



Partnership Guidance
The work of the Alarm
Partnerships SIG

Martin Blower, Corporate Risk Manager, Calderdale MBC

ALARM Partnership SIG – Partnership guidance

Introduction

- § The Partnership Special Interest Group
- § Another guidance document ?
- § Existing partnership documentation
- § Progress to date
- § Next steps

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Background to the Partnership Special Interest Group

we work in a dynamic and challenging sector where there is constant change, continuous scrutiny, and an expectation of delivery.

Funding allocation is being significantly reduced with local authorities being directed towards partnerships to continue providing and improving essential services.

Partnerships bring new risks to many local authorities as for the first time they do not have total control over the funding and delivery of a programme, project or service to the public.

ALARM Partnership SIG – Partnership guidance Background to the Partnership Special Interest Group

The Partnership SIG was agreed by the ALARM exec board with an inaugural meeting in 2007

Due to pressure of work the next meeting took place in Autumn 2008.

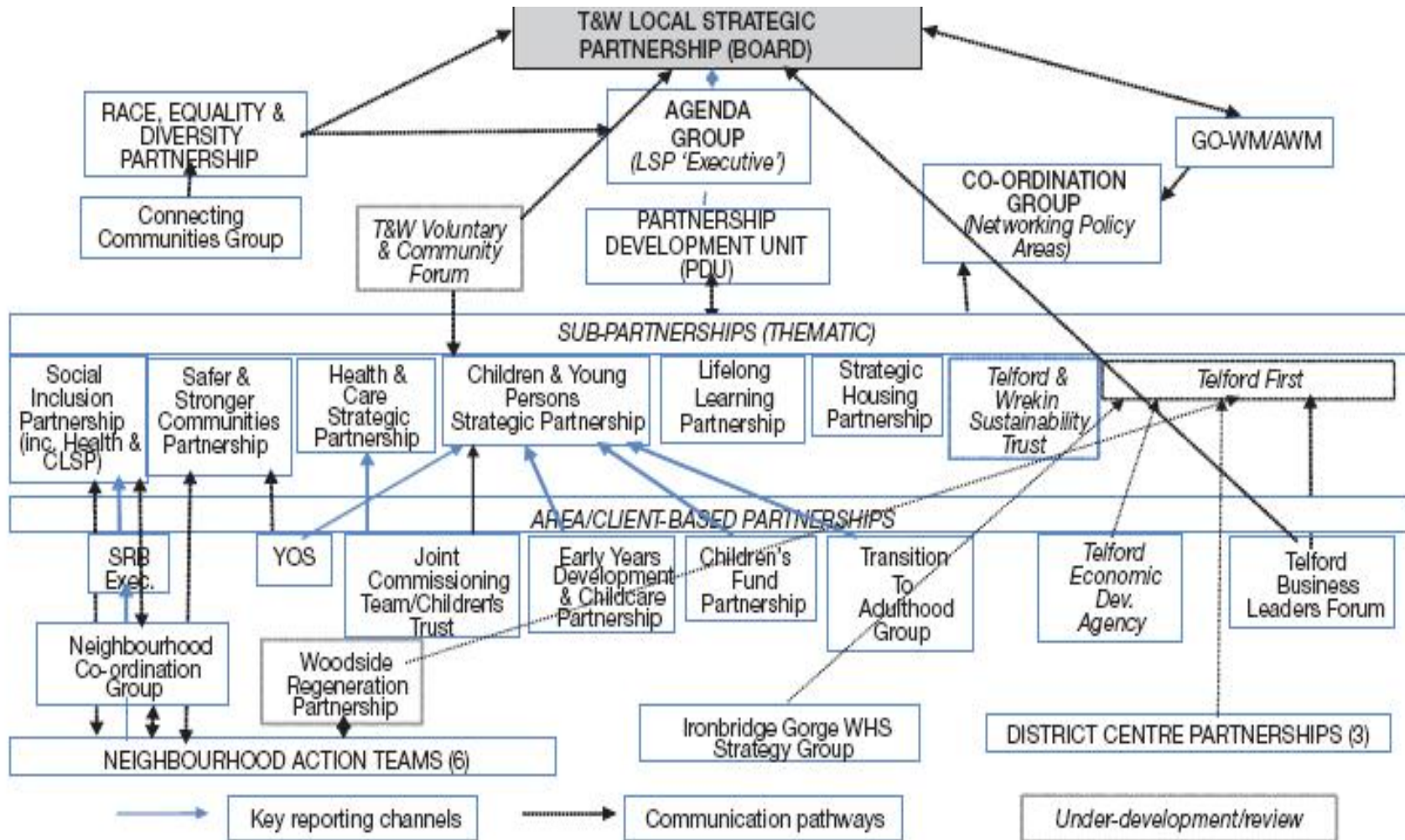
This worked to our advantage as the thoughts on the best way to produce a guidance document changed significantly

The first draft was presented to the June 2009 Alarm conference for critical comment

Given the wide range of services represented there were significant comments and feedback and these have been addressed.

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Why produce another guidance document



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Why produce another guidance document

Which major partnership recently had the following said about it?

- The main cause of failure was poor corporate governance and leadership.
- Many decisions had to be agreed unanimously by 5 partners who were also shareholders and suppliers and had different motives depending on their roles
- The executive management changed frequently and was unable to manage the shareholder dominated supply chain
- They were unable to monitor costs or obtain adequate evidence to support claims.
- They were obliged to rely on other parties all of whom were hampered by a lack of quality information
- The exposure to risk and inadequate controls led to a £ 1.7 billion payment to cover debt obligations

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Why produce another guidance document

These comments are all taken from the National Audit Office report into the failure of Metronet which was published on the 5th June 2009.

Given a 30-year contract to upgrade nine of the London underground's 12 lines Metronet only managed 40 per cent of the work it was meant to have achieved in its first three years.

The failure resulted in the Department for Transport having to pay off the £1.7 billion debt in one year rather than being spread over 30 years

The Commons' transport select committee said “taxpayers are paying the price for the government's failure to assess the dangers of handing risk to the public sector”.

Future public-private partnerships (PPP) should always bear in mind the "spectacular failure" of Metronet, MPs have warned.

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Why produce another guidance document



Terminal 5 opening day problems.

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Why produce another guidance document

Terminal 5 was a flagship project by BAA finishing exactly on schedule.

BA are a flagship airline flying all over the world usually on time.

Working together in partnership they should have delivered the ultimate flying experience

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Why produce another guidance document

The flaws in the partnership became apparent on the opening day.

To maximise publicity BA 's chairman had previously been on TV promoting the new terminal and in particular the modern baggage handling systems however BAA had not tested the system at maximum load and baggage handlers had insufficient time to familiarise themselves with the new baggage handling.

BA were seen as the ones to blame and with it the reputational damage for luggage being sent to Milan, losing over £16 million from 300 cancelled flights and compensation payments, and saw a 5% fall in business class passengers

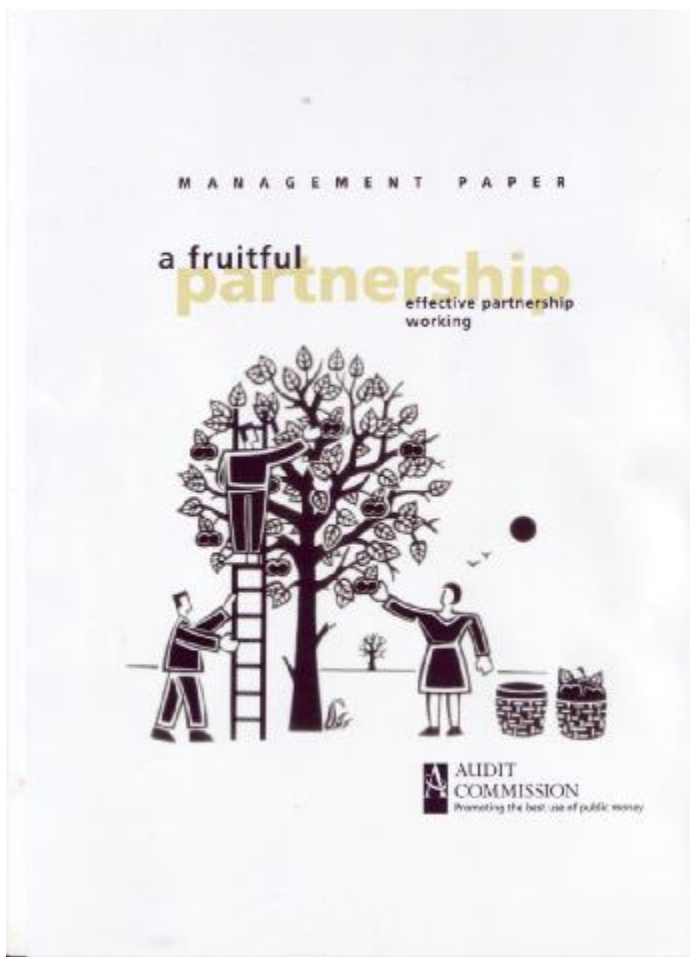
BA said at the time they had mislaid 20,000 items of baggage

BAA helpfully said that the figure was 28,000

In reality it was nearer 5,000

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Existing partnership information



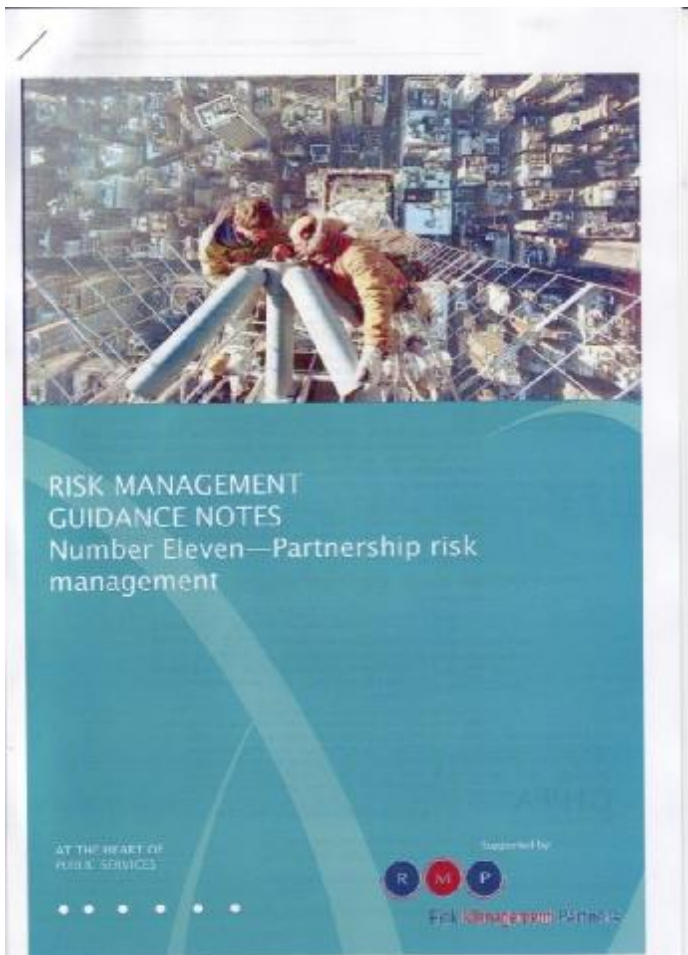
1998



2004

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Existing partnership information



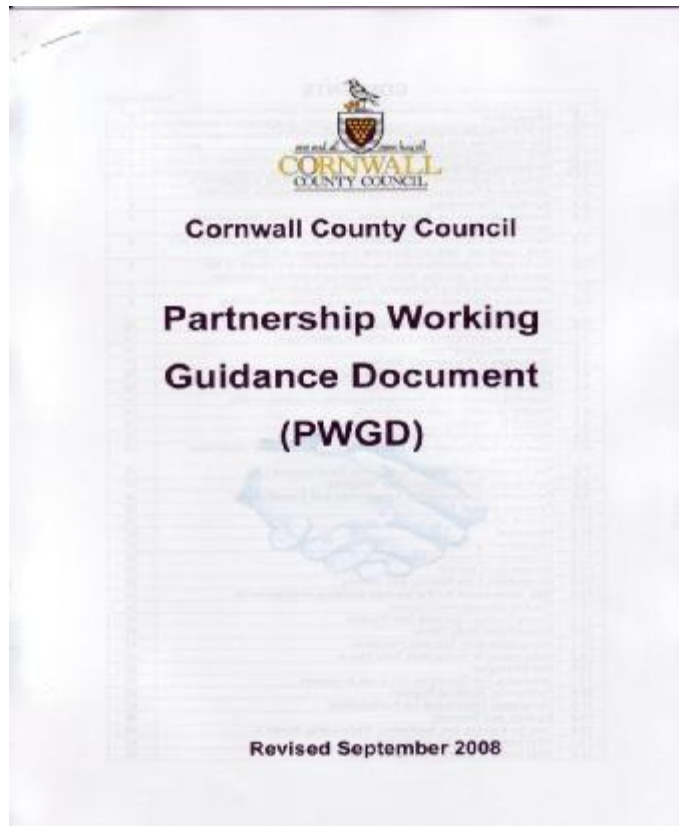
2004



2005

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Existing partnership information



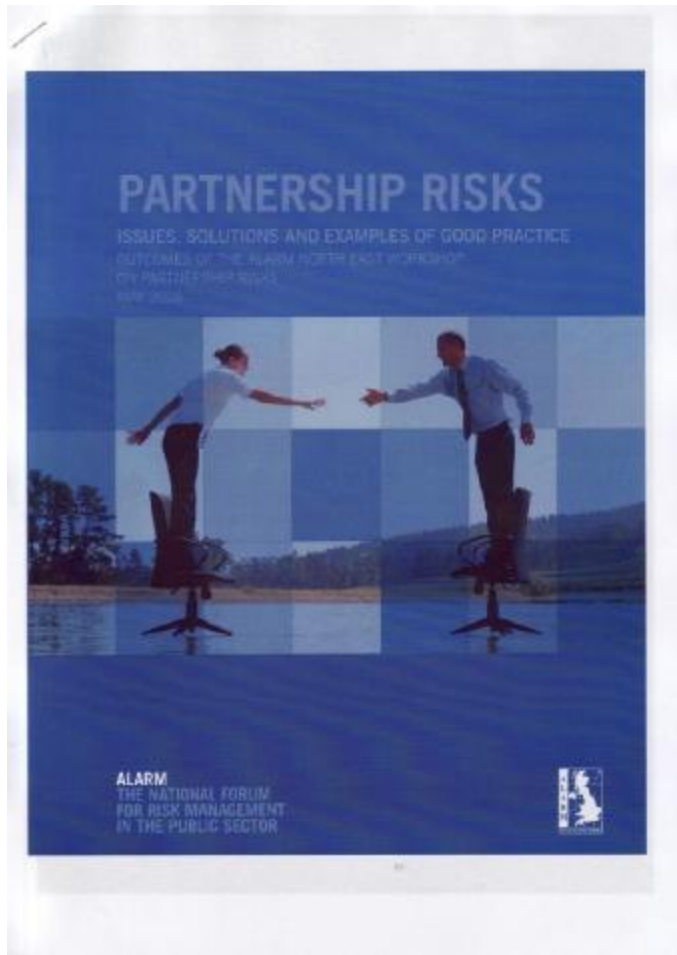
2008



2008

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Existing partnership information



2008



2009?

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How is it different and what should it do

Considered what was on the market now and what would we need

- It had to be web-based.
- Will have both generic and sector specific documents
- Easily accessible to members and non-members
- Easy to use
- Be in plain language and use consistent terminology
- Link effectively within the public and private sectors.
- To be the standard for the management of risks in partnerships in the public sector.
- Link to the organisation's own existing risk management arrangements

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How is it different and what should it do

- Future proofed
- Owned, regularly reviewed and updated with version control.
- To have full buy in.
- Suitable for use from commencement of a partnership to its conclusion.
- Can be used as part of setting up new partnerships or to assess existing partnership.
- Contribute by linking into the Annual Governance Statement.

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Who is it aimed at

- Should it target a wider audience than just risk managers
- Should it be just risks within partnerships or a bigger picture

Significance and scaleability

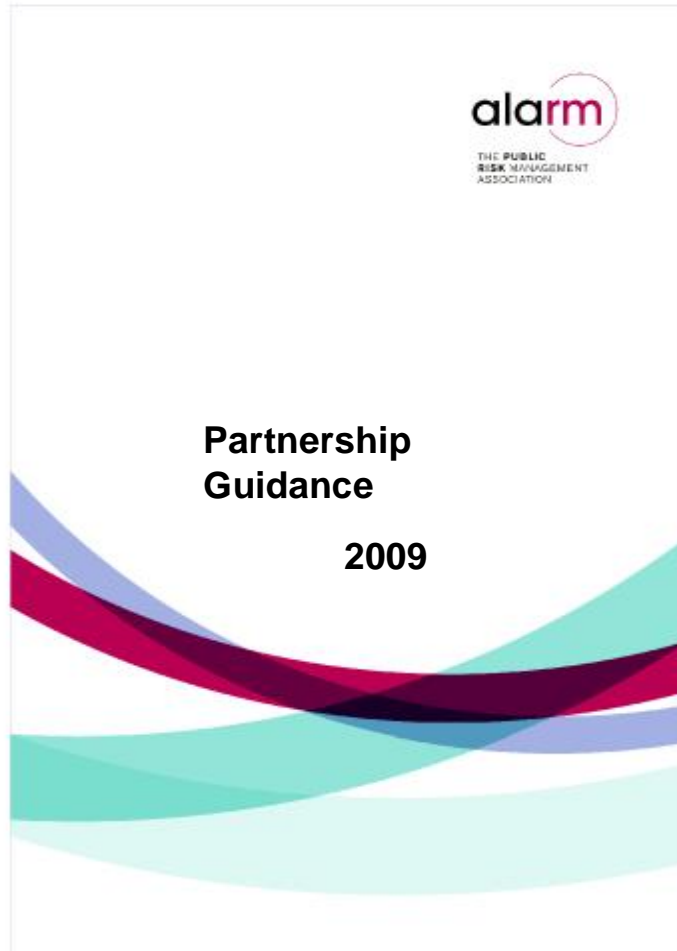
- At what level is the guidance aimed -

Whose risks

Can it differentiate between risks to:

- the partnership
- lead partners
- other partners
- partner organisations

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art 1 - Partnership - Yes or No

Partnership assessment tool to establish whether go ahead as a partnership.

art 2 - How significant is the Partnership

Establish whether the partnership is significant and the level of risk involved. Links to Annual Governance Statement and CAA

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Part 3 - Partnership Guidance

Getting Started in Partnerships,

Setting up the Partnership,

Operating the Partnership

Partnership completion exit strategy

Guidance and assessment information to use during setting up, and running the partnership

Part 4 - Health check your Partnership

Partnership health check tools to ensure partnership is still on target

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Part 5 - Bibliography, Guidance, Case studies and links

Further reading, best practice case studies and links for further information

Part 1 - Partnership - Yes or No

‘Partnerships are essential to deliver improvements in peoples quality of life’
(Audit Commission 2005)

‘They may not deliver good value for public money’
(Audit Commission 2005)

Although the use of partnerships is championed by central government as the way forward it is essential to consider the potential risks faced by the partnership itself, by other partners which may affect the overall partnership and the risks to the individual partners from the partnership.

If at any point these risks outweigh the advantages of the proposed partnership then consider alternatives.

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Part 2 - Assessing Significance

| Impact No. | Description | Insignificant (Score "1") | Minor Significance (Score "2") | Moderate Significance (Score "3") | Major Significance (Score "4") | High Significance (Score "6") | Score |
|---|--|--|---|---|--|---|-----------|
| 1 | Partnership costs: the council directly contributes money to the partnership, contributes resources (officer time/work done), or money is directed through the Council's accounts | No Council contribution | £<20 per annum | £20K to 50k per annum | £50k to £100 per annum | > £100K per annum | |
| 2 | Relationship to Corporate Priorities: to what extent is the partnerships success critical to the achievement of a corporate priority | Not linked to any service, directorate or corporate priorities | Indirect links to successful achievement of a corporate priority | Moderate contribution to successful achievement of a corporate priority | Significant contribution to the successful achievement of a corporate priority | Essential to successful achievement of a corporate priority | |
| 3 | What are the consequences (financial / reputational / liability / political) for the Council of failures within the Partnership? | Insignificant consequences | Minor consequences | Moderate consequences | Major Significance | Highly Significant | |
| 4 | The partnership takes decisions on behalf of or which are binding on the Council | The partnership does not take decisions on behalf of the Council | The partnership does not take decisions on behalf of the Council but Council representatives feed back/lobby the Council | The partnership does not take decisions on behalf of the Council but Council representatives with decision making authority attend the partnership and consider and influence its recommendations | | | |
| 5 | Statutory or Regulatory Context: is the Council required to set up the partnership by law or is the Council required to set up the partnership in order to receive additional funding /meet a requirement of the assessment regime/statutory guidance | Not required by law or funding | Indirect links to successful achievement of funding or achievement in CPA | Links to successful achievement of funding or achievement in CPA | Direct links to successful achievement of funding or achievement in CPA | The Council is required to participate in this partnership by law or to receive specific funding | |
| 6 | Risk: the partnership contributes to the management of risks identified on corporate or directorate risk registers | The partnership does not contribute to the management of high priority risks identified on corporate or directorate risk registers | The partnership indirectly contributes to the management of high priority risks identified on a directorate risk register | The partnership directly contributes to the management of high priority risks identified on a directorate risk register | The partnership indirectly contributes to the management of a high priority corporate risk | The partnership directly contributes to the management of a high priority corporate risk | |
| TOTAL: | | | | | | | 0 |
| HIGHEST POSSIBLE SCORE (No. Of questions answered x) | | | | | | | 36 |
| IMPACT SCORE ("Total" divided by "Highest Possible Score") | | | | | | | |

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Part 3 – Partnership guidance level 1

Getting Started in Partnerships,

Communications,

Powers and Duties,

Risk Assessment,

Decisions & Opportunities

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Part 3 – Partnership guidance level 1

Setting up the Partnership,

Roles and Responsibilities

Time table

Resources

Media Strategy

Sponsorship

Information exchange

Meetings

Finance

Legal

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Part 3 – Partnership guidance level 1

Operating the Partnership

Monitoring
Risk Registers

Partnership completion & exit strategy

Termination

Part 3 – Partnership guidance level 2

Getting Started in Partnerships > Communications

- Terms of Reference
- Consultation with stakeholders
- Clarity of outcomes
- Conflicts of interest
- Term
- Risk Appetite
- Understanding of points of view
- Objectives of Partners
- Buy in
- Likelihood for future change

Part 3 – Getting Started level 3

Getting Started in Partnerships > Communications > Terms of Reference

- Need to engage stakeholders
- Form of partnership
- Formal approval needed from Board/Chief Officers
- Clarity of scope of project
- Membership of team/resources
- Outcomes required/defined
- Accountabilities/responsibilities
- Reporting arrangements
- Timetable
- Governance arrangements/key controls/audit
- Meeting arrangements

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Part 3 – Getting Started level 4

Getting Started in Partnerships > Communications > Terms of

Reference >

Need to engage stake holders >

- key risks

- Failure of partnership

- Differing expectations

- Failure to achieve outcomes

- Increased costs

- Loss of control due to differing agendas

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Part 4 – Health check your Partnership

Can be used at any point during a partnership to check whether the partnership is still on track or whether it needs changing or completing

This can be programmed into a new partnership or used with an existing partnership

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Part 4 – Health check your Partnership

| Partnership Health check | | Match | Partial | Complete |
|--------------------------|--|-------|---------|----------|
| 1 | Is it achieving the specified outcomes | | | |
| 2 | Is it fit within agreed cost parameters | | | |
| 3 | Is the need for the partnership still there | | | |
| 4 | Is it at low risk on the risk register | | | |
| 5 | Is it a part of the Councils key processes | | | |
| 6 | Are the common aims and objectives still the same | | | |
| 7 | Is it performing a valuable service | | | |
| 8 | Are the performance targets/indicators still being achieved | | | |
| 9 | Are all the partners still fully committed to the partnership | | | |
| 10 | Are all partners still engaged or have some encountered financial difficulties and become unable to contribute | | | |
| | | Yes | Partial | No |
| 11 | Is the partnership becoming more as there is no exit strategy | | | |
| 12 | Has poor quality management affected the delivery of effective outcomes | | | |
| 13 | Have political changes at national or local level affected the partnership | | | |
| 14 | Is the partnership still effective in its current format | | | |
| 15 | Has the loss of a key staff member within the partnership and / or board affected the partnership | | | |
| 16 | Have any changes in the law made the partnership illegal | | | |
| 17 | Are there conflicts of interest | | | |
| 18 | Have there any issues or concerns from internal or external audits | | | |
| 19 | Have there been concerns about the internal reporting structure of the partnership | | | |
| 20 | Is it likely that grant funding may be discontinued in the future | | | |
| | | 20 | 30 | 40 |
| 20 - 35 | Consider whether partnership is viable | | | |
| 36 - 45 | Partnership will need a significant review to ensure it continues to deliver its outcomes | | | |
| 46 - 60 | Partnership is in good shape but may benefit from minor changes | | | |

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Part 5 - Bibliography, Guidance, Case studies and links

Bibliography

Audit Commission (1998)

A fruitful partnership – Management paper

One of the first papers to be produced addressing partnerships. The publication considers the lifecycle of a partnership spelling out the likely problems and some ways of overcoming them. There are case studies from a wide range of services included throughout the publication.

CIPFA (2004)

Risk Management Guidance Notes Number 11 Partnership risk management

Produced by CIPFA in association with Risk Management Partners this 11 page document seeks to give general guidance on partnership risk management. There are several pages of guidance though two pages are taken up by a quote from the Audit Commission publication Governing Partnerships for better accountability

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Part 5 - Bibliography, Guidance, Case studies and links

1. CONSULTANCY AND INFORMATION RESOURCES

Asset Management Solutions http://www.amsol.co.uk/htm_

Asset Management Solutions provide consultancy advice on PFI, and offer a core specialism in advising special purpose vehicles.

City & Financial <http://www.cityandfinancial.com>

City & Financial are a research-based conference organiser who, through the conferences they arrange and the published guidance they provide, cover ongoing developments in PPP within the UK and abroad. Their 4th March 2008 'Understanding PPP' conference in London may be of particular interest to Alarm members.

International Financial Services London <http://www.ifsl.org.uk>

This member-funded private sector organisation promotes the UK financial services industry around the world. The above webpage contains a special section for PPP publications. Be sure to check both the new lists and the archive lists to ensure you get all the up-to-date output.

Next steps

- Draft web page set up with member access
- Consultation with a wide range of colleagues
- Consultation with the Audit Commission

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Are there any thoughts from yourselves how can it be improved

Thank you for your time and contributions