervise, because according to them, this was the task of the board of mayor and aldermen. Another interesting point for the provision of information is that councilors have indicated that they do not want to be informed in the same amount for each governance partner.

Like mentioned earlier there are also other types of risks than financial risks, for example for a governance partner as SON (Stadsbank Oost-Nederland), it is of great importance that the quality of service is in order and that supervision is properly carried out by governance partners like Twente Milieu with an environmental issues, to avoid calamities. For many councilors these risks are unclear, because there is too little insight into these risks. These risks are also often not found in the information which councilors receive.

The interviews and the document study also reveals that a periodic evaluation of the governance partners is lacking. With periodic evaluations it can be ascertained whether targets are achieved, or if a governance partner is still the best way to achieve the goals and whether the partnership (modified or not) should be continued. Due to the absence of the evaluations there is little to no insights into whether the goals are achieved. The council members have indicated in the interviews that there is a need for periodic evaluations and these evaluations should not only be focused on operational management but also on the policies and municipal objectives that are realized.

## Section 5: Conclusion

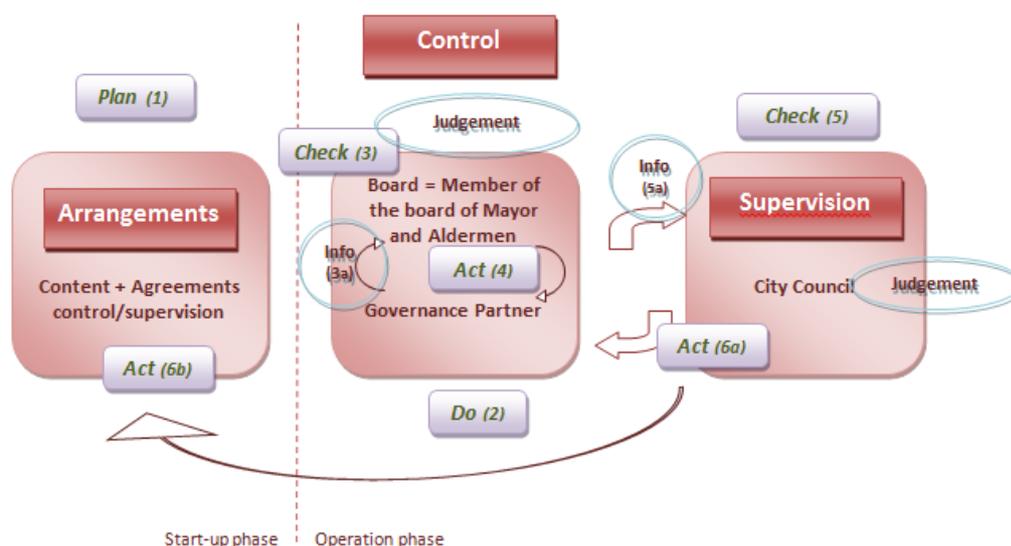
This section will draw a conclusion based on the research findings and I will answer the sub questions and main research question of this master thesis. This master thesis had the aim to provide insight into the role of the city council of Enschede in the guidance, control and supervision with respect to the governance partners. First, the sub questions are answered:

### *1. Which governance partners has the municipality of Enschede? And what is the municipal interest?*

The municipality of Enschede has 21 governance partners. This is a very diverse group, with different legal forms. Forms that occur are joint arrangements, public limited company's, private limited company's, a cooperative and a foundation. In all these governance partners, the municipality has administrative and financial interests. But also an important interest is the substantive interest. Substantive interest is therefore concerned with the realization of the municipal policy with the public interest involved.

### *2. In what way does the municipality of Enschede shape the governance of its governance partners?*

In this study the three aspects of governance, guidance, control and supervision were examined. It turned out that it is difficult to translate these aspects to the practice. There is overlap between the aspects and there are different interpretations of these aspects. To indicate clearly the way the municipality of Enschede shapes the governance of its governance aspects, there is developed a new process model. This model shows how the municipality of Enschede has shaped the governance of its governance partners from the beginning to the end.



*3. What information gets the council about the governance partners and is this enabling the council to steer and control?*

The council gets informed about governance partners in general by annual reports. A large extent of the information is focused on financial aspects, whereby councilors miss a lot of other information. Because the information is limited and the amount of the information is not coordinated with the need of the councilors, it seems to be difficult for the council to steer and control the governance partners.

*4. In what way can the council improve the execution of their tasks?*

There are a number of (practical) issues found, as a result of this study, that could be improved. They are presented in section 6 on recommendations. In many cases it has to do with the provision of information. But to improve the execution of the tasks it is also important that the role and responsibilities of the city council are made more explicit. The absence of a periodic evaluation of the governance partners is also an issue to improve. With a periodic evaluation the city council has a better overview and understanding of the governance partners, which will improve the execution of their tasks.

After the sub questions are answered, the main research question can be answered. The following main research question was attempted to answer;

***What are the tasks of the council of Enschede with regard to guidance, control and supervision of the governance partners and in which ways can their execution be improved?***

Municipalities perform many task through governance partners, but cooperation with other parties means also that you as a municipality give up a part of your say. The city council is experiencing a distance between them and the governance partners and this can cause tensions with the desire of the council to keep control on what is happening on distance in a governance partner. To be and to stay as a municipality 'in control', governance is important. Governance can be defined as ensuring the consistency of the method of guidance, control and supervision of an organization. The establishment of the governance instruments are one thing, but to make good use of it, in practice is not easy. The formal establishment of agreements does not mean that they are respected. It is therefore important to not only look at how the working relationship has been formally appointed, but also how it functions in practice.

It turns out that councilors experience the information in annual report as limited. Furthermore, it is also stated that there is a lack of time and a lack of specific expertise for the guidance of the governance partners. Besides the lack of progress information, councilors also have also difficulties with instruments to take corrective actions when needed. The interviewed councilors stated that they have difficulties

with using the instruments to correct the behavior of their representative in the board of a governance partner. Mainly in the public and limited company's, the position at the end of the decisions process is giving councilors the feeling that the option for guidance is limited. Many arrangements that had to be made for a good functioning of the collaboration are made and also recorded on paper, but there is still room for improvement.

Councilors have stated that not for all governance partners it is clear what the added value of the participation is for the municipality. Some governance partners have a long history with the result that it is not more clear what the reason was to establish the governance partner. If it is also taken into account that the councilors have to do mainly with financial data, then it is plausible to argue that councilors miss some information. Control and vision by the city council is possible if they have sufficient information, insight and knowledge. Furthermore, the double-hatted position of the representative in a governance partners creates uncertainties. This has to do with the role owner/director, but this is not necessarily the same as what is good for the municipality, which also has the role of customer/principal. It is also very difficult to guide and control a governance partner in which the municipality participate with many other parties. The voice of the municipality is one the many and councilors are often dependent on the skills and abilities of their representative. One way which enables the council to exert direct influence in a governance partner is to form coalitions, but this seems to be a time-consuming process.

For the supervision of the governance partners, it can be said that it mainly is focused on the financial side. This is on the one hand caused by the supplied information, like mentioned earlier which is mainly financial, but on the other side because of the difficulty to classify other risks like administrative risks. To control and supervise the objectives of a governance partners, the councilors need a good overview. But it seems that this is sometimes lacking, especially when we look at the paragraph governance partners in which there is not always a link between the governance partner and what municipal objectives they contribute with their activities. To assess whether objectives are achieved, governance partners must be evaluated. During this research it was noticed that a periodic evaluation of the governance partners was lacking. Due to the absence of the evaluations there is little to no insights into whether the objectives are achieved. Councilors have also indicated that they do not want to be informed in the same amount for each governance partner. The quantity of the information is too high whereby councilors lose the overview or will only focus on certain aspects.

Finally, it can be concluded that there are a number (practical) issues that could be improved. In the next section there are some recommendations that might be helpful to improve some of these issues.

## Section 6: Recommendations & Discussion

### 6.1 Recommendations

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On the basis of the findings and conclusions of this research some recommendations can be made:

1. The roles and responsibilities of city council and the board of mayor and aldermen can be made more explicit.
2. Improve the arrangements with the governance partners, whereby it is wise to formulate more clearer, more specific and measurable objectives. Define better what contribution these objectives have to the realization of the municipal goals.
3. When making agreements on performance/achievements, make a distinction between short-term targets (for example; next year) and longer-term targets. This allows the city council to better guidance, control and supervise a governance partner.
4. It might be helpful to organize as council periodic consultations with the local councils of all connected municipalities on the governance partner, and / or change in any case opinions, views and understandings in respect of the governance partners. Try as council to combine critical points to jointly take a stronger position towards the governance partner.
5. The council needs to acquire sufficient knowledge about the governance partners. Councilors could be activated, for example by organizing workshops and through informative presentations.
6. The amount of information, depending on the involved governance partner, should be focused on the needs of the city council. This with regard to quantity but also quality of information.
7. If desired by the council, ask for independent studies (for example; performed by the Court of Auditors<sup>28</sup>), to specific aspects of the governance partner or research into the functioning of a specific governance partner.
8. Provide a periodic evaluation of all governance partners in the supervisory framework. During each college period (i.e. every four years) would, for example, for each governance partner be

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<sup>28</sup> Rekenkamer

evaluated whether the policy objectives still exist and apply, and whether (participation in) should be continued in the governance partner or terminated.

9. The above selection of recommendations shows that there are plenty of unexposed aspects regarding to the governance of governance partners. The final recommendation is to do further research to improve the governance of governance partners.

## 6.2 Discussion

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A long time both nationally, and in the municipality of Enschede little attention was paid to the governance partners. In the past years, the discussion on governance partners increased dramatically. Reasons for this are in addition to the financial shortfalls, the many question about the democratic credentials of the governance partners and the democratic control and scrutiny by the city councils. Discussions also arise because, for municipalities it is not (fully) clearly what they substantively receive for the money invested in the governance partners. As a council member, it is difficult to keep track of all governance partners in which a municipality participates. During this research it was noted that municipalities are looking for new ways to maintain control of the governance partners. This while municipalities have taken the decision to put certain tasks on a distance and to carry it out by governance partners. Instead of creating more rules and agreements to maintain tight control, municipalities can also choose to accept that not everything can be influenced and controlled. It is also the question to what extent councilors wants to pay attention to issues related to governance partners. Councilors have a busy schedule and not all councilors have the expertise to analyze issues in details that deal with governance partners. This was also one of the limitations of this study, because some of the councilors who answered the interview questions did not do this based on their knowledge about the subject but on the basis of their feelings. This may again be a point of dicussion, how much priority do councilors attach to supervision of the governance partners? Another point is the theory which is used in this research. Most of the theories and models used are primarily developed for research in the private sector. For example it is easier to designate a principal and an agent in the private sector than in the public sector. The conclusions that are drawn in this thesis are important for the municipality of Enschede, because this was a first in-depth study in which councilors of Enschede were faced with different question about the governance aspects of governance partners. But, it should be noted that I have taken as a starting point the theories and models of government governance and principal-agent. So that does not mean that there are not more theories and models are applicable to this subject. With the new process model that I developed a follow-up study could provide new insights and improvements into the process of governance partners.

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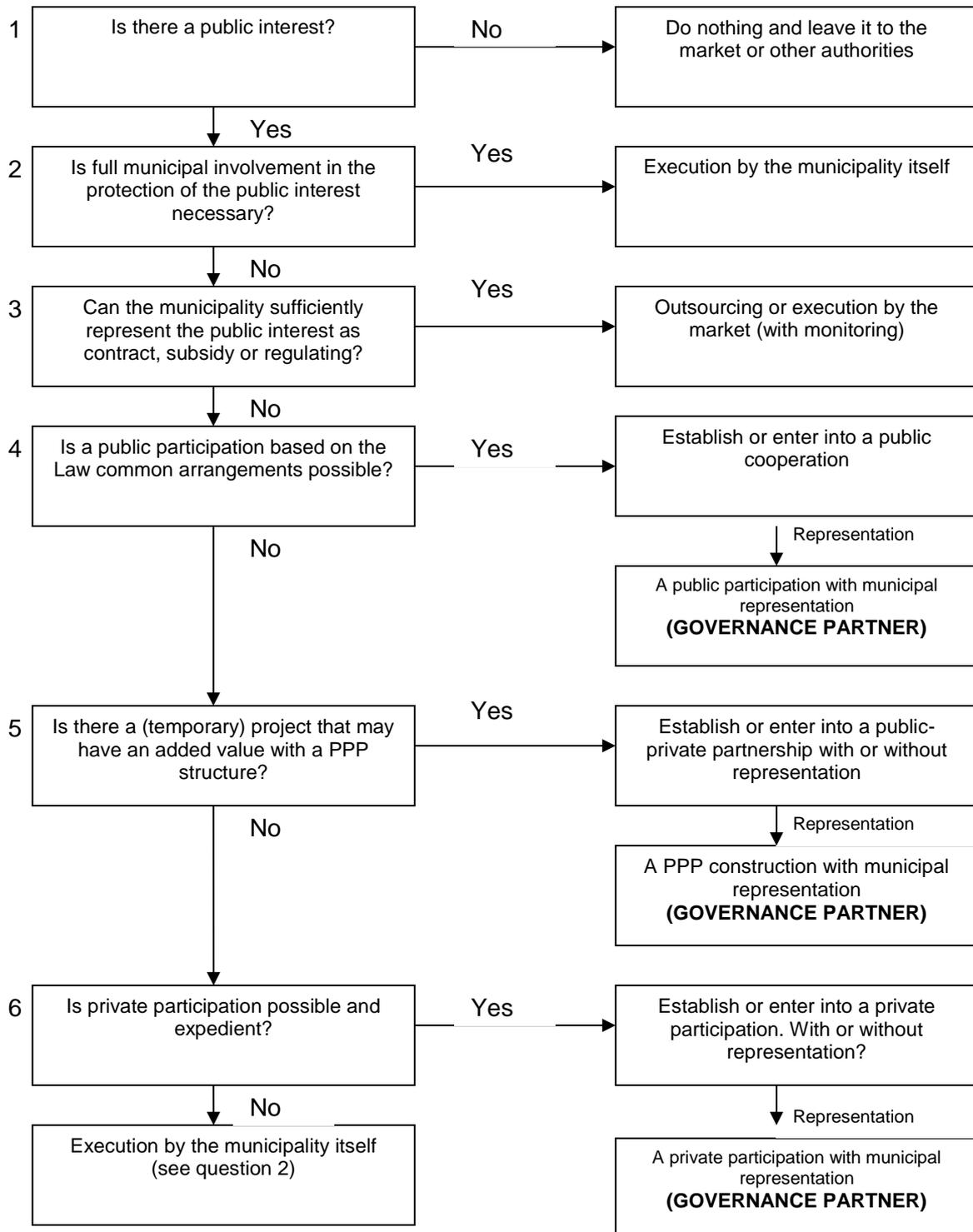
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# Appendices

## Appendix I : Roadmap to participate in a Governance Partner (G. Enschede, 2015a)



## Appendix II: Overview governance partners of the municipality of Enschede



\* Voormalig essent (Private Limited Company)

\*\*Regionale uitvoeringsdienst (Samenwerkingsverband via een bestuursovereenkomst)

### Appendix III: Interview Protocol (in Dutch)

Naam Respondent .....

Datum: .....

Tijd: .....

#### Inleiding

In het kader van mijn afronding van de Master Public Administration, track Public Management aan de Universiteit Twente, doe ik onderzoek naar de rol van de gemeenteraad bij de aansturing, beheersing en toezicht op/van verbonden partijen. Dit onderzoek bestaat uit een aantal te onderzoeken cases waarin de gemeente Enschede deelneemt. Deze cases worden onderzocht op mogelijke knelpunten in de gemeentelijke sturing, beheersing en toezicht op/van verbonden partijen. Belangrijk hierbij te vermelden is dat het hierbij gaat om knelpunten die de gemeente Enschede zelf ervaart bij het aansturen, beheersen en toezicht op/van verbonden partijen. Het doel van het onderzoek is allereerst om door middel van het doen van aanbevelingen bij te dragen aan de verbetering van de aansturing, beheersing en toezicht op/van verbonden partijen door de gemeente Enschede. Met deze doelstelling draag ik tegelijkertijd bij aan het vergroten van de wetenschappelijke kennis over dit onderwerp.

#### Spelregels

Indien u tijdens het interview opmerkingen of vragen heeft kunt u deze gerust stellen;

Indien u op een vraag geen antwoord wenst te geven kunt u dit aangeven;

Antwoorden worden vertrouwelijk verwerkt en gerapporteerd;

Het interview verslag wordt uitgebreid, maar niet letterlijk, uitgewerkt, voor het onderzoek relevante quotes worden letterlijk weergegeven in het interviewverslag;

Na uitwerking van het interviewverslag krijgt de respondent de gelegenheid om op het interviewverslag te reageren ter correctie van onjuistheden;

Het interview wordt op tape opgenomen ter ondersteuning bij het uitwerken van het verslag, gaarne hiervoor uw toestemming.

Alle deelnemers aan het onderzoek krijgen een exemplaar van het onderzoek toegezonden. Daarnaast zal het onderzoek openbaar en digitaal toegankelijk zijn middels <http://essay.utwente.nl/>

Mocht u na het interview vragen of opmerkingen hebben, dan kunt u contact opnemen met ondergetekende

## Vragen

### Inleiding

*Onder een verbonden partij wordt verstaan een privaatrechtelijke of publiekrechtelijke organisatie waarin gemeente Enschede een bestuurlijk én een financieel belang heeft.*

1. Kent u de verbonden partijen van de gemeente Enschede?

2a. Besteedt u veel aandacht aan de paragraaf verbonden partijen in de programmabegroting?

2b. Bent u op de hoogte van het bestaan en de inhoud van het beleidskader verbonden partijen 2015?

### Afspraken

3a. Heeft u (gemakkelijk) toegang tot de afspraken (regelingen, statuten) die zijn gemaakt met verbonden partijen?

3b. In hoeverre kan de raad met de gemaakte afspraken met verbonden partijen zijn kader stellende en controlerende functie (voldoende) uitoefenen? (Zo niet, wat zijn de tekortkomingen?)

4a. Neemt de raad in de oprichtingsfase een actieve rol op zich?

4b. In hoeverre bent u op de hoogte van de verschillende afspraken die in de oprichtingsfase moeten worden vastgelegd?

*Als raad actief is, doorvragen naar 5a en 5b*

5a. Wordt er gebruik gemaakt van een standaard aanpak bij de oprichting? Of wordt er per verbonden partij situationeel beoordeeld?

5b. Maakt de raad bij het oprichten van een verbonden partij gebruik van het afwegingskader (zoals in leidraad sourcen en regie)?

6. Zijn de uittredingsmogelijkheden en de gevolgen hiervan voor de gemeente, inzichtelijk en bekend voor de raadsleden?

### Informatievoorziening college - raad

7a. Krijgt de raad voldoende informatie van het college over de verbonden partijen? (conform de afspraken in het beleidskader)

7b. Is de informatie die de raad ontvangt tijdig beschikbaar? (krijgt u informatie tijdig om hier als raad op te kunnen reageren?)

7c. Is deze informatie volgens u volledig? Is deze informatie volgens u concreet?

7d. Zijn de hoofd- en bijzaken in de informatie die de raad krijgt goed gescheiden en duidelijk gepresenteerd? (toegankelijk geschreven en begrijpelijk voor niet-ingewijden?)

### Informatievoorziening verbonden partij - raad

8a. Krijgt de raad voldoende informatie van de verbonden partij? (bijv. over de activiteiten van de verbonden

partij)

8b. Beschikken raadsleden over voldoende informatie die in gaat op de bestuurlijke en financiële risico's van een verbonden partij?

8c. In hoeverre wordt gecontroleerd of de informatie die wordt aangeleverd ook volledig en juist is? ( is deze informatie ook tijdig beschikbaar?)

8d. in hoeverre sluit de verstrekte informatie aan bij de benodigde informatie om een oordeel te vormen over de verbonden partij?

8e. Krijgt de raad de afgesproken informatieproducten van de verbonden partij?

9. Zijn er verbonden partijen die rechtstreeks contact met de raad zoeken? (bijvoorbeeld door raadsleden uit te nodigen voor een werkbezoek of om tijdens een raadsvergadering een toelichting te geven)

10. Worden er evaluatie bijeenkomsten georganiseerd naar aanleiding van de rapporten die de raad ontvangt? (hiermee wordt bedoelt buiten de raadsvergaderingen om)

11a. Heeft u als raadslid wel eens om extra informatieproducten gevraagd?

11b. Sluit de verstrekte informatie aan bij de noodzakelijk benodigde informatie om in beeld te krijgen hoe de resultaten zich verhouden tot de gestelde doelen?

### **Taken en bevoegdheden**

12a. Vindt u dat er een duidelijke beschrijving is van taken en bevoegdheden tussen de raad en het college bij verbonden partijen?

12b. Is het duidelijk wie waar over gaat en waarvoor verantwoordelijk is? ( wie wordt bijvoorbeeld aangesproken op de prestaties van de verbonden partij?)

13a. Bent u van mening dat de afgevaardigde bestuursleden van de gemeente de gemeentelijke belangen in de verbonden partijen voldoende naar voren brengen?

13b. In welke mate kan de raad via de afgevaardigde bestuursleden invloed uitoefenen in de verbonden partij? *(bijvoorbeeld in besluitvormingsproces of op beleidsvelden)*

*De informatie die de raad krijgt vormt voor de raad de basis om zijn sturingsinstrumenten toe te passen. De raad stuurt in de praktijk op verbonden partijen door bijvoorbeeld algemene beleidskaders vast te stellen, zienswijzen in te dienen op de begroting of regionale kadernota van de verbonden partij en door de bestuurder een opdracht mee te geven voor de vergadering van het AB of DB.*

### **Sturing**

14a. Vindt u dat u voldoende zicht hebt op de mogelijke sturingsinstrumenten?

14b. Biedt de kadernota verbonden partijen voor de raad voldoende sturingsmogelijkheden?

15. Vindt u dat de raad er bij de verbonden partijen "bovenop" zit? (worden alle mogelijkheden benut?)

16. Wordt er binnen de raad voldoende gesproken over verbonden partijen?

17. Werkt het college volgens de kaders die door de raad voor verbonden partijen zijn gesteld?

18. Zijn er vergader/overleg momenten (bijeenkomsten) tussen college en raad omtrent mogelijkheden en onmogelijkheden tot sturing van verbonden partijen?

## Toezicht

19a. Vindt u dat de raad het college voldoende aanspreekt op het functioneren van een verbonden partij?

19b. Wordt er periodiek geëvalueerd of het doel van een verbonden partij bereikt wordt?

*Met het aanbieden van een zienswijze aan het bestuur van een verbonden partij kan de gemeenteraad dit bestuur – inclusief de eigen vertegenwoordigers in dat bestuur – ‘van hun gevoelens terzake doen blijken’.*

20a. Wordt er een zienswijze vastgesteld op de begroting en jaarrekening van een verbonden partij als daar aanleiding toe is?

20b. Krijgt de raad tijdig de kans deze zienswijze in te dienen bij het bestuur van de verbonden partij?

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## Evaluatieonderzoek

*Van tijd tot tijd moet worden geëvalueerd of en in hoeverre de verbonden partij bijdraagt aan Enschedese beleidsdoelstellingen en of het onderbrengen van een gemeentelijke taak bij een verbonden partij nog de meest wenselijke vorm is (beleidskader verbonden partijen, hoofdstuk 4). Hiertoe wordt de Leidraad Sourcen en regie benut.*

21. Heeft u als raadslid voldoende aan het afwegingskader uit de Leidraad Sourcen en regie om een verbonden partij te kunnen evalueren en te concluderen of een verbonden partij als zodanig nog toegevoegde waarde heeft voor de gemeente Enschede? ( *zou een afwegingskader tot heroverweging uw kaderstellende en controlerende rol als raad kunnen versterken?*)

22. Welke heroverwegingscriteria zouden mogelijk moeten worden gehanteerd? (*Indeling in publiek en niet publieke taken op basis van het begrip publiek belang (waarmee publieke taken niet altijd wettelijke taken hoeven te zijn)? Zijn er wellicht zwaarwegende en minder zwaarwegende criteria te benoemen? Bv. kosten vs. publiek belang of het streven naar Twentse samenwerking vs. toegevoegde waarde voor Enschede?*)

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## Case vragen

Stadsbank Oost Nederland + Regionaal Bedrijventerrein Twente (Gemeenschappelijke regelingen)

Onderhoud Enschede (Besloten Vennootschap)

Twente Milieu + Twentse Schouwburg (Naamloze Vennootschap)

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Tot slot

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Dankzegging voor medewerking aan het onderzoek;  
Toezegging van eindrapport

## Appendix IV: Checklist

Arrangements			
Criteria #		Measuring	Data collection
#1	Are the agreements on the tasks of the governance partner formalized in a contract?		Regelingen, statuten
#2	Is there is a clear division of roles between council and the board of mayor and aldermen put on paper?		Regelingen, statuten
#3	Is the aim of the governance partner enshrined in its statutes to contribute to the goals of participating municipalities?		Regelingen, statuten
#4	Are there agreements been made and recorded about act mechanisms, so the council can fulfill its framework-setting and supervisory role	3b: Kan de raad met de gemaakte afspraken met verbonden partijen zijn kader stellende en controlerende functie voldoende uitvoeren? ( Zo niet, wat zijn de tekortkomingen en hoe kunnen deze afspraken worden aangevuld?)	Interviewvraag:
#5	Are there arrangements been made and recorded about any interim evaluations between the governance partner and the supervisors?	9: Zijn er verbonden partijen die rechtstreeks contact met de raad zoeken? (bijvoorbeeld door raadsleden uit te nodigen voor een werkbezoek of om tijdens een raadsvergadering een toelichting te geven) 10: Worden er evaluatie bijeenkomsten georganiseerd naar aanleiding van de rapporten die de raad ontvangt	Regelingen, statuten, interviewvraag:
#6	Are there agreements been made and recorded on termination of participation in the governance partner?		Regelingen, statuten
#7	Are there agreements been made and recorded about the provision of information? - when and how often the information should be provided? - to whom the information is to be supplied? - what information should be delivered with regard to the contents of the reports?		Regelingen, statuten
#8	Are there agreements been made and recorded on the frequency and nature of consultation structure between the governance partner and the municipality?		Regelingen, statuten
#9	Is the way in which supervision is shaped recorded in agreements? (supervision of the governance partner) - Are there clear rules about the tasks and responsibilities of supervisors? - Has the council the competence to give direct instructions during the execution?		Regelingen, statuten
#10	Is it agreed that the supervisors can modify the agreements made during the collaboration?		Regelingen, statuten
#11	Did the council and the board of mayor and aldermen made clear agreements about the manner, frequency and content of the information received by the council from the board of mayor and aldermen (member) about the governance partner?	7a: Krijgt de raad voldoende informatie van het college over de verbonden partijen? (conform de afspraken in het beleidskader) 7b: Is er in afspraken vastgelegd op welke momenten en met welke regelmaat verantwoording (informatie)	Interviewvraag:

		moet worden afgelegd aan de raad?	
#12	Is any (financial) impact from the exit of an participation regulated (recorded on paper)?		Regelingen, statuten
#13	Does the council request additional information (products)?	11a: Heeft u als raadslid wel eens om extra informatieproducten gevraagd?	Interviewvraag
#14	Is the council aware of its formal instruments to intervene in the start-up phase? And are these instruments used when needed? -Voorhangprocedure - Amendments/request for modification - Withhold permission	5a: Zijn raadsleden op de hoogte van de formele instrumenten in de oprichtingsfase?	Interviewvraag

Control			
Criteria #		Measuring	Data collection
#1	Is the governance partner reporting about the execution of their tasks to the member of the board of mayor and aldermen? (if yes, #2)		Documenten
#2	Receives the representative of the municipality periodic reports regarding: <ul style="list-style-type: none"> <li>• Realization of the policy objectives</li> <li>• Performance agreements</li> <li>• Realization versus budget</li> </ul>		Documenten
#3	Are these aspects reported? <ul style="list-style-type: none"> <li>• Financial information</li> <li>• Operational information</li> <li>• Indicators on management and performance</li> </ul>		Documenten
#4	Are there evaluation meetings on the basis of the reports?	19b: Wordt het functioneren van een verbonden partij voldoende geëvalueerd? (wordt er periodiek geëvalueerd of het doel van een verbonden partij bereikt wordt?)	Documenten, interviewvraag:
#5	Does the member of the board of mayor and aldermen, as a member of the board of a governance partner, act in behalf of the municipality he/she is representing?	13b: Bent u van mening dat de afgevaardigde bestuursleden van de gemeente de gemeentelijke belangen voldoende vertegenwoordigen?	Interviewvraag:
#6	Can the municipality through its representative carry out instructions from the council within the governance partner?	13c: Kan de raad via de afgevaardigde bestuurslid enige invloed uitoefenen in de verbonden partij? (bijvoorbeeld in besluitvormingsproces of op beleidsvelden)	Interviewvraag:

Supervision			
Criteria #		Measuring	Data collection
#1	Does the information received by the council deals with (possible) administrative and financial risks?	8b: Beschikken raadsleden over voldoende informatie die in gaat op de bestuurlijke en financiële risico's van een verbonden partij?	Documenten, interviewvraag:
#2	Does the information the council receives made clear how municipal objectives are realized by the governance partner?	11b: Sluit de verstrekte informatie aan bij de noodzakelijk benodigde informatie om in beeld te krijgen hoe de resultaten zich verhouden tot de gestelde doelen?	Documenten, interviewvraag:
#3	Do the supervisors have (or get) the right information to check?:		Documenten, interviewvraag:

	Does the council receives the agreed information? Does the council receives the right information to form a judgment?	8e: Krijgt de raad de afgesproken informatieproducten van de verbonden partij? 8d: Sluit de verstrekte informatie aan bij de benodigde informatie om een oordeel te vormen over de verbonden partij?	
#4	Is it evaluated whether the activities of the governance partners are carried out within the frameworks of the policy?	19b: Wordt het functioneren van een verbonden partij voldoende geëvalueerd? (wordt er periodiek geëvalueerd of het doel van een verbonden partij bereikt wordt?)	Documenten, interviewvraag:
#5	Is there a segregation of functions within the civil service of the municipality between the one who works for the governance partner (in the context of the policy) and those who form judgments about the reports?	12b: Is het duidelijk wie waar over gaat en waarvoor verantwoordelijk is? ( wie wordt bijvoorbeeld aangesproken op de prestaties van de verbonden partij?)	Interviewvraag:
#6	To what extent are offered data by the governance partner checked for accuracy and completeness?	8c: In hoeverre wordt gecontroleerd of de informatie die wordt aangeleverd ook volledig en juist is?	Interviewvraag:
#7	Are the supervisory mechanisms for intervention actively used when objectives are not reached? - do the supervisors take corrective actions? - do the supervisors carry out sanctions in the governance partners? - do the supervisors approve annual reports <sup>29</sup> and budgets?	20a: Wordt er een zienswijze vastgesteld op de begroting en jaarrekening van een verbonden partij? 20b: Krijgt de raad tijdig de kans deze zienswijze in te dienen bij het bestuur van de verbonden partij?	Interviewvraag:
#8	Does the council know what the exit opportunities are? And do they use it when it is needed?	6: Zijn uittredingsmogelijkheden en de gevolgen hiervan voor de gemeente, inzichtelijk en bekend voor raadsleden?	Interviewvraag:

<sup>29</sup> Jaarrekeningen

## Appendix V: Detailed information about the cases (in Dutch)

Per verbonden partij wordt ingegaan op achtereenvolgens de organisatie, deelname, aandeel/omvang deelname, doelstelling, de bijdrage aan maatschappelijke doelstellingen en de mogelijkheid tot beëindiging. De informatie uit deze tabellen is gebaseerd op de informatie uit (Concernstaf, 2016).

Stadsbank Oost Nederland	Toelichting
Soort organisatie	Openbaar lichaam op grond van de Wet gemeenschappelijke regelingen.
Deelname gemeente vanaf	De Intercommunale Kredietbank is opgericht in 1955. In 1989 werd het gewijzigd in de gemeenschappelijke regeling intergemeentelijke kredietbank. Bij raadsbesluit d.d. 24 juni 2003 is de regeling gewijzigd in de regeling Stadsbank Oost Nederland 2002. Deze regeling is gewijzigd per 1 februari 2016. Deze wijziging was juridisch-technisch van aard (collegeregeling).
Aandeel/omvang deelname	Artikel 34 Regeling Stadsbank Oost Nederland regelt de werkwijze van het inleggeld. Elke deelnemende gemeente legt geld in. De gemeente Enschede heeft momenteel een kapitaalbreng van 179.000 euro. Elke deelnemer heeft in het Algemeen bestuur een stem. Enschede heeft ook een bestuurder in het Dagelijks bestuur.
Overige deelnemers/aandeelhouders	De Stadsbank Oost Nederland (SON) is een samenwerkingsverband van 14 Twentse en 8 Achterhoekse gemeenten.
Doelstelling deelname/publieke taak	Uit de huidige Regeling Stadsbank Oost Nederland, artikel 4: <i>1. De bank is een gemeentelijke kredietbank als bedoeld in de WCK en heeft tot doel, met inachtneming van hetgeen in deze regeling is bepaald om een, zowel vanuit een bedrijfseconomische alsook maatschappelijke optiek gezien, verantwoord pakket van, al dan niet, financiële dienstverlening aan te bieden aan, in het bijzonder, de ingezetenen in haar rechtsgebied.</i> <i>2. In het licht van de in het vorige lid omschreven doelstelling behartigt de bank de volgende belangen:</i> <i>1. deelnemen aan krediettransacties;</i> <i>2. treffen van schuldenregelingen;</i> <i>3. budgetbeheer;</i> <i>4. afgifte van verklaringen op grond van de Fw;</i> <i>5. bewindvoering en curatele op grond van de Fw;</i> <i>6. bewindvoering op grond van het BW;</i> <i>7. verrichten van diensten in het kader van de beschikbaarheid/nuttigheid;</i> <i>8. preventie;</i> <i>9. bevorderen van de spaarzin;</i> <i>10. zorgdragen voor een harmonische en evenwichtige ontwikkeling van de onderneming.</i>
Huidige bijdrage aan maatschappelijke doelen	Als gevolg van de economische situatie wordt steeds vaker een beroep gedaan door burgers op deze instelling.
Beëindigen deelname/verkoop aandelen mogelijk?	Artikel 45 Regeling Stadsbank Oost Nederland <i>1. Een deelnemende gemeente kan uittreden door toezending aan het algemeen bestuur van een daartoe strekkend besluit van het college van die gemeente.</i> <i>2. De uittreding kan slechts plaatsvinden tegen 1 januari, doch niet eerder dan tegen 1 januari van het tweede jaar volgende op dat waarin het in het eerste lid bedoelde besluit is genomen. In geval van het uittreden van een deelnemende gemeente benoemt het dagelijks bestuur een commissie die de financiële verplichtingen van de uittreder als gevolg van de uittreding, alsmede de overige gevolgen van de uittreding onderzoekt. De commissie brengt hieromtrent advies uit aan het algemeen bestuur.</i> Artikel 47 Regeling Stadsbank Oost Nederland <i>1. De regeling wordt opgeheven wanneer de colleges van ten minste tweederde van het aantal</i>

	<p>deelnemende gemeenten zich daarvoor hebben verklaard.</p> <p>2. In geval van opheffing van de regeling besluit het algemeen bestuur tot liquidatie en stelt het daarvoor de nodige regelen vast. Hierbij kan van de bepalingen van de regeling worden afgeweken.</p> <p>3. Het liquidatieplan wordt door het algemeen bestuur, de colleges van de deelnemende gemeenten gehoord, vastgesteld.</p> <p>4. Het liquidatieplan voorziet in de verplichting van de deelnemende gemeenten tot deelneming in de financiële gevolgen van de beëindiging. Het liquidatieplan voorziet ook in de gevolgen die de opheffing heeft voor het personeel.</p> <p>5. Zo nodig blijven de organen van de bank, ook na het tijdstip van de opheffing in functie totdat de liquidatie is beëindigd.</p>
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Regionaal Bedrijventerrein (RBT)	Toelichting
Soort organisatie	Een Openbaar Lichaam op grond van de Wet gemeenschappelijke regelingen.
Deelname gemeente vanaf	De gemeenteraad van Enschede heeft op 14 december 2004 ingestemd met deelname aan de Regeling RBT. De keuze voor een Openbaar lichaam is gemaakt omdat men niet alleen de totstandkoming van het RBT wilde regelen maar ook een duurzame beheersfase. Men achtte destijds de vorm van een publiekrechtelijk openbaar lichaam het meest geschikt.  Per 24 maart 2016 is de regeling gewijzigd (juridisch-technisch) in werking getreden.
Aandeel/omvang deelname	Provincie en steden elk 23% en Borne 8%. Stemverhouding in AB: De provincie Overijssel en de gemeenten Almelo, Enschede en Hengelo elk twee stemmen krijgen en de gemeente Borne 1 stem. Een Enschedese bestuurder neemt zowel deel aan het Algemeen als het Dagelijks bestuur.
Overige deelnemers/aandeelhouders	Provincie en de gemeenten Almelo, Borne, Hengelo en Enschede
Doelstelling deelname/publieke taak	Ter hand nemen van de ontwikkeling, exploitatie en beheer van het RBT en met als doel het realiseren ervan met een minstens sluitende exploitatie.  Artikel 3 Regeling RBT leden 1 en 2: 1. Het RBT heeft tot taak het ontwikkelen, realiseren, exploiteren en beheren van het sub A van de considerans van deze regeling bedoelde bedrijventerrein, ten tijde van de vaststelling van deze regeling bruto groot ongeveer 180 hectare. Onder deze taak is alles begrepen, wat in de ruimste zin des woords met de ontwikkeling en realisering en de exploitatie en het beheer samenhangt. 2. Tot de te behartigen belangen worden tevens gerekend die welke gebaat zijn bij een duurzame ontwikkeling van het bedrijventerrein zoals verwoord in de Kadernotitie Duurzaamheid van januari 2003
Huidige bijdrage aan maatschappelijke doelen	Het gezamenlijk ontwikkelen van een bedrijventerrein en zeker het exploiteren van een bedrijventerrein draagt idealiter bij aan de economische versterking van Twente en daarmee Enschede. Je kunt je afvragen of deze taken publieke taken zijn. De overheden kunnen ook een meer faciliterende rol aannemen waarbij de ontwikkeling en exploitatie aan de markt wordt overgelaten.
Beëindigen deelname/verkoop	Uit artikel 25 Regeling RBT: ....5. Te rekenen vanaf het tijdstip van de inwerkingtreding van de regeling is uittreding uit de

aandelen mogelijk?	<p>regeling door de deelnemers gedurende een periode van 7 kalenderjaren niet mogelijk. Daarna is uittreden slechts mogelijk per 1 januari van enig jaar en alleen met inachtneming van na te noemen termijnen.</p> <p>6. Van een door één der deelnemers genomen besluit tot uittreding wordt – na het verstrijken van de 7 kalenderjaren – tevoren schriftelijk kennisgegeven aan het Algemeen Bestuur en aan de overige deelnemers. Bij de kennisgeving wordt in verband met afwikkeling van de financiële gevolgen van de uittreding – behoudens het bepaalde in het volgende lid – een termijn van tenminste 2 jaren na verzending van de kennisgeving in acht genomen.</p> <p>7. Indien de kennisgeving van een door één der deelnemers genomen besluit tot uittreding uit deze regeling voor of uiterlijk op 15 maart van enig jaar door het RBT is ontvangen, kan uittreding op een kortere termijn dan twee jaar plaatsvinden. De feitelijke uittreding kan dan – onverminderd de alsdan wellicht nog voor de uittredende deelnemer bestaande financiële verplichtingen – plaatsvinden op een termijn van één jaar en minstens 9½ maand na ontvangst van de kennisgeving. Na 15 maart van enig jaar ontvangen kennisgevingen worden geacht te zijn ontvangen op 31 december van dat jaar.</p> <p>8. Indien twee of meer deelnemers tegelijk dan wel na elkaar kennis geven van hun besluit om uit te treden dan wel indien één der deelnemers reeds is uitgetreden en er een nieuwe kennisgeving inzake uittreding wordt gedaan, wordt de regeling met inachtneming van het bepaalde omtrent ‘Opheffing’ in deze regeling opgeheven, tenzij door de overige deelnemers unaniem wordt besloten om de regeling in stand te houden.</p> <p>9. Het Algemeen Bestuur regelt, na overleg met de uittredende deelnemer(s), de financiële consequenties alsmede de overige gevolgen van de uittreding met dien verstande dat een uittredende deelnemer de overeenkomstig artikel 22, lid 5 van deze regeling eventueel ingebrachte middelen terugkrijgt onder aftrek van het tekort op de exploitatieopzet, zulks in de verhouding als in artikel 22 van deze regeling bepaald en zoals te begroten naar de stand van, en per peildatum van het moment van uittreden, een en ander onder handhaving van diens borgstelling voor het in dat artikel bedoelde en per datum voormelde peildatum geldende risico. De consequenties betreffen in elk geval de rente en aflossing van de geldleningen; de overige gevolgen kunnen onder meer betrekking hebben op het personeel van het RBT.</p> <p>10. De uittreding is pas volledig geëffectueerd als is voldaan aan alle daaraan door het Algemeen Bestuur gestelde voorwaarden...</p> <p>Artikel 27. Regeling RBT:</p> <p>1. De gemeenschappelijke regeling wordt opgeheven bij een besluit, dat berust op ten minste 2/3 van het aantal in het Algemeen Bestuur uitgebrachte stemmen.</p> <p>2. Indien tot opheffing is besloten wordt door het Algemeen Bestuur, de deelnemers gehoord, voorzien in een afwikkeling van de gevolgen van de opheffing alsmede een liquidatieplan opgesteld. De in dit lid bedoelde afwikkeling voorziet in de wijze waarop de exploitatie van de eigendommen, werken en inrichtingen van het RBT worden beëindigd of overgedragen en geeft inzicht in zowel de financiële gevolgen van de opheffing voor het personeel en als in de wijze waarop de vereffening van het vermogen plaatsvindt in geval van de ontbinding van het RBT.</p> <p>3. Bij een dergelijke afwikkeling geldt als basisuitgangspunt dat activa en passiva na aftrek van alle met de opheffing en liquidatie samenhangende kosten worden verdeeld naar rato van de verhoudingen zoals die golden ten tijde van de inbreng of het ontstaan van die activa en die ten tijde van het ontstaan van de passiva.</p> <p>4. De activa worden gewaardeerd door een commissie, waarin zitting hebben een jurist, een accountant, een fiscalist en een rentmeester-taxateur. De commissie beslist bij gewone meerderheid van stemmen. Wordt geen meerderheid verkregen, dan heeft de jurist bij een volgende stemming slechts een adviserende rol.</p> <p>5. Het liquidatieplan voorziet in de verplichting van de deelnemende partijen tot voldoening of overneming van de (financiële) verplichtingen van het RBT alsook in de overige gevolgen van de opheffing, waaronder die welke de opheffing heeft voor het personeel van het RBT.</p> <p>6. Indien nodig blijft het Algemeen Bestuur na het tijdstip van opheffen in functie ter afwikkeling van de liquidatie. Het RBT blijft ook na zijn ontbinding voortbestaan indien zulks tot vereffening van zijn vermogen nodig is.</p> <p>7. Een besluit tot opheffing wordt door het Dagelijks Bestuur van het RBT verzonden aan de deelnemers, zulks mede met het oog op de opname in de registers als bedoeld in artikel 27 van de Wet gemeenschappelijke regelingen.</p>
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<b>Twentse Schouwburg NV Wilminktheater en Muziekcentrum Enschede</b>	<b>Toelichting</b>
Soort organisatie	Naamloze vennootschap.
Deelname gemeente vanaf	De gemeenteraad van Enschede heeft op 27 april 1953 in beginsel besloten medewerking te verlenen aan de financiering van de bouw en inrichting van de door de Twentse Schouwburg NV te stichten schouwburg. De Twentse Schouwburg NV is in 1955 tot stand gekomen uit een vorm van samenwerking tussen particulieren en de gemeentelijke overheid. Tot dan toe was schouwburg de ' Grote Sociëteit 'een naamloze vennootschap, die door particuliere aandeelhouders werd beheerd en geëxploiteerd.
Aandeel/omvang deelname	De gemeente Enschede is 100% aandeelhouder, subsidiegever, verhuurder en geldverlener.
Overige deelnemers/aandeelhouders	Geen
Doelstelling deelname/publieke taak	Het exploiteren en beheren van gelegenheden voor podiumkunst en andere ontspanning Wilminktheater en Muziekcentrum Enschede (De Twentse Schouwburg N.V.) vormt een culturele voorziening voor de gemeente Enschede en omgeving. De onderneming exploiteert vier gebouwen met zes podia in het centrum van Enschede, te weten: het Wilminktheater, het Muziekcentrum, de Grote Kerk en De Kleine Willem. Op jaarbasis biedt de organisatie momenteel circa 350 – 380 voorstellingen en concerten aan circa 115.000 bezoekers per jaar. Daarnaast biedt de organisatie de mogelijkheid voor feesten, partijen en congressen.
Huidige bijdrage aan maatschappelijke doelen	De missie en visie van de Twentse schouwburg NV draagt bij aan een culturele voorziening in Enschede. Dat is een maatschappelijk relevante doelstelling. Uit het Coalitieakkoord 2014-2018: <i>“Daarnaast is een goed aanbod van culturele voorzieningen een van de pilaren onder een bruisende binnenstad en daarmee van belang voor bezoekers en voor bewoners om zich in Enschede te vestigen; “Enschede, culturele hotspot van het Oosten”.</i> ”
Beëindigen deelname/verkoop aandelen mogelijk?	Ja, verkoop van aandelen is mogelijk. In artikel 4 van de statuten zijn de eisen aan aandeelhouders opgenomen (direct of indirect publiekrechtelijke rechtspersoon). Statuten kunnen ex artikel 26 statuten gewijzigd worden (verkoop aan privaatrechtelijke rechtspersonen). Ook kan de vennootschap worden ontbonden. Vereffening geschiedt in beginsel door het bestuur.

<b>Twente Milieu</b>	<b>Toelichting</b>
Soort organisatie	Twente Milieu is een zelfstandige naamloze vennootschap, ontstaan door de samenvoeging van reinigingsdiensten van Almelo, Enschede, Hengelo en Oldenzaal en met behulp van Edon NV.
Deelname gemeente vanaf	De gemeenteraad van Enschede heeft op 2 juni 1997 ingestemd met deelname in Twente Milieu NV. De motieven voor schaalvergroting waren: <ul style="list-style-type: none"> <li>- De toenemende concurrentie van particuliere inzamelaars op de afvalmarkt;</li> <li>- De noodzaak voor reinigingsdiensten vanwege nieuwe wet- en regelgeving grote investeringen te doen;</li> <li>- De mogelijkheid om door schaalvergroting efficiënter en doelmatiger te werken;</li> <li>- Het toenemende aantal ingezamelde deelstromen en het daardoor teruglopend aanbod van afval per inzamelmiddel.</li> </ul>

	Eind 2005 is tussen en met de deelnemende gemeenten in Twente Milieu NV consensus ontstaan over de toekomstige samenwerking in en met Twente Milieu NV.
Aandeel/ omvang deelname	Een Enschedese bestuurder neemt zitting in de Algemene vergadering van Aandeelhouders (AvA). Twente Milieu heeft een externe Raad van commissarissen. De gemeenten hebben een tweeledige rol binnen de organisatie. Zij zijn zowel aandeelhouder als opdrachtgever. De hoofdlijnen van beide rollen liggen vast in de statuten en in de dienstverleningsovereenkomsten (DVO). Deze documenten zijn leidend voor de wijze waarop besluiten worden genomen en partijen met elkaar omgaan. De zeven gemeenten hebben als aandeelhouder en daarmee eigenaar zeggenschap over de strategie van Twente Milieu. De AvA stelt de begroting, de jaarrekening, het jaarverslag en het strategisch beleid vast en benoemt de accountant. Het toezicht op de organisatie is gedelegeerd aan de Raad van Commissarissen.
Overige deelnemers/ aandeelhouders	Twente Milieu is ontstaan uit de reinigingsdiensten van Almelo, Enschede, Hengelo en Oldenzaal.
Doelstelling deelname/ publieke taak	De kerntaak van Twente Milieu is het inzamelen van huishoudelijke afvalstoffen. Daarnaast is Twente Milieu actief op het gebied van de plaagdierbestrijding, gladheidbestrijding en beheert zij afvalbrengpunten van de verschillende gemeenten.
Huidige bijdrage aan maatschappelijke doelen	Twente Milieu draagt bij aan afvalinzameling en streeft naar een Afvalloos Twente. Hiermee draagt Twente Milieu aan maatschappelijke opgaven in operationele sfeer (afvalinzameling) en strategische duurzaamheidsdoelstellingen in de circulaire economie (Afvalloos Twente).  Als opdrachtgever voeren de gemeenten de regie en bepalen het "wat". Daarbij vormt de uitvoering van publieke taken de basis. Deze publieke taken komen voort uit de wettelijke zorgplicht die gemeenten hebben voor zowel het inzamelen van huishoudelijk afval (wet Milieubeheer) als voor het beheer van de openbare ruimte (Gemeentewet, Wegenwet, Wegenverkeerswet, wet Milieubeheer). Twente Milieu bepaalt vervolgens "hoe" de activiteiten het beste kunnen worden uitgevoerd. Afspraken hierover worden vastgelegd in een dienstverleningsovereenkomst per gemeente.
Beëindigen deelname/ verkoop aandelen mogelijk?	Kwaliteitseis aandeelhouders: Aandeelhouders kunnen slechts gemeenten of publiekrechtelijke lichamen zijn. Verkoop van aandelen is mogelijk, e.e.a. met inachtneming van de kwaliteitseis.

Onderhoud Enschede	Toelichting
Soort organisatie	Besloten vennootschap
Deelname gemeente vanaf	1 maart 2016
Aandeel/ omvang deelname	De gemeente Enschede bezit 100% van de aandelen
Overige deelnemers/ aandeelhouders	-
Doelstelling deelname/ publieke taak	Artikel 3 Het doel van de vennootschap is a. het verrichten van activiteiten ten behoeve van het (doen) aanleggen, beheren en onderhouden van de openbare ruimte, waaronder mede wordt verstaan andere gemeentelijke eigendommen zoals riolering, installaties en begraafplaatsen, in Enschede; b. het bieden van passende werkzaamheden aan gehandicapten en kwetsbaren;

	<p>c. het ontwikkelen, stimuleren en ondersteunen van mensen om een verbeterde positie op de arbeidsmarkt te (kunnen) verkrijgen;</p> <p>d. het initiëren, creëren, organiseren en uitvoeren van werk en het bevorderen van de arbeidsmarkt voor met name diegenen die in de toetreding tot de arbeidsmarkt wordt belemmerd;</p> <p>e. het realiseren van sociale activering, scholing en andere stimuleringsactiviteiten ten behoeve van in de Wet sociale werkvoorziening bedoelde personen;</p> <p>alsmede al hetgeen met een en ander verband houdt of daarvoor bevorderlijk kan zijn, alles in de ruimste zin.</p>
Huidige bijdrage aan maatschappelijke doelen	Het verrichten van activiteiten ten behoeve van het aanleggen, beheren en onderhouden van de openbare ruimte. Daarbij wordt inzet van gehandicapten, kwetsbaren en medewerkers uit de sociale werkvoorziening maximaal gestimuleerd.
Beëindigen deelname/ verkoop aandelen mogelijk?	Kwaliteitseis aandeelhouders: Aandeelhouders kunnen slechts gemeenten of publiekrechtelijke lichamen zijn. Verkoop van aandelen is mogelijk, e.e.a. met inachtneming van de kwaliteitseis.

## Appendix VI: Detailed overview of the findings

### \* Abbreviations of the governance partners

SON – Stadsbank Oost-Nederland

RBT – Regionaal Bedrijventerrein

OE – Onderhoud Enschede

TM – Twente Milieu

TS – Twentse Schouwburg

\*\* The answers of the interviews will be shown for each respondent, but the respondent's name is anonymized and is randomly assigned to a letter from A to I.

Aspect	Criteria	Findings		
		Statutes/regulations	Interviews	
Arrangements	Are the agreements on the tasks of the governance partner formalized in a contract?	SON	Ja, artikel 4	
		RBT	Ja, artikel 3	
		OE	Ja, artikel 3	
		TM	Ja, artikel 3	
		TS	Ja, artikel 2	
	Is there is a clear division of roles between council and the board of mayor and aldermen put on paper?	SON	Nee	
		RBT	Nee	
		OE	Nee	
		TM	Nee	
		TS	Nee	
	Is the aim of the governance partner enshrined in its statutes to contribute to the goals of participating municipalities?	SON	Ja, artikel 4	
		RBT	Ja, artikel 3.1, 3.2, 4	
OE		Ja, artikel 3		
TM		Ja, artikel 3.1		
TS		Ja, artikel 2.1		

Are there agreements been made and recorded about act mechanisms, so the council can fulfill its framework-setting and supervisory role ?

A	Kaderstellende wel, controlerende ja en nee
B	Kaderstellend lastig, controlerend wel goed
C	Ja, maar blijft toch vaak onoverzichtelijk
D	Kaderstellend is oke, controlerende functie moet nog blijken
E	Ja, al is het bij de controlerende functie soms wat lastig
F	Nee
G	Kaderstellende wel, controlerende wat minder
H	Moeilijk
I	Beide zijn lastig

A	Nee
B	Mij niet bekend
C	Nee
D	Ja, gaan vooral over inhoud
E	Nee, mag via officiële wegen gaan
F	Niet meegemaakt
G	-
H	Ja, alleen tussen raad en college
I	Nee

Are there arrangements been made and recorded about any interim evaluations between the governance partner and the supervisors?

Are there agreements been made and recorded on termination of participation in the governance partner?	SON	Ja, artikel 45
	RBT	Ja, artikel 25.5 t/m 25.10
	OE	Ja, verkoop aandelen is mogelijk (artikel 5 + 9a)
	TM	Ja, kwaliteitseis aandeelhouders (artikel artikel 9) + aandeelhoudersovereenkomst
	TS	Ja, verkoop aandelen is mogelijk (artikel 4 + 26)
Are there agreements been made and recorded about the provision of information? - when and how often the information should be provided? - to whom the information is to be supplied? - what information should be delivered with regard to the contents of the reports?	SON	Ja, artikel 11 ,12, 20, 25, 37, 39, 41, 42
	RBT	Ja, artikel 7.1, 10.1, 20.1, 20.4, 21.2
	OE	Ja, artikel 17
	TM	Ja, artikel 19,20
	TS	Ja, artikel 17
Are there agreements been made and recorded on the frequency and nature of consultation structure between the governance partner and the municipality?	SON	Nee
	RBT	Nee
	OE	Nee
	TM	Nee
	TS	Nee
Is the way in which supervision is shaped recorded in agreements? (supervision of the governance partner) - Are there clear rules about the tasks and responsibilities of supervisors? -Has the council the competence to give direct instructions during the	SON	Nee
	RBT	Nee
	OE	Nee
	TM	Nee

execution?	TS	Nee	
Is it agreed that the supervisors can modify the agreements made during the collaboration?	SON	Artikel 46	
	RBT	Artikel 26	
	OE	Artikel 26	
	TM	Artikel 30	
	TS	Artikel 26	
Did the council and the board of mayor and aldermen made clear agreements about the manner, frequency and content of the information received by the council from the board of mayor and aldermen (member) about the governance partner?	A	Voldoende informatie en het is ook tijdig beschikbaar	
	B	Voldoende informatie, maar bijna altijd te laat	
	C	Steeds beter, ook tijdig beschikbaar dat is afgesproken	
	D	Voldoende informatie	
	E	Nee, informatiestroom is niet heel actief	
	F	Nee, niet altijd voldoende informatie en ook niet altijd tijdig beschikbaar	
	G	Moeilijk te beoordelen	
	H	Ja en ook wel op tijd	
	I	Passieve informatieplicht is oke, maar actieve informatieplicht ontbreekt wel eens	
	A	Nee, wel om ambtelijk advies	
Does the council request additional information (products)?	B	Ja	
	C	Ja, vooral bij onzekerheid en	

Is the council aware of its formal instruments to intervene in the start-up phase? And are these instruments used when needed?

- Voorhangprocedure
- Amendments/request for modification
- Withhold permission

	onduidelijkheid
D	-
E	Wanneer het nodig, vooral over financiën
F	Ja
G	-
H	Nee
I	Ja, bij onduidelijkheden
A	Wel van op de hoogte, maar het process krijgt weinig aandacht binnen de raad
B	Op de hoogte van de formele instrumenten, wel een ingewikkelde structuur
C	Wel op de hoogte van de formele instrumenten
D	Op de hoogte van de formele instrumenten
E	Op de hoogte van de formele instrumenten
F	Niet op de hoogte van alle afpraken
G	Niet op de hoogte met de formele instrumenten
H	-
I	-

Aspect	Criteria	Findings		
		Statutes/regulations	Interviews	
<b>Control</b>	Is the governance partner reporting about the execution of their tasks to the member of the board of mayor and aldermen? (if yes, #2)	SON	Ja, artikel 8, 12, 18, 25	
		RBT	Ja, artikel 7, 10, 11	
		OE	Ja, artikel 14, 17, 20	
		TM	Ja, artikel 15, 19, 20, 23	
		TS	Ja, artikel 14,17, 20	
	Receives the representative of the municipality periodic reports regarding: <ul style="list-style-type: none"> <li>Realization of the policy objectives</li> <li>Performance agreements</li> <li>Realization versus budget</li> </ul>	SON	-	
		RBT	-	
		OE	-	
		TM	-	
		TS	-	
	Are these aspects reported? <ul style="list-style-type: none"> <li>Financial information</li> <li>Operational information</li> <li>Indicators on management and performance</li> </ul>	SON	-	
		RBT	-	
		OE	-	
		TM	-	
		TS	-	
	Are there evaluation meetings on the basis of the reports?	A	Nee, helemaal niet	
		B	Staat in het jaarverslag, als het een goed jaarverslag is	
C		Mogen we gezamenlijk wel herijken		
D		Nee		
E		-		

Does the member of the board of mayor and aldermen, as a member of the board of a governance partner, act in behalf of the municipality he/she is representing?

Can the municipality through its representative carry out instructions from the council within the governance partner?

F	Te weinig
G	-
H	Nee
I	Wordt wel gedaan, maar dat is niet vastgelegd
A	Dat gevoel heb ik wel, maar het is lastig
B	-
C	Dat onttrekt me aan het zicht
D	Ja, daar ga ik wel van uit
E	Kan ik niet weten, maar ik persoonlijk vind dat dat niet kan
F	Nee
G	In het algemeen wel
H	Ja
I	Ik ga ervan uit dat ze dat doen
A	Een afgevaardigde daarop aanspreken is al heel moeilijk
B	Dat kan
C	Ja, je kan een opdracht meegeven
D	We kunnen ze opdrachten meegeven
E	Heel goed, motie meegeven voor een bestuurslid
F	Zienswijzen indienen
G	In theorie zou die invloed groot moeten zijn

	H	Opdracht meegeven aan wethouder
	I	Opdracht meegeven

Aspect	Criteria	Findings																			
		Statutes/regulations	Interviews																		
<b>Supervision</b>	Does the information received by the council deals with (possible) administrative and financial risks?		<table border="1"> <tr><td>A</td><td>Risico's zijn mager weergeven</td></tr> <tr><td>B</td><td>Dat denk ik wel</td></tr> <tr><td>C</td><td>Ja, het staat nu aardig bij elkaar</td></tr> <tr><td>D</td><td>Afgelopen jaren steeds beter</td></tr> <tr><td>E</td><td>Bestuurlijk niet, financieel wel</td></tr> <tr><td>F</td><td>Echt onvoldoende</td></tr> <tr><td>G</td><td>Ja, is alleen niet scherp gesteld</td></tr> <tr><td>H</td><td>-</td></tr> <tr><td>I</td><td>Geen zicht in financiële kosten bij een exit in een verbonden partij</td></tr> </table>	A	Risico's zijn mager weergeven	B	Dat denk ik wel	C	Ja, het staat nu aardig bij elkaar	D	Afgelopen jaren steeds beter	E	Bestuurlijk niet, financieel wel	F	Echt onvoldoende	G	Ja, is alleen niet scherp gesteld	H	-	I	Geen zicht in financiële kosten bij een exit in een verbonden partij
	A	Risico's zijn mager weergeven																			
B	Dat denk ik wel																				
C	Ja, het staat nu aardig bij elkaar																				
D	Afgelopen jaren steeds beter																				
E	Bestuurlijk niet, financieel wel																				
F	Echt onvoldoende																				
G	Ja, is alleen niet scherp gesteld																				
H	-																				
I	Geen zicht in financiële kosten bij een exit in een verbonden partij																				
	Does the information the council receives made clear how municipal objectives are realized by the governance partner?		<table border="1"> <tr><td>A</td><td>Voor wat betreft inhoudelijke doelen is dat lastig</td></tr> <tr><td>B</td><td>Ja</td></tr> <tr><td>C</td><td>-</td></tr> <tr><td>D</td><td>Dat was het expliciet niet, nu veel beter</td></tr> <tr><td>E</td><td>Nee</td></tr> <tr><td>F</td><td>Niet altijd</td></tr> <tr><td>G</td><td>-</td></tr> </table>	A	Voor wat betreft inhoudelijke doelen is dat lastig	B	Ja	C	-	D	Dat was het expliciet niet, nu veel beter	E	Nee	F	Niet altijd	G	-				
A	Voor wat betreft inhoudelijke doelen is dat lastig																				
B	Ja																				
C	-																				
D	Dat was het expliciet niet, nu veel beter																				
E	Nee																				
F	Niet altijd																				
G	-																				

Do the supervisors have (or get) the right information to check?:

*Does the council receives the agreed information?*

*Does the council receives the right information to form a judgment?*

Is it evaluated whether the activities of the governance partners are carried out within the frameworks of the policy?

H	Ja
I	Nee, dat ontbreekt
A	Omdat het op afstand zit, ken je organisatie niet goed waardoor je informatie niet goed kan plaatsen. Reguliere informatie krijgen we.
B	Informatie krijgen we grotendeels wel
D	Ik kijk dan gelijk naar de paragraaf financiën
D	Steeds beter, informatie in het raadsvoorstel
E	We krijgen een jaarverslag, meeste informatie zit in een raadsvoorstel
F	Nee
G	-
H	Ja dat is voldoende, we ontvangen alleen reguliere informatie
I	Financieel kan het kloppen maar geen zicht in dienstverlening, reguliere informatie via raadsvoorstel
A	Nee, helemaal niet
B	Staat in het jaarverslag
C	Vaak gaat het over de organisatie, maar het moet juist om de doelen gaan

Is there a segregation of functions within the civil service of the municipality between the one who works for the governance partner (in the context of the policy) and those who form judgments about the reports?

To what extent are offered data by the governance partner checked for accuracy and completeness?

D	Nee
E	Rekenkamer gaat nu ieder jaar alle partijen controleren, op hoofdlijnen
F	Te weinig
G	-
H	Nee
I	Dat wordt wel gedaan, maar is niet vastgelegd
A	Ja, maar bij meerdere bestuurders is de scheiding van verantwoording niet altijd even helder
B	Nee, bij een aantal verbonden partijen wel en bij een aantal zeker niet
C	Voor de raad vaak onduidelijk
D	Ja
E	Per verbonden partij wisselt dat
F	College verantwoordelijk
G	Ik denk dat je een wethouder daarover op z'n minst vragen kan stellen
H	Ja
I	Ja, in principe spreken we daarvoor het college aan
A	Je vertrouwt op oordeel accountant (accountantsverklaring)
B	Afhankelijk van registeraccountant

Are the supervisory mechanisms for intervention actively used when objectives are not reached?  
 - do the supervisors take corrective actions?  
 - do the supervisors carry out sanctions in the governance partners?  
 - do the supervisors approve annual reports and budgets?

C	Daar zijn gewoon regels voor
D	Eigen oordeel en die van het college vullen elkaar meestal goed aan
E	Afhankelijk van accountantsverklaring, daarmee ga ik ervan uit dat het rechtmatig is
F	Gebeurt te weinig
G	-
H	Dan kijk ik naar de jaarverslagen
I	Ik controleer het zelf op algemene punten
A	Ja, maar raadsbrede zienswijze gebeurt bijna nooit
B	Ja als het noodzakelijk is wordt het wel gedaan
C	Ja, het gebeurt steeds meer maar juridisch blijft het altijd een hele moeilijke zaak
D	Ja, alleen als daar aanleiding toe is
E	Ja
F	Ja, meestal wel
G	Ja
H	Als daar aanleiding toe is dan wordt dat wel gedaan
I	Ja

Does the council know what the exit opportunities are? And do they use it when it is needed?

A	Dat het kan ja, maar niet in welke mate en hoe makkelijk en moeilijk en welke voorwaarden
B	In het algemeen weinig duidelijkheid over, niet altijd even duidelijk vastgelegd in het verleden
C	Ja
D	Ik weet in ieder geval dat het moeilijk is en bijna nergens kan
E	Ja, bij een aantal verbonden partijen is hier ook wel om gevraagd
F	Nee
G	Ik denk het wel, is natuurlijk altijd een onderdeel van statuten
H	Laat je aan het college over
I	Van te voren weten we dat niet of nauwelijks