

Pilot Learning Group

Round Table Action Learning Session 1: Models of partnership working

Introduction

The Academy for Justice (AJC) pilot learning group was established following a requirement to develop Learning Groups for members. The pilot learning group focuses on one key area of commissioning; provider development, that was seen by the AJC membership as important in improving learning.

The make-up of the pilot learning group consists of members of the AJC who come from public, private and voluntary sector backgrounds. The bringing together of people from all business sectors will significantly help in developing a better understanding of provider development and will ensure that any learning disseminated via the AJC is suitably informed. Whilst this mix of people from different sectors is beneficial, each member of the group is also committed to adopting an open approach to engaging in the pilot, exploring differing issues regardless of the sector they work in which will ensure any learning is not biased towards a specific market sector.

The inaugural meeting of the pilot learning group took place on the 24th February 2012 in Birmingham. Future activity will consist of a series of facilitated round table action learning sessions with a view to the sharing of experience and learning across the group and to report back to Academy for Justice Commissioning for wider dissemination.

There will be five round table events covering the following subject areas:

	Subject	Location	Date
1	Models of partnership working	Havant	April 2012
2	Localism	Norwich	June 2012
3	Procurement (Competitive Dialogue) - sharing of experiences	Wakefield	August 2012
4	Balancing operational and commercial interests in commissioning	Poole	October 2012
5	Influences - Government, Media, Public Sector –what is the evidence base?	Luton	December 2012

On completion of the round table sessions it is proposed to share the findings and experiences of the Pilot Learning Group with members at one of the formal AJC evening seminars early in 2013.



Round Table Action Learning Session 1: Models of partnership working

The first round table action learning session focused on models of partnership working, and was split into four areas to facilitate discussion. These were:

1. Technical issues
2. Operational issues
3. Cultural issues
4. political/economic Issues

Each area was discussed in some depth by the group and the following learning points have been recorded to share with the AJC membership and other interested parties.

- There was clear agreement within the group that the uses of terminology can often be misleading especially in the area of partnership working. All agreed that the term partnership has been widely adopted by many organisations, some of which used it as a public relations tool to give the impression that all parties in a commercial relationship are equal. The experiences of much of the group, however suggested that two important factors contributed to a good commercial/partnership relationship. These were in ensuring that careful attention was given to how a commercial/partnership relationship is set up and by clearly defining the relationship in terms of governance, commercial and who holds the power.

Examples of recent relationships described as partnership models from within the group, were shown to be either sub-contract relationships, where one of the parties held the dominant commercial position or were loose alliances with no real governance structure. It was agreed that by adopting the correct terminology and being transparent in where the power in the relationship rests, often helps in improving stakeholder management and ensured that there is little or no ambiguity in the roles and responsibilities of the parties. However it was also recognised that in a competitive commercial environment, the use of the term partnership is a powerful marketing tool in influencing commissioners, particularly when high value community based public services are subject to competitive tendering. **It was felt that the term will continue to be widely misused by all sectors in the future, so the responsibility on Commissioners to ensure they fully understand what governance sits behind the partnership before awarding contracts is important.**

- The group was unanimous in recognising that all successful partnership models and other commercial relationships are reliant on individual relationship management skills. Most of the group were able to provide examples where successful services delivery could be directly attributed to individuals from all parties developing good working relationships that built trust and allow issues to be resolved quickly and efficiently. However most of the group had also experienced situations where a change in personnel had led to a significant degradation in the relationship, particularly where the change in personnel was accompanied by a policy change.

A key learning outcome from this part of the discussion was that **Commissioners will need to think through how they manage commercial/partnership relationships where the service is fundamentally reliant on key individuals. This is particularly important with services being commissioned from the voluntary and community sectors, where in many situations the service being commissioned is in fact the**



interpersonal skills of the staff within that organisation. These skills are often not transferable but do make a real difference to achieving positive service user outcomes or provide a benefit directly to the community. This adds a significant element of risk for the Commissioner, who will often look to the provider to build in contingency plans or financial remedies to cover the risk. Whilst these are traditional mechanisms for protecting public money, they do add tension into the relationship and Commissioners may need to explore other more innovative partnership mechanisms in the future.

- The governance of partnership/commercial relationships was discussed in depth with the group highlighting a number of issues that could have a major influence on the models of partnership adopted in the future. These were thought to be particularly important in situations where Commissioners were encouraging consortia based service provision, payment by result models (that included multiple partners) or where prime contracts were required to manage the supply chain. The main concerns were as follows:
 - A significant number of the group had seen an increase in the number of partners demanding exclusivity arrangements. Whilst this is normal commercial practice in the private sector, it is generally not applied to the voluntary and public sectors and there is evidence that this may result in potential conflicts of interest for those organisations. There is also potential for larger prime contractors to gain an unfair commercial advantage when preparing for the competitive tendering of public service, if they are able to control the traditional open information and data sharing culture of the voluntary sector through legally applied exclusivity agreements.
 - Intellectual Property is also becoming more of an issue as organisations start to recognise that there is value in the tools they develop. How these link with exclusivity arrangements, ownership, and requirements to share (if public funding was used in their development) will all need to be worked through.
 - Some of the group felt that there was a risk that organisations, particularly in the voluntary sector could see an erosion of their ethical values as grant funding reduces and the need to partner to achieve sustainable long term funding becomes more acute. In this situation many of the group felt there was a significant risk that the wide scale adoption of the governments preferred 'payment by results' system for the delivery of public services will promote a culture of 'cherry picking' where providers focus on easy wins, leading to the segmentation of the more vulnerable and needy groups of services users. For many organisations, this group of people is core and threats to service delivery and funding for innovation aimed at programmes or support is a serious concern amongst organisations and service users (Clinks recently published a report Economic Downturn Survey which details impact of cuts and changes to funding throughout the Criminal Justice Sector). Conversely there is also a risk that any organisation protecting its ethical values and continuing to work with hard to reach service users outside of the PBR model will see a reduction in its funding and eventual closure of the business. Some of the group were already seeing a reduction in funding or had examples of organisations ceasing to trade because of the reasons discussed above.



- The Group agreed that whilst they understood the Governments need to significantly reduce public spending, some felt a public service commissioning model that relied predominantly on scale and purchasing leverage to deliver savings was fundamentally flawed. It was felt that whilst scale was essential in delivering savings from the procurement of commodities or certain service categories, it was not appropriate for front line public services delivered in the community. Several members of the group provided examples of like for like services which had been adapted locally to meet the needs of often chaotic groups of service users with multiple needs. The requirement for tailoring is further demonstrated by local and regional demographic differences, requiring specific variations to service delivery, including population profile, cultural diversity, geography etc.

The group felt that a 'one size fits all' commissioning strategy where the service user is modelled in the same way as any other commodity and there is no local tailoring, would either fail to deliver the predicted savings or would lead to a drop in services quality and desired outcomes. Traditionally, the failure of a service (particularly if there are political implications) leads to a blame culture and will ultimately put a strain on any partnership/commercial relationship. The group felt that some organisations should therefore in future think long and hard about who they partner with and there will be an increase in the levels of due diligence to ensure the partners share the same basic values.

- As stated earlier in the paper, there is clear evidence that good partnership/commercial models have relationship management skills at the core of their success. However the group felt that careful consideration would need to be given to the size and make-up of any partnership in order to ensure that the necessary relationships that facilitate success are able to flourish. There was a general acceptance that experience suggests that there is a point in the development or growth of a partnership when the corporate governance requirements or commercial policies of one of the parties become more important than the need to maintain relationships. An indication that this point has been reached is often when there is a marked change in the relationship between the parties and it was suggested that further development of the partnership beyond this does not provide value.
- The last part of this paper looks at the two important elements of risk transfer and reduced funding in the context of partnership/commercial models. These are not new issues and the group were able to demonstrate that they were all used to dealing with them in their normal day to day business activities. However some members of the group highlighted the impact on partnerships of the government's desire to transfer risk out of the public sector into private and voluntary providers. The two elements of risk that will be transferred are financial (payment by results) and operational (service delivery) each of which bring different challenges. The group felt that the allocation of these risks between the partners, (depending on their role) may lead to increased emphasis on hardnosed contractual relationships rather than the more traditional partnership principles often adopted between the voluntary and public sectors.



The group recognised that this would be a cultural change for many organisations that would need to adapt not only their own business culture but how they approach commercial relationships. However many of the group also felt that there was a lack of commercial skills in many of the smaller voluntary, private and public sector organisations which could see them unwittingly accepting a disproportionate amount of risk either through the commercial terms of the partnership or through the tendering process. Many group members also felt this was a distraction for voluntary sector organisations whose principal purpose is to deliver frontline services or to campaign according to their articles of association. The undermining of and challenge to the voluntary sector through these shifts is significant and may mean a decrease in innovation and quality services and a correlated increase in lack of appropriate services or access for marginalised communities.

Conclusion

The round table active learning session proved to be a rewarding experience for all, participants generated high quality discussions on many aspects of partnership working. The pilot learning group lived up to its commitment to be open and honest in their discussion with an aim of providing high quality feedback to the Academy for Justice Commissioning. For this reason the paper is framed in such a way as to highlight the issues discussed and the learning points that came from the discussions. Whilst it is accepted that many people will not agree with some of the outcomes for the discussions, we feel that by highlighting the issues, it opens up healthy debate and ensures that high quality and intelligent commissioning activities are practiced across the whole of the public sector.