Chapter 2.3: Partnerships, Collaboration and Shared Services in the Public and Third Sectors

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The Importance of Extended Enterprise Risk Management

In this chapter we consider the challenges associated with managing risk within complex and extended enterprises, how they are changing and how they impact senior managers and risk practitioners working within the public and third sectors. We look at the key features, attributes and shapers involved in the various collaborative arrangements which affect authorities in these sectors. We also consider the behaviours and culture that support collaboration, whilst delivering effective public services in partnership with third parties. The chapter will explain why developing trust, ensuring clear, effective lines of communication and the management of relationships is vital.

Public Sector Risk Landscape

The public sector faces a number of specific challenges and complexities, chiefly as a consequence of continuing budget reductions, political pressures, changing demographics and rising public expectations. These challenges define the outcomes it has to deliver, the financial environment in which it operates and further complicate the delivery and value chains deployed to achieve those outcomes. These include:

- Statutory and social responsibilities which the public sector has no choice but to deliver
- The “social contract” by which people trade off rights to their government in return for the expected benefits of greater social order, stability and security
- Increasing public expectations, for example, regarding public health, choice of education providers and ease of access to services
- The assumption that the public sector will always be able to act as “risk bearer of last resort” when major crises occur for events as diverse as assisting a community to recover from a major flood to bailing out a major bank during a financial crisis
- Short term political planning and delivery horizons
- An over-riding requirement to protect the public purse and to do this demonstrably, which encompasses very specific and public accountability frameworks, for example the National Audit Office and Public Accounts Committee
- Huge exposures to fraud, estimated at £20.6 billion across the UK public sector
- Complex networks of formal and informal service delivery arrangements, which often involve many different partners. For example the multi-agency approach required to safeguard vulnerable children and adults
• Limitations in the traditional public sector commercial approach and capabilities, including a lack of extensive expertise in dealing with external service providers effectively and on an equal footing

• Fiscal consolidation which will continue to constrain the funding available for public services (at least to 2019) and will require a root and branch review of what services are provided, who is responsible for them and how they are delivered; all with significant implications for the ownership and management of risks

• Financial constraints driving more arms length supply of services and increasing the impetus for “payment by results” and options for more local/community delivery

• The localism agenda and changes in local/central government relationships

• Major changes in central government organisational and delivery structures, embodied in the Civil Service Reform Plan\(^1\).

The current state of the public finances requires active and urgent consideration of the redesign of services and the deployment of new delivery models, challenging the fundamental nature and scope of services being provided. This may:

• Result in a blurring and complicating of accountabilities, delivery responsibilities and the interfaces between public and private sectors entailing a significant alteration of existing governance and accountability structures.

• Produce new and complex relationships which will not always be formally contracted. An increasing emphasis on arms length delivery and “payment by results” brings with it risks of targets and incentives which may result in unexpected and perverse behaviours, leading to poor service delivery, inefficiencies and at the extreme increased levels of fraud and error, with resultant poor public service, lack of value for money and adverse publicity.

The design and commissioning of new delivery models therefore requires a robust consideration of what may be major consequences from changes in service delivery. For example, changes in local/central government relationships, such as those arising from the merger of health and social care responsibilities previously undertaken separately by the health service and local government.

Similarly major central government initiatives such as the move to on-line delivery of all services, as planned in the “digital by default” agenda, requires a wide consideration of potential risks, such as the potential for increasing exposure to cyber crime and for disenfranchising the most vulnerable members of society who may have more limited access to digital only services.

These new models, however, also present opportunities to rethink and improve service delivery and stop non-essential activities by focussing on the core business of the public sector, sharing costs and risks more widely, increasing delivery capacity (including through access to new markets and market making etc.) and enhancing partner and community involvement.

The recent Local Government Association publication “Rewiring Public Services”\(^2\), advocates action at local and national levels to transform public services to help communities meet future public needs and aspirations through strong local community leadership by rebuilding democratic participation, fixing public services and revitalising the economy.

These challenges require truly risk based policy setting and decision making, which may well require new accountability and governance structures for decision making, service delivery and assumption/allocation of risk; and better harnessing relationships with the public; key to the successful delivery of benefits.

This in turn requires a significantly more focus on outcomes and a reduction in the current emphasis which the public sector places on process. Such a change in focus must also be reflected within risk management and associated assurance frameworks, shifting from a focus on risk assurance processes to gaining meaningful outcomes from these activities. More fundamentally there must be a greater emphasis on true collaboration across the extended enterprise, by building strong long term relationships and avoiding the traditional default to either passive acceptance or confrontation when difficulties occur.

**Service Delivery Mechanisms**

Service delivery mechanisms requiring examination within the context of public sector value and delivery chain risk and assurance include:

- Shared services within the public sector itself
- Mutuals/co-operatives
- Third sector delivered services
- Private sector delivery
- The movement of responsibilities from the centre to local government for example as in Public Health
- Increasing emphasis on community service delivery and assumption of risk.

We focus on two of these: outsourcing to the Private Sector and the Third Sector

**The Private Sector**

Two recent National Audit Office (NAO) reports have focused on the management of private sector suppliers of central government services\(^3\). The NAO report an estimated £40bn central government spend with third parties in 2012-13 (this is in addition to £84bn from local government, £50bn from the NHS and £13bn with devolved and independent bodies). 25% of this central government spend (£10bn) is estimated to be with 40 strategic suppliers as defined by the Cabinet Office.

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They report that:

“The current government, like the one before it, sees contracting out as a way to reform public services and improve value for money. Contracting out can significantly reduce costs and help to improve public services. However, there are several indications that better public scrutiny is needed across government contracting:

- There have been several high-profile allegations of poor performance, irregularities and misreporting over the past few months. These raise concerns about whether all contractors know what is going on in their business and are behaving appropriately; and how well the government manages contracts.

- The government believes that contractors generally have often not provided sufficient value, and can contribute more to the overall austerity programme. But the general level of transparency over contractors’ costs and profits is limited. The government needs a better understanding of what is a fair return for good performance for it to maintain the appropriate balance between risk and reward.

- Third, underlying both these issues is the concern that government is, to a certain degree, dependent upon its major providers. There is a sense that some may be “too big to fail” – and difficult to live with or without.”

In terms of the need for effective control of outsourced suppliers the NAO also report:

- “The government and public need transparency about performance. Transparency is needed to ensure that no one within the contractor can hide problems and that it is in the contractors’ commercial interest to focus on their client’s (the government’s) needs. This requires more than just the key performance indicators reported to the client. For instance, it also requires public reporting and openness to public scrutiny; whistleblowing policies that encourage staff to report problems up the supply chain; and user feedback.

- The government needs to ensure it is in contractors’ financial interest to implement rigorous controls throughout their business. Companies’ own control environments will likely concentrate on maintaining shareholder value. Government needs to ensure that it is in the contractors’ financial interests to focus their control environment on meeting the standards expected of public service. This involves using contractual entitlements to information, audit and inspection to ensure standards are being met. And it is likely to involve financial penalties, banning from competitions and political fallout when problems are found.”

As a specific example, the NAO refer to the contracts that the Ministry of Justice have in place with G4S and Serco for the use of electronic monitoring to confirm that individuals are in their curfew locations at the required times. The NAO report specifically on assurance and control that:

“As with managing contracts, departments retain responsibility for ensuring that suppliers maintain the standards expected. This presents a particular challenge where a contractor is providing a front-line service in an environment devolved from the contracting authority. First, many of the standards expected of all public services are not easily susceptible to contractual specification. It is not possible, for instance, to contract for “integrity” or the
“spirit of the law”. Second, achieving the standards expected for public service depends to a large degree on the corporate culture, control environment and ethics of the contractor. It is not easy, however, to use contract negotiations to meaningfully assess and set standards for the contractor as a whole.

The recent issues over billing arrangements in the Ministry of Justice electronic monitoring contracts with G4S and Serco highlight the need for a better control framework from departments over service delivery by the contractor.”

The Third Sector
The Third Sector is a specific aspect of the public sector risk landscape which is likely to fulfil an increasing role in the redesign of the delivery of public services, whilst at the same time facing its own specific funding pressures.

This sector comprises Not for Profit and Community Good organisations that have a huge impact on our social wellbeing and economy. The sector includes Charitable Trusts, Incorporated Societies, Public Benefit Entities, and an increasing number of hybrid Social Enterprises characterised by their mix of community and commercial functions and objectives e.g. micro financing/loans to the poor.

Organisational models in this sector have become increasingly complex over the past few decades as organisations moved from reliance on ‘old charity’ models to new ‘business’ models. Continued pressure to secure funding in an often highly competitive environment has also translated into the need for:

- much greater collaboration and partnership with like-minded organisations
- development of hybrid community/commercials models of business
- change in governance and leadership practices to recognise the higher level of inter dependency and interconnectedness.

Risk management within this complex environment has had to evolve and a much greater focus is apparent on ensuring:

- Values alignment
- Motivated visionary people with right competencies
- Focussed mission & strategy
- Great discipline in strategy execution
- Optimal organisational structure to deliver results
- Clear roles & responsibilities
- Stable financial, staffing and volunteer base
- Performance incentives that aligned to values and the strategic direction
- Effective risk governance and management with clarity on risk appetite/tolerance
Collaborative Models of the Extended Enterprise within Public and Third Sector

It is useful to reflect on what is meant by ‘collaboration’. According to the Miriam-Webster dictionary, collaboration is defined as

“1. to work jointly with others or together especially in an intellectual endeavour
2. to cooperate with or willingly assist an enemy of one’s country and especially an occupying force
3. to cooperate with an agency or instrumentality with which one is not immediately connected.”

All three definitions are related to the process of collaboration in business and especially in the non-profit sector where organisations can be seen as competitors for government grants or contracts, or where they co-exist next to one another providing different services to different members of society. However, no matter how collaboration is viewed, the literature time and again suggests the merits of collaboration.

A selection of collaborative models have emerged including:

1. **Lead-organisation networks model**: this model considers agencies forming a relationship with one leading organisation selected by public funding agencies to manage the relationships. A government may for example need to deal with organisations that have some local mandate, can represent the local community and can be held accountable through formal structures.

2. **Constellation model**: in considering collaboration, issues often arise concerning how autonomy and accountability is to be maintained and upheld. One solution can be taken from the case of Canadian NGOs. In their efforts to resolve the issue of children’s environmental health they applied the ‘constellation model’. This model rests on the notion that small teams should address a particular task. These teams focus on the external environment rather than on the partnership itself. Decision-making and leadership rotates between partners according to their skills and the tasks at hand. The underlying task is not strategy-driven but rather opportunity-driven. Once the goal is achieved, or the opportunity is no longer available, these teams become inactive without impacting on the partnership.

3. **Partnering Models**: a partnership can be assessed from different perspectives as there are different stakeholders. However, a specific network should be assessed on the outcomes of the specific relationship. Hence, in every partnership it is important to have a clear, achievable goal. Success depends on the fit between the goal and the way to achieve it. As illustrated below, there are commonly five different types of relationships depending on the goal: coexistence, networking, cooperation, collaboration, and partnerships.
Operating in the Extended Enterprise – Key Attributes, Features and Shapers

We propose a number of good practice principles, for public sector managers at all levels to consider and reflect upon. These are supplemented by case studies to demonstrate their practical application and a set of tools for public sector managers.

In doing so we have divided the proposed principles under the headings of Attributes, Features and Shapers as described in Chapter 2: Executive Summary.

Attributes
Emphasis is needed on true collaboration and co-operation, by building strong, long term and “adult” relationships, to include:

- Developing an intelligent customer capability in the commissioning and management/oversight of outsourced / arms length services; balancing proportionate and appropriate oversight with constricting interference
- Establishing shared cultures and behaviours across the Public Extended Enterprise
- Practical application and communication of risk appetite
- Establishing and maintaining effective risk ownership and risk sharing within accountability frameworks
- Partnership working principles in contractual and non-contractual environments
• Assurance over shared service arrangements

• Contingency Planning – including supplier default/failure/non performance

There is a need for a strategic overview of the complex network of formal & informal arrangements, which may often involve many different organisations (e.g. several of the child abuse scandals of the too recent past, Victoria Climbie / Baby P etc)

Features
• Changed delivery frameworks may also entail changed risk frameworks requiring consideration of questions such as:
  o Why do we have this risk?
  o If the risk is valid who owns it?
  o If it is a community owned risk, what help does the community need to manage it?

• New delivery models need to be set up within a legislative structure including meeting the requirements of new legislation (e.g. EU Procurement Directive, Public contracts regulations)

• Democratic accountability needs to be maintained and this includes protecting the public purse – this may require some redefinition and resetting of traditional governance and accountability structures, including the roles of scrutiny bodies and regulators

• There is a need to manage (potential) loss of control whilst maintaining the quality and governance of service delivery including the delivery of statutory services (e.g. the Southern Cross Care Homes Crisis)

• Risk exposures and assurance mechanisms need to be mapped to gain confidence that the key risks are being managed effectively – there may be a lack of capacity and skills to manage the set up and delivery of these arrangements (e.g. Kerrin Point 1997)

• Reputational risks cannot be outsourced

• Proactive media engagement is required including the management of social media

Shapers
• It is important that personal and organisational values are aligned

• Quality of service delivery needs to be maintained whilst avoiding perverse incentives in delivery of outcomes (e.g. experienced with A4E, G4S) and propriety needs to be managed in payment by results arrangements – both in commissioning of services and ongoing monitoring of delivery

• The Public Extended Enterprise is likely to be operating within a framework of political “interference” and managers need to be prepared for the likelihood of regular changes in direction at a national/local level
• There is a need for regular horizon scanning including the identification and management of new and emerging risks

• There is a redesign of services and delivery models in central government; creating markets where either none exist or current offerings do not meet requirements

• There are challenges in managing third sector/community involvement, including practical support when the going gets tough

• Societal risk needs to be addressed

• It needs to be considered whether competition in the public service is always appropriate

Tools, Techniques and Available Resources

One of the central themes of this paper is that the simple application of well established traditional risk management processes may prove inadequate in tackling the risks associated with the complex extended enterprise. Sadly, this has been demonstrated by a number of headline-grabbing organisational failures. Although, without doubt, it is still necessary to identify, assess, treat, monitor and report on risks, a traditional approach may not be sufficient and the practitioner must be able to understand and analyse the different influences and additional risks presented by the extended model of service delivery.

When dealing with complexity it is probably no great surprise to discover that there is no one tool, technique or resource available to assist in this task.

We suggest that to gain a better understanding of the risks presented, the public sector senior manager, supported by risk practitioners, must be able to explore and understand the key facets of the nature of the collaboration and be prepared to ask some searching questions.

The Extended Enterprise Option

This may be a moot point as the collaboration may already be underway, or the decision made, but consideration of risk is essential and if given the opportunity the risk practitioner has an important role to play in helping to define the strategic direction, identifying and assessing both threats and opportunities from the options available.

A useful resource is BS 11000-1:2012 Collaborative Business relations. This describes 3 phases of a collaborative relationship, the first being ‘strategic’ within which consideration is given to issues such the objectives and value proposition of the collaboration, resource, competencies and required behaviours, partner selection criteria, an internal self assessment and the initial risk assessment. (See below, reproduced by kind permission of the BSI)

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4 Permission to reproduce extracts from BS 11000-1:2010 is granted by BSI. British Standards can be obtained in PDF or hard copy formats from the BSI online shop: www.bsigroup.com/Shop
Shared Service Architecture Ltd suggests the following decision making route map, Fig X referred to as the efficiency matrix\(^5\).

This suggests there are four main options for service delivery available to decision makers in the public sector. These are in order of preference:

1. Tough it out – Although painful, if successful the service will be more efficient and productive than before. Additionally this option has the benefit of retaining complete control over the future destiny of the service.

2. Sell to others – An option open to those who have succeeded in toughing it out. However it will require the development of sales and marketing expertise and a more ‘commercial’ customer service ethos. The benefit being additional income coupled with retention of control over future destiny.

3. Outsource – To either private or public organisations, who can offer the service but at a lower cost. The majority of control remains within the service and can be exercised through performance targets and monitoring of the contract.

4. Shared services – In effect the public sector version of a merger. It brings with it the potential for significant efficiency gains but requires the surrender of sovereign control.

Some examples of how these different models of service delivery are being manifest is outlined below (Reproduced with the kind permission of Shared Service Architects Ltd)
The Organisation and its Leaders

At an early stage it is also necessary to explore the risks associated with the organisation’s ability, in terms of leadership and competencies, to enter into successful collaborative relationships.

In her book on Collaborative Advantage, Elisabeth Lank writes ‘because of our collective failure to recognise the connected nature of the organisational world, we have to date largely failed to educate managers and leaders sufficiently in the art of making collaborative work effective’ (‘Collaborative Advantage: How organisations win by working together ’ Lank, E (2006) ).

Based on research conducted at Canterbury Christ Church University Business School \(^6\) (Macdonald-Wallace, D (2009) Accelerating the successful delivery of shared services: What skills and knowledge do Members and Officers need to learn?) Shared Service Architecture Ltd has identified the 20 top skills and knowledge requirements for those tasked with leading or project managing shared service arrangements. Reproduced with their kind permission is a self-diagnostic tool for practitioners. It is very interesting to note that skills around building relationships, trust, communication, and governance are considered most important with process and knowledge skills only coming into play from statement 13 down.

**Skills and knowledge requirements for leaders (Shared Service Architects Ltd)**

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<tr>
<th><strong>Self-Diagnostic Tool</strong></th>
<th>Tick how confident do you feel about your ability in each of the 20 areas</th>
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<tr>
<td><strong>What skills and knowledge will you require when undertaking this shared service project?</strong></td>
<td><strong>Highly confident</strong></td>
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<td>1. The skill of building and sustaining strong trust across leader relationships in multi-partner collaborations.</td>
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<td>2. The skill of creating a positive shared vision, for a project team that may be drawn together from a range of partners of un-equal size or authority.</td>
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<td>3. A knowledge of the key methodologies for supporting decision makers in creating policy for selecting which services to share.</td>
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<td>4. Skills in developing shared vision between a set of partners for a new, better and lower cost shared service.</td>
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\(^6\) Macdonald-Wallace, D (2009) Accelerating the successful delivery of shared services: What skills and knowledge do Members and Officers need to learn
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<th>5. Skills in developing consensus between a set of partners on the procedures and structure required to deliver a new service.</th>
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<tr>
<td>6. Skills in developing consensus between a set of partners on the accountabilities and powers in a new service.</td>
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<tr>
<td>7. Skills in building strong trust between key stakeholders during the key stages of a project.</td>
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<td>8. Knowledge of the relevant statutes that will constrain the design of a service(s).</td>
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<td>9. Knowledge of governance model(s) and partnership vehicles that could be considered for a project.</td>
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<td>10. Knowledge of the EU procurement rules that may apply to a project.</td>
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<td>11. Knowledge of the range of relevant tools you can draw on from support and improvement agencies in your sector.</td>
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<td>12. Knowledge of a number of similar projects that have already been completed.</td>
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<td>13. Knowledge of the project methodologies required (e.g. MSP, PRINCE2, Lean, Operational Research, etc).</td>
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<td>14. Knowledge of the Business Process Improvement methodologies you are likely to use in a project.</td>
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<td>15. Skills in drafting clear communication pieces to communicate across a range of mixed stakeholders in a project.</td>
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<td>16. Knowledge of the possibilities and limitations of the range of ICT systems currently used.</td>
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<td>17. Skills in estimating return on investment scenarios for the services involved in a project.</td>
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<td>18. A knowledge of sources of financial/performance benchmarking that can be drawn on to inform measurable progress.</td>
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<tr>
<td>19. Skills in designing &quot;invest to save&quot; programmes to enable up-front investment by partners.</td>
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<tr>
<td>20. The knowledge that you will be released for enough time to be the Shared Service Practitioner or Architect on a project.</td>
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**The Nature, Scale and Importance of Collaborations**

The nature of the collaborative relationship may take on many forms from simple coexistence through to a full partnership relationship where all resources are merged and sovereign control relinquished (reference fig x the partnership continuum).

Moreover, there are a growing number of legal vehicles that can be used to formalise the relationship, each presenting its own governance considerations, operating restrictions, threats and opportunities. To add to this complexity, many large public and third sector bodies are involved in a multitude of collaborative relationships with many different partners.

To operate effectively public sector senior managers, supported by risk practitioners, must ensure that they have:

- an in-depth understanding of the partnerships / collaborations in which the organisation is engaged.
• a reasonable understanding of the legal vehicles involved and the issues and restrictions associated with each type
• a view on the strategic importance of the partnership or collaboration.

For all collaborations and partnerships of strategic importance to the authority consider using the IRM model below to explore in greater detail key factors influencing risk in the relationship.

Managing Risk and gaining Assurance within an Extended Enterprise

The collaborative model of service delivery is high risk. There are numerous examples of failed attempts or arrangements that have yet to deliver on the promise of the business case.

Gatt & Wallace (Gatt, E & Wallace, D. (2013) The Highway Code of Shared services. London. SSA Publications) suggest three key reasons for this failure:

1. Leaders fail to lead collaboratively and refuse to make changes in their behaviours and ambitions, that are required to deliver a joint project with external partners
2. The creation of business cases that are over optimistic, and their development and project roll-out being under-resourced
3. The project teams are not equipped with the skills and knowledge required, or the authority, to deliver the project.

The common theme running through all the literature is the absolute critical importance of establishing shared objectives and desired outcomes, fostering trust and focusing on relationship
management. It is therefore on these ‘soft skill’ areas that the public sector senior manager and risk practitioner need to focus attention. There are a number of resources that can help.

CIPFA document a comprehensive list of 50 shared service risks together with steps required to mitigate them (Sharing the Gain, CIPFA, 2010). The issues highlighted above by Gatt and Wallace are well represented within this list.

BS 11000 Collaborative business relationships includes guidance on the development of a relationship management plan and also a relationship maturity matrix that can be used to identify strengths and weaknesses.

Experience would suggest that by aiming for realistic and achievable goals, trust can be built and reinforced. The issues that can put the relationships and trust at risk are personnel change and environmental change. Some solutions to deal with these changes are:

1. Clear documentation is needed
2. A clear review process where reflections are needed on what does and does not work
3. Face-to-face meetings are important
4. Open discussions with a proactive approach are needed
5. Working with the community is important. This is similar to the ‘open-source’ approach where the idea is to be open about the network and allow people who wish to develop these networks to come to you.

Nuffield Institute for Health has developed a ‘Partnership Development Tool’. The tool facilitates an exploration of the views held by the partners in an arrangement to six key partnership principles, namely:

1. Recognise and accept the need for partnership
2. Develop clarity and realism of purpose
3. Ensure commitment and ownership
4. Develop and maintain trust
5. Create clear and robust partnership arrangements

The results of the assessment graphically illustrate any problem areas and suggest an action plan to address any issues that are surfaced. The tool can be freely downloaded at http://www.doh.state.fl.us/compass/documents/AssessingStrategicPartnership.pdf
Case Studies

We offer the following case studies as examples of ways that risks in the public sector can be managed on a collaborative basis and how effective assurance on the management of such risks can be obtained.

Central Government Shared Services

In the UK the Cabinet Office is setting up two shared service centres, as joint ventures between government and the private sector, to provide transactional services including HR, finance, payroll and procurement. As these services were previously delivered directly by government departments who were usually also using them UK government Accounting Officers had direct responsibility for control over the delivery of services for which they were accountable for regarding the management of public money. They still have this accountability, without the responsibility for and control of the direct service delivery.

An assurance model is therefore being developed by the Cabinet Office Crown Oversight Function to address this situation, which will draw upon a number of key sources of assurance information:

- The development of an assurance framework based on the Three Lines of Defence model. This will provide the basis upon which the Crown Oversight Function will assess, in conjunction with customers, assurance that the shared service centre operator is meeting its contractual obligations
- An understanding of the risks to the service provided to customers by the shared service centre operator and how these risks have been managed during the year
- The work of the Crown Oversight Function and its contract management forums, including information on any significant non-compliance with service standards on the part of the shared service centre operator or issues that may impact on customers’ own Governance Statements
- The results of an audit plan, agreed between the Crown Oversight Function and the shared service centre operator. The Crown Oversight Function will engage with customers at the start of each year to identify the audit work to be performed
- The results of an independently performed audit on the effectiveness of the key controls operating within the shared service centre operator. This report will be carried out in accordance with the global standard (ISAE 3402) on assessing the controls within shared service organisations
- Any work relating to the shared service centre operator carried out by the NAO
- Any work the Cabinet Office internal auditors undertake on the Crown Oversight Function, or the arrangements more generally between Crown Oversight, customers and the shared service centre operator
- The work of the Shared Service Audit Committee. This is a new sub-committee of the main Cabinet Office Audit Committee that will focus solely on shared services governance, risk management, control and assurance. This Committee will provide an independent view on the adequacy of the assurances received.
Northamptonshire County Council

Northamptonshire County Council manages a complex network of relationships internally and externally to deliver key services. In doing so the Council has adopted innovative ways of working in order to deliver more efficient and cost effective services.

Examples of this include the setting up of the Local Government Shared Service, one of the UKs largest shared ventures, to deliver a range of professional and transactional services to participants and Olympus Care Services, a company wholly owned by the Council providing direct social care service services to older people, people with physical disabilities and with learning disabilities. The Council is also developing a number of strategic alliances focussed on shared outcomes and targets with a range of public and private sector organisations and uses market testing services and open sourcing where relevant.

The Council is also focussed on empowering the community to have a greater involvement in the designing and delivery of services.

The Council is constantly looking at new and innovative ways to deliver services through its Business Intelligence Unit which focuses on horizon scanning and identifying ‘the art of the possible’. In doing so, business intelligence information is used to anticipate demand and inform how services are delivered.

Across all of this work the Council is clear about having robust assurance mechanisms in place which provide reassurance that key risks are being identified and effectively managed.

All activities are underpinned by a strategy map that sets out the Council’s core purpose and its key areas of focus from a customer and community, financial and learning, and growth perspective. As part of this senior managers receive a ‘single version of the truth’, an overview of key performance indicators including the monitoring of compliance with Statements of Required Practice for areas such as risk management, project and programme management.

The Statement of Recommended Practice for risk management includes risks being identified and reviewed at a service and project level, with a process in place for escalating and reporting on risks to Corporate Leadership Team and Audit Committee as required.

However, strong performance and governance procedures are only part of the story and the Council places great emphasis on building trust and strong relationships with partners who are focussed on achieving shared outcomes and targets. This includes developing a culture where potential risks are openly discussed and dealt with at the time rather than constantly having to refer to contracts. It also includes developing a culture where taking informed risk is actively encouraged on the understanding that this is essential if the Council is to innovate and transform the way that services are delivered. This approach is further supported by the Business Intelligence Unit with its focus on identifying new and innovate ways of working and on providing an environment where ideas can be developed and tested before implementation.

Life Unlimited and Parent to Parent - New Zealand
Life Unlimited and Parent to Parent are two not for profit organisations providing services supporting people with disabilities. Both organisations provide services nationally and are based in Hamilton, New Zealand. In 2008 the organisations formed a partnership in order to bid for and win a new contract with the Ministry of Health for provision of a national information service regarding Autism Spectrum Disorder (ASD).

**Key drivers of collaboration**

- The single most compelling driver for collaboration was that both organisations had expertise and experience relevant to the advertised tender, however neither would have been particularly strong contenders on their own. The two CEOs recognised that the combined expertise and coverage of the two organisations would come together into a much more compelling proposition
- The two CEOs had some previous experience working together on smaller scale projects.
- Parent to Parent had an existing service providing information on common and rare health and disability conditions, and had in place a network of coordinators employed throughout New Zealand
- Life Unlimited had experience in project management and new service development and a strong and stable financial base.

**Developments to date**

- Life Unlimited hold the contract with the Ministry of Health
- The working relationship is defined by a Memorandum of Understanding and an annual Service Level Agreement
- The service run by the collaborative partnership is a separate ‘brand’ Altogether Autism, but is not a separate legal entity. All staff and contractors are employed by one or other organisation
- An operational governance group meets monthly comprised of the two CEOs and key staff
- The partnership has operated successfully over 5 years growing and developing the service.

**Key learnings**

- Differences in culture between the two organisations have presented some challenges which have required attention and goodwill to overcome
- Requiring staff to seamlessly represent the joint service, Altogether Autism, no matter which organisation they work for
- Working out of two offices in the same city requires specific coordination, understanding and goodwill.
- The operational governance group has a tendency to address operational matters first, and is challenged to maintain strategic focus and leadership.
• The partners are considering whether further collaboration, for example around back office functions, would be beneficial.

• The collaboration has been positive allowing both organisations to benefit and grow – rather than one at the expense of the other.

Conclusion

In conclusion senior managers and risk practitioners working within the public and third sectors are becoming increasingly familiar with the challenges associated with managing risk within complex and extended enterprises. To succeed the traditional approaches to risk management must be supplemented with a deep knowledge and understanding of the key features attributes and shapers involved in the various collaborative arrangements in which the relevant authority is involved. The authority must adopt behaviours and build a culture that supports collaboration, whilst remaining alert to the need for effective and continuing oversight of the delivery of public services by third parties. Developing trust, ensuring clear, effective lines of communication and the management of relationships is vital.

The Board and Risk Practitioner should be comfortable they can answer the following:

1. How is due consideration given to both the threats and opportunities presented by the various models available when the initial decision to enter into collaborative working is taken?
2. How has the organisation conducted an assessment of its own ability in terms of leadership and competencies to enter into and build successful collaborative working arrangements?
3. How does the authority have a clear understanding of the nature, strategic importance and risks associated with the various collaborations in which it is currently involved?
4. How does the authority seek and gain assurances that risks are being identified, assessed and managed effectively within strategically important collaborations?
5. How is effort given to building trust, encouraging communication and managing relationships within strategically important collaborations and is this sufficient?