

# Ealing Council



## Partnerships For Better Not Worse: Ealing's Approach To Partnership Risks

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# Outline

- Case Study – IT Sector and Erinaceous
- Defining a Partnership
- Identifying a List of Partners – The Significance Test
- Ealing Approach
- Community Partners (LSP) – Key Lessons
- Significant Contracts – Key Lessons
- Other Areas to Consider
- Conclusion

# Case Study

**For the next 10 minutes please split yourself up into groups and consider the article and case study on pages 3 & 4.**

## **Consider**

- **Criteria for classifying your partners as significant**
- **Key risks to your partnerships including contracts**

# Definition

- The first challenge for the Council was to define what is meant by a partnership.
- A cross departmental group was formed to amend the definition in the Constitution.
- The group is comprised of the same officers that work together to develop the Annual Governance Statement.

# Definition

## Partnership arrangements

The council may enter into an arrangement with one or more other party to achieve objectives of the council and at least one of the other parties which involves at least one of the following:

- (a) sharing of risk in relation to the subject matter of the arrangement
- (b) joint planning and decision-making such as joint commissioning
- (c) joint delivery of services
- (d) sharing of resources

# Identifying a List of Partners

**The working group identified two types of partners**

## **Type 1 Community Partners (LSP)**

- Significance assessed using a Partnership Scorecard which can be found in the CIPFA AGS Rough Guide used by Leeds City Council.
- Included in the Terms of Reference of the LSP.

## **Type 2 Significant Contracts**

- Risk based assessment.
- The partners were assessed against the Council's gross expenditure i.e. 1% of gross expenditure.

# Significance Test - LSP

## The LSP was assessed against the following criteria,

- Would the failure of the partnership threaten the achievement of a Corporate Priority?
- Is the success of the partnership vital to the achievement of a Corporate Priority?
- Does the partnership take decisions on behalf of or which are binding on the Council?
- 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?
- 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. (Consider the cost within a financial year)

# Ealing Approach.....

## LSP

- Formal Quarterly Reports
- Simple Traffic Light System
- Performance Management



## Key Contracts

- Training for Contract Managers
- Review of Risk Management
- Completion of Contract Checklist
- Challenge at Contracts Review Board



# LSP – Key Lessons

- Partnership agreements present risks to the Council which are sometimes difficult to unravel.
- Where health and social care budgets are pooled (albeit on a small scale) without the statutory requirements being followed.
- Built in review mechanisms are not followed creating a risk that the agreement no longer reflects the reality of the arrangements.
- Partnership arrangements evolve from discussions at the LSP with no formal partnership agreement and in some instances weak governance arrangements.

# LSP – Key Lessons

- The ability of the voluntary sector to meet a minimum standard in terms of a total quality management framework.
- Short termism was identified by some partners as being a risk possibly with focus being on quick wins at the expense of longer term investment in strategy.
- Competing priorities from central government or national targets, which were contradictory to locally determined priorities, at times, led to partners agencies having conflicting targets.
- Governance of the key themed partnerships was identified as a key challenge, such as decision-making structures not being effective.

# Significant Contracts – Key Lessons

- **Intellectual Property – Access to records**
- **Assets – Ownership, disposal, compatibility and contractual clauses**
- **Performance Measures – Contract performance**
- **Continuity of Service – fulfilling statutory duties**
- **Re-tendering timescales**
- **Sub Contractors**
- **Supplier interdependencies**
- **Auditing**

# Significant Contracts - Value for Money

**Spend with suppliers is a significant proportion of an organisations cost.**

- *Applying rates outside the contract agreement*
- *Miscalculation or failure to apply discounts or volume rebates*
- *Failure to apply penalties for poor performance*
- *Duplicate invoices*
- *Inappropriate or overstated third party costs passed on*
- *Poor understanding of the contract model*
- *Changes in contract management personnel*
- *Complex pricing models*

# Other Areas to Consider

- Private Finance Initiatives – Affordability Models
- Financial checks of contractors
- Assess the pricing of the contract for risk
- Commit resource to manage the contract through its life



The ultimate risk - Failure

cannot be transferred

# Conclusion

To summarise

- Define what a partnership is;
- Assess and rank risks for partnerships;
- Produce a regularly-updated list of partnerships, highlighting key partners;
- Ensure there are formal governance arrangements with built in reviews;
- Undertake a risk assessment of partnerships and issues arising from them;
- Have a process for reviewing the delivery of benefits, and taking appropriate action to alter or end agreements if they are not achieving the intended goals.

# Questions ?

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