

# LEICESTERSHIRE *together*



## Guidance for partnership working

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## Guidance for partnership working

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# Preface -

This partnership guidance is aimed at providing an introduction to the issues and challenges involved in running an effective partnership.

The Leicestershire Together partnership structure consists of a large number of different partnerships, some are already established and working effectively, some are in the early stages of development. This guidance will undoubtedly be of more use to those new to partnership working but it is hoped that even experienced partnerships will gain from the contents.

There is a substantial amount of information already publicly available and it is hoped that this guidance brings together some of those sources. Links can also be found to websites providing more detail on specific areas.

We recommend that all partnerships undertake a self assessment\* which may assist in identifying areas of potential weakness and then in directing you to the guidance which will be of most use.

If you feel we can improve this information in any way, please let us know by contacting [policy@leics.gov.uk](mailto:policy@leics.gov.uk) .

\*Please note, the self assessment toolkit is in the process of being revised. Please contact us if you wish to undertake it before March 2008.

# SECTION 1 – Partnerships – A Beginners Guide

*This section seeks to provide a brief introduction to partnerships by providing definitions, examining why they are important and the advantages and disadvantages of working in partnership. Most topics will be covered in more detail in Section 2, 3 and 4.*

## 1.1 Definition

Working in partnership is essential if we are to provide high quality services. There are many definitions of partnership but a generally accepted definition is:

*“two or more agencies coming together to achieve a common goal”* (Audit Commission ‘[A Fruitful Partnership](#)’ (published in November 1998).

In summary, the Audit Commission describe partnerships as a joint working arrangement where the partners:

- Are otherwise independent bodies
- Agree to co-operate to achieve a common goal
- Create a new organisational structure or process to achieve this goal, separate from their own organisations
- Plan and implement a jointly agreed programme, often with joint staff or resources
- Share relevant information
- Pool risks and rewards.

## 1.2 Why do partnerships matter?

There has been a very significant increase in partnership service delivery in recent years. The Audit Commission estimated that in excess of 5,500 partnerships existed in the UK which accounted for over £4billion of public expenditure. Partnerships are important from three perspectives (more information can be found on <http://www.makingendsmeet.idea.gov.uk/idk/core/page.do?pagelId=5148860> )

### 1.2.1 For the Government:

Partnership working is central to Government policies on the delivery of effective public services and they are an increasingly significant feature of public service delivery. They see the main objectives as being:

- Improving the user experience of services
- Ensuring easy and timely access to services
- Dealing with difficult ‘wicked issues’ in the delivery of services
- Promoting citizen involvement in shaping services
- Making best use of all the available resources

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### **1.2.2 For local authorities:**

Partnerships can support the development of services delivered for the benefit of local communities. The use of financial and human resources available to partner agencies can be maximised to achieve common objectives. Partnerships can also support innovation as they bring together different views and risk is shared among a number of organisations.

### **1.2.3 For service users:**

The needs of many people cannot fully be met by one agency alone. For example, many health inequalities are caused by a number of factors which could not be tackled if left to healthcare providers only. Many services are already dependent on joined-up working with others.

## **1.3 Advantages and Disadvantages of Partnerships**

### **1.3.1 In general the benefits of partnership working can be summarised as:**

- Sharing risks of project delivery
- Sharing financial resources, including capital and human resources.
- Improved economies through joint procurement.
- Sharing information and knowledge between experts in different fields
- Widen ownership
- Gain formal commitment of other agencies
- Open up additional funding sources
- Improve range and co-ordination of services available
- Gain tax advantages or break free of investment constraints
- New market/business opportunities can be opened up.

### **1.3.2 However, there are risks or working in partnership:**

- Governance of partnerships can be problematic.
- Accountability between partners is not always clear, including redress when things go wrong.
- Too much competition between partner organisations. While competition can be healthy, too much will lead to blame, resentment and lack of co-operation.
- Loss of control
- Slow, top heavy decision making
- Added confusion (eg all working to different organisational rules)
- Responsibilities of other partners taken on
- Higher administrative costs
- Opportunity costs (what could we have done with those resources)
- Bad publicity caused by actions of partnership or a partner
- Staff transfer issues
- Potential for poor partnership management
- Extra risks (involving the service, finance and legal issues)
- Termination (or reducing commitment) difficulties
- Possible uncapped liability of partners

## **1.4 Issues to consider at the beginning**

When establishing a partnership there are many considerations to account for. Below is a list of issues all partnerships should consider when getting started. More detail on these issues can be found elsewhere in the guidance:

### **1.4.1 General Issues**

- Is the purpose of the proposed partnership clearly identified and evidence of need explicit?
- Are customers likely to benefit from an improved service because of the proposed partnership?
- Can service improvements be achieved in a different way?
- Are there any other partnerships that already deal with the issue or could do?
- Have all services that could be affected been consulted and is there general agreement at officer level that the proposed partnership would be beneficial?
- Have the key decision makers been consulted?
- Do the other potential partners understand and agree with the objectives for the partnership?
- Have customers been consulted?
- Has the organisation's representation been considered and agreed internally?
- Do the organisation's representatives have enough authority to bring about the service improvements required?
- Do the representatives have the right skills - is training required?
- Are the County Council's key objectives and interests sufficiently protected in the partnership agreement?

### **1.4.2 Legal Issues**

There are many legal issues associated with partnership working. Below is an introductory list of such concerns. More information can be found in Section 3.4, however, partnerships are advised to seek professional legal advice before any legal undertaking occurs.

- Establish the legal basis for the proposed partnership. Are there any statutory/regulatory duties and constraints? If it is a voluntary initiative, what powers will the Council be exercising?
- Consider whether approval/endorsement is required before negotiations commence with prospective partners, or bids for funding are submitted.
- When considering the timescale, establish any legal time constraints – e.g. periods of consultation (statutory or contractual) with staff or service users; minimum procurement timescales.
- Be mindful of the potential for inadvertently creating a contractual relationship with potential partners, particularly where they are spending money on preparatory work. Be clear as to responsibilities and liabilities from the outset, and keep written records.
- Assess the degree of innovation and ground-breaking that is required – novel or complex legal issues may take additional time to resolve.
- For larger strategic and contractual partnerships it may be necessary for a pre-partnership agreement to be drawn up (sometimes called a 'memorandum of

understanding' or 'heads of terms' agreement) which incorporates a detailed project plan.

## 1.5 Top Tips for Partnership working

(Taken from Partnerships for better health, [http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH\\_075758](http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_075758) )

- 1.5.1 **Involved all partners as early as possible and treat them equally.** – Partnerships rely on partners working effectively together. This will only happen if all partners feel engaged in its development.
- 1.5.2 **Set clear objectives and markers of success, and focus on results.** – Define the purpose of the partnership and the difference it seeks to make. Critical success factors must be clear and the main drivers for every action.
- 1.5.3 **Be open to innovation.** – Partnerships provide opportunity for creativity with sharing of ideas and the sharing of risk of any failure.
- 1.5.4 **Allow an honest exchange of information between partners.** -Clear and open communication between partners helps build trust and a non-competitive environment.
- 1.5.5 **Be clear about every partner's role.** – A written agreement will help identify what each partner will contribute to the partnership.
- 1.5.6 **Allow partners to do what they are good at.** – Utilise partners skills and expertise and let them lead in areas where they excel.
- 1.5.7 **Be prepared to be challenged.** – Partnerships will drive forward where a culture of negotiation and debate is encouraged.
- 1.5.8 **Share risk across the partnership** – As resources should be shared, so should risk. A simple risk management framework can be used to analyse risks factors and how this can be shared across partners.
- 1.5.9 **Develop systems to ensure sustainability.** – It is important to examine the likely challenges, such as staff turnover , and develop systems to minimise the impact of such events.
- 1.5.10 **Monitor and evaluate.** – All partnerships need to know not only how successful they have been, but also why they have been successful. Evaluation informs future development.

## Section 2 – Establishing a Partnership

*This section seeks to highlight some of the key aspects of establishing a partnership, in particular, examining types of partnerships and the types of agreements that govern the management of the partnership.*

### 2.1 Types of Partnership

There are many types of partnership and not all of the available guidance provided here is applicable to all types of partnerships. For some partnerships, their status is clear in as much as they are established as a separate legal entity and as a limited company. For such partnerships company law will largely dictate governance and financial arrangements. For other, more informal partnerships, much less stringent legal requirements are placed upon them with perhaps only a loose agreement being in place. Many of partnerships within the Leicestershire Together family will be somewhere between the two, having formal partnership agreements and detailed governance procedures, but not formed as a separate company.

This list highlights three basic types of partnership and provides some key characteristics:

**2.1.1 Strategic Alliances** – e.g. LSP's, Strategic Service Delivery Partnerships, Joint Committees, Forums, Project management committees.

These are often designed to bring together the public, private, voluntary and community sector in order to improve public services. They are often non-statutory and non-executive organisations which operate at a local or neighbourhood level. They can act either as a delivery agency or simply in an advisory capacity. Many partnerships delivering aspects of the Local Area Agreement will come under this category.

**2.1.2 Statutory Partnerships**- e.g. those established under the Crime and Disorder Act 1998, the Health Act 1999, Local Government Act 2000, and the Children Act 2004.

Such partnerships are established due to a government requirement, often linked to a specific piece of legislation. For example, the Children Act 2004 requires local authorities to work in partnership to deliver the planning and commissioning of services.

**2.1.3 Community Organisations** – e.g. Trusts, Charities, Companies limited by Guarantee.

Some Community Organisations will have been established as an incorporated company, known as a company limited by guarantee and is a separate legal entity

to that of its constituent partners. Companies can be established as either having share capital (profit making and can distribute profits to directors) or not having share capital (not established for making profit). This enables a limitation of liability on the part of directors but requires the submission of accounts to Companies House and a strict following of company law. The purpose of the organisation is set out in the "Memorandum of Association" and a set of rules that govern how it operates is known as the "Articles of Association".

Trusts are not incorporated but consist of a number of individuals with a common aim. Trustees are personally liable for any liabilities.

Companies or Trusts established purely for charitable purposes can seek registration with the Charity Commission if they are established under one of the four heads of charity:

1. Relief of Poverty
2. Advancement of Education
3. Advancement of Religion
4. Other purposes beneficial to the community,

Companies who are also charities are governed by both the Companies Act 1985 and the Charities Act 1993. More information about registering a partnership can be found on the Companies House website -

<http://www.companieshouse.gov.uk/about/gbhtml/gb02.shtml> and information regarding charities can be found at the Charity Commission website <http://www.charity-commission.gov.uk/>.

#### **2.1.4. Formal or Informal?**

Established partnerships are already likely to have determined the formality of their working arrangements. For example, partnerships established as a separate legal identity will have their arrangements described in a legally binding document (The Articles of Association).

For other, more newly established partnerships, there will be vast differences in terms of how partnerships carry out their business and the formality of arrangements.

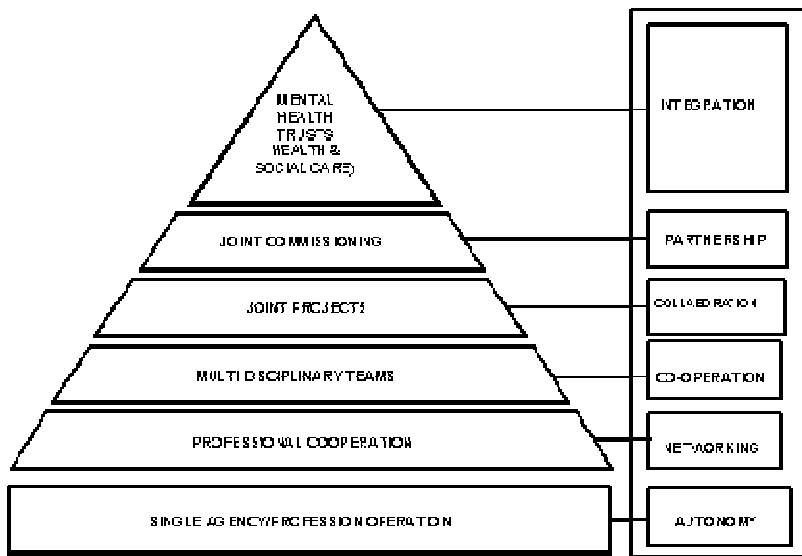
When deciding how the partnership will operate you will need to consider the following:

- Relevant Government policy and guidance
- Whether a loose (informal) or tight (formal) arrangement best meets your circumstances.
- Whether your partnership will take executive decisions or be advisory only, at least in the short term.

2.1.5 There are many different frameworks for describing types of partnerships. One such framework demonstrates a useful continuum for describing different ways of working together. Starting at the bottom of the pyramid, single agencies work on their own. The

model then moves through a number of stages from loose networking arrangements to the tighter and more formal arrangements that will be needed for joint commissioning and/or integrated services.

This model can be used to analyse where you are at the moment and as a framework for future planning.



(Source: Paddy Cooney- 'Learning to Love Partnerships', (as highlighted by I&DeA - <http://www.makingendsmeet.idea.gov.uk/idk/core/page.do?pageId=5148903> )

If you are unsure as to what type of partnership you are, consider the following issues:

Criteria	Less formal partnership	More formal partnership
History of working together	Poor history	Good history
Commitment of the partners	Low	High
Level of risk	Low	High
Amount of money involved	A little	A lot
Clarity of purpose and objectives	Unclear	Clear

If a partnership decides to begin with loose management arrangements but a generally agreed definition over purpose of the partnership, it is often preferred to begin to deliver actions and achieve some quick wins rather than to continue developing a detailed agreement. This gives confidence to partners and staff members in terms of the benefits of partnership working.

A more formal arrangement from the beginning might be suitable where there is clarity about the particular issues that need addressing and agreement exists as to the best way of dealing with these. This method will often work best where partners have a history of working together.

2.1.6 For advisory partnerships, they will make recommendations to the partner organisations for the formal decisions to be made. For example, recommendations may be passed to a Local Authority Cabinet for final decision.

Executive decision-making partnerships have accountability delegated to the Board or Committee of the partnership by the parent bodies within the terms of the formal agreement reached by those parent bodies. The agreement may require that council members are part of the boards or committees which oversee the work of the partnership as is the case with Leicestershire Together.

As with the decision to adopt either a 'loose' or 'tight' arrangement, there is the option of starting with an advisory partnership and, over time, moving to the creation of an executive partnership. Ideally the arrangements for executive decision making should closely reflect the type of partnership established. A formal partnership would be less effective if it had to submit all of its proposals to the parent bodies for executive decisions.

## 2.2 Partnership Agreements

When establishing a partnership, an important task is to consider the type and content of the agreement which details the difference they are seeking to make and governs how they will go about making that difference.

### 2.2.1 General issues

There are a number of types of agreement but whichever is chosen, a number of key issues should be addressed:

- **Who the partners are ?** – Are all involved partners clear about their involvement?
- **Roles and responsibilities of each partner** – Is each partner aware of their obligations and purpose within the partnership
- **Aims and objectives of partnership** - Have these been clearly defined with a clear vision
- **Duration of the partnership** – Is there a defined project timescale or will the partnership regularly review it's lifespan ?
- **Legal basis of partners' involvement** - Are there contractual arrangements between partners (see below)
- **Contributions (cash or kind) of each partner** - Is each partner clear to what extent they contribute resources to the partnership.
- **Decision-making by the partnership** – Is there a open and transparent process for decision making and is the authority of the decision-making forum to bind the partners
- **Financial management** – Arrangements for managing funds are clear and safeguards (such as tapering agreements for repayment of grants, in the event of termination) have been defined (Section 3.3).
- **Human Resource issues** - Processes for managing staff are identified. (see Section 3.2 for more detail)
- **Property matters** – Will the partnership need specific property form which to work ?
- **Information-sharing** – How will decisions and information be communicated to partners ?
- **Procurement** – Are purchasing arrangements clear ?
- **Dispute resolution** – Processes to resolve conflict have been considered.
- **Indemnity/insurance** - Suitable insurance will be taken to protect the partnership (Section 3.6)
- **Complaints** – A procedure for dealing with disputes and customer complaints has been considered.
- **Dissolution/ winding up of the partnership** - Is there a plan for dissolution and the consequences of termination (e.g methods of distributing assets/funding liabilities)

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## **2.2.2 Types of Partnership Agreement**

There are many types of agreement, listed below are the main two examples.

### **2.2.2.1 Service Level Agreements (SLAs)**

A Service Level Agreement is essentially an agreement between a commissioning agency, for example, a local authority, and a partnership which sets out the roles and responsibilities of both parties and forms the basis for their contractual relationship.

SLAs can be “outcome based” (that is, focused on the difference to be made) and often allows the delivery methods for partners to determine. Alternatively, they can be “service based” where partners agree the detail of what will be achieved and how it will be delivered. For more information on SLAs visit <http://www.idea.gov.uk/idk/aio/1712845> and <http://www.renewal.net/Documents/RNET/Toolkit/Developingeffectiveservice.DOC>.

### **2.2.2.2 Limited Liability Partnership (LLP)**

A partnership that establishes as a separate legal entity must be registered with Companies House. In a traditional partnership, if the business makes losses or is successfully sued, the individual partners are liable; this could include their personal possessions, homes, money etc. An LLP has limited liability, so is much safer for the partners, as they are not personally liable for any losses (there are exceptions to this, for example, limited liability is not always applicable where negligence can be proven).

However, partnerships that are separate legal entities raise particular problems. Chief Officers need to consider involvement and representation, duties and responsibilities of directors and trustees, the roles and responsibilities of observers and advisers, potential personal liability, duties of confidentiality, declarations of interest, managing conflicts of interest. Key points to consider are:

- If it is a company make sure that Form 2A8 is filed on appointment and resignation at Companies House
- The legal status of the partnership and the potential tax liability.
- The legal status of the partners and any implication on your agreement with them.
- That insurance or indemnity is in place for personal liability (new legislation on this is pending)
- That the organisation has sound financial practices and procedures
- That conflicts of interest have been identified and declared
- That general declarations of interest are made at the first meeting
- That duties of confidentiality in both directions are being observed
- That issues of conflict can be balanced, that advice has been taken from legal and financial services where necessary
- Rules have been established on gifts and hospitality.
- Staffing arrangements, in particular for seconded staff.

- Appropriate legal and financial advice sought over the agreement and any subsequent changes.

# Section Three - Finance, Governance and Management

*This section seeks to highlight some of the key administrative and governance issues involved in running partnerships. It is aimed at providing an overview of these areas and to provide direction to more detailed sources of information*

3.1 Partnerships will have many of the same management issues as single organisations, however, they will have the added complexity of having a number of partners to be engaged in the management process. It is therefore important that issues such as Human Resources, Financial Management, Legal obligations, and Risk Assessment are incorporated into partnership agreements (see section 2 for more detail).

- 1- Human Resources
- 2- Financial management
- 3- Legal obligations
- 4- Risk Assessment

## 3.2 Human Resources

**3.2.1 Transfer of Staff** - Where a partnership is not a separate legal entity, one of the partners must act as the employer in terms of holding the contract of employment. Employees effectively transfer their time to the work of the partnership under what is commonly known as a transfer of undertaking. The legislative framework for such transfers is the Transfer of Undertakings (Protection of Employment) 2006 (often known as TUPE). More information can be found on the CIPD website (<http://www.cipd.co.uk/subjects/emplaw/tupe>) and listed below are a number of different transfer scenarios where this legislation may come into force:

3.2.1.1 Joint Committees - Two or more authorities may arrange for joint provision of services and for a committee to be created to manage that arrangement. The consequence for staff will vary from one such arrangement to another. It may be convenient for one authority to take responsibility as the employing body for staff delivering the services on behalf of the other authorities. This is the approach which has been taken in the ESPO agreement.

3.2.1.2 Creation of a Company - A company is a body with a separate legal entity. There are particular rules governing the setting up of companies which are described as being "controlled" or "influenced" by local authorities. However, they remain independent of the local authority and will employ their own staff. Secondment may be used as a means of assisting the company in the early days of its operation. It is likely that, as matters progress, the company will wish to employ its own staff and that staff will transfer.

3.2.1.3 Consortium Arrangements - A number of authorities, or other bodies, may arrange to work together without giving up their autonomy in their particular areas of responsibility. In practice, one authority is likely to be identified as 'lead' or 'host' authority and staff may be seconded to that authority.

3.2.1.4 External Transfers- Transfers of staff are likely to be covered by the Circular of the Office of the Deputy Prime Minister no. 03/2003. This provides that in cases of transfer 'in circumstances where TUPE does not apply in strict legal terms, the principles of TUPE should be followed and the staff involved should be treated no less favourably than had the Regulations applied.' The right to membership of the Local Government Pension Scheme is not a right which will transfer under the TUPE Regulations. However, the circular provides that the new service provider will be required to ensure that staff have ongoing access to the Local Government Pension Scheme or be offered an alternative good quality occupational pension scheme. The authority will require that such alternative pension arrangements are the subject of rigorous scrutiny by a professionally qualified actuary who will compare the proposed arrangements with those of the Local Government Pension Scheme to ascertain whether they are broadly comparable. In practice, many new service providers will conclude that they should seek admitted body status to join the Local Government Pension Scheme.

**3.2.2 Matters To Consider Prior To Any Transfer** - The consequences of getting it wrong can be serious both in terms of management time and employee morale and can affect the success or otherwise of the project and the working relations with the other organisation. With this in mind, the following checklist has been prepared:

*3.2.2.1 Consultation:*

Employees - Enter into full and proper consultation with the employee/s concerned and the new section/department or host organisation well before the anticipated commencement of the proposed new working arrangement whether formal or informal and this also applies to any employee on maternity leave, sickness etc.

Trades Unions – It is important that the Trades Unions are always consulted prior to any transfer whether formal or informal e.g. internal secondments.

All consultations whether formal or informal should be confirmed in writing.

*3.2.2.2 Employee Selection:*

Is it obvious who is to be seconded/transfer?

It may be that the work to be transferred is currently carried out by a number of different employees in such cases operational Managers should (where possible) make use of any available staff time recording data to identify which employee/s is/are the obvious one/s to transfer. If appropriate ask the group if anyone has an express wish to transfer. It could be seen as a development opportunity. This may also avoid any unnecessary concern on the part employees.

The key here is to ensure that everyone potentially affected has sufficient information to enable him or her to make an informed decision as to whether or not to volunteer for secondment/transfer.

Any selection criteria must be clear and well publicised.

### 3.2.2.3 *New Working Arrangements:*

Ensure the employee/s fully understand what the new arrangement entails e.g. is it merely a temporary secondment to undertake other duties elsewhere within the County Council or is it a transfer to another organisation.

Where will the employee/s be working?

If it is at a new location is there an increase in travel time/cost?

Are there child-care issues which could be affected by the change in their circumstances?

### 3.2.2.4 *Health and Safety:*

This is also a primary consideration and it is essential that Managers are advised to speak to any host organisation prior to the transfer of any employee/s. Clearly it is not appropriate to identify particular issues in this document suffice it to say that agreements reached regarding Health and Safety responsibilities, which are shared in such circumstances, should be documented. This also applies to internal transfers i.e. within the County Council.

### 3.2.7.5 *Exit Arrangements:*

Jobs don't stand still, organisations change therefore, ensure that the employee/s understand this at the outset. Clearly in the case of a normal temporary short-term secondment the employee would expect to come back to their old job and continue as before. However, in the case of those working in a more formal arrangement e.g. partnership/consortium, this may not necessarily be short term.

### 3.2.2.6 *Contract of Employment:*

Remember, whether the transfer is formal or informal the arrangements must be confirmed in writing and should include information on precisely what the job is, its duration, hours of work, notice period etc.

### 3.2.2.7 *Conditions of Service:*

Is/are the employee/s to work at another location and with employees of other organisations? If so it will be necessary to review their conditions of service e.g. pay, lease car, hours of work annual leave etc., and including any workplace rules e.g. no smoking policies, dress code, Health and Safety etc. It is also important not to overlook management responsibilities e.g. who is responsible for day-to-day supervision and allocation of work, and who is responsible for grievance and discipline including the composition of Panel Hearings. These may be among the more difficult to resolve. The usual starting point will be that the employee/s terms and conditions of service will apply to all major issues e.g. grievance, discipline, code of conduct,

redundancy. It is for this reason that consultation/negotiations should start as early as possible.

#### 3.2.2.8 *Data Protection:*

When working with other host organisations it is important to remember that the transfer of information is not automatic. Care will need to be taken when wishing to discuss employees roles with other organisations.

#### 3.2.2.9 *Pension Arrangements:*

Dependant upon the nature of the transfer, its likely duration and the possibility that the employee/s job may no longer exist at the time they return, employees may wish to have an indication of the implications for their pension e.g. particularly relevant if TUPE transfer (see above).

#### 3.2.2.10 *Insurance:*

This can be a complicated area and specialist advice may be required for each situation and agreement from the partnership's insurance company should be sought if in any doubt.

#### 3.2.2.11 *Training:*

Ensure the Manager and more importantly the employee fully understand what is expected in the new role and whether any new skills will be required. If training is required this should, ideally, be provided prior to the transfer.

#### 3.2.2.12 *Monitoring Arrangements:*

Ensure that regular contact with any staff member being seconded/transferred to work with other organisations is maintained, either by means of a formal appraisal or regular meeting. It cannot be emphasised too strongly how important this is both to the success of the arrangement and to employee morale.

During the course of any secondment/transfer personnel issues will inevitably arise. It is important therefore, that prior to employee/s secondment/transfer line management arrangements are put in place and that these are fully understood by all sides i.e. the employee and his/her manager and the 'other' organisation/s.

#### 3.2.2.13 *Managing Return to Substantive Job:*

In cases of long term transfer e.g. more than one month, it is important to pave the way for an employee/s return i.e. ensure there is a programme of work upon their return and that other employees within the team know that they are returning. As a matter of good management, Managers should be encouraged to speak to their employee/s at the earliest opportunity to discuss their transfer and assess what new skills have been acquired during their period of transfer.

**3.2.3 Equalities Duty-** Public authorities have a general duty to eliminate unlawful discrimination and promote equality of opportunity and good relations between people from different backgrounds.

This legal requirement extends to the work public authorities undertake in partnership with other organisations. The Commission for Racial Equality have produced more detailed information with regard to the race equality duty in their publication “Public Authorities and Partnerships” which can be downloaded from their website (<http://www.cre.gov.uk/duty/partnership.html> ).

Where a public authority is working with a partnership involving private or voluntary sector organisations, it will need to take responsibility for ensuring that the partnership’s management arrangements meets the statutory equality duty and it must ensure that all partners are aware of this legal requirement. For example, the introduction and maintenance of race monitoring systems assist in meeting this duty. The Commission for Racial Equality recommend partnerships draw up a race equality strategy that details how they will promote race equality and ensure this strategy is regularly monitored and reported on. More information on equal opportunities and service delivery can be found in Section 4.3.

## **3.3 Financial Management**

3.3.1 During the working period of the partnership it is important to ensure that the financial benefits envisaged for the partnership actually occur. It is also essential to monitor the effectiveness of the controls set up to ensure sound financial management.

3.3.2 There is a wealth of general information about financial management of organisations and the same principles of governance and financial accountability should apply to partnerships as they do in any large organisation. However, it is often more onerous to implement these controls due to the relationships between different partners. Additional areas to consider could include:

- The need for the nature of the financial relationship between partners to be included within a written agreement that is signed by all partners if the nature of the partnership means this is appropriate. This should include funding obligations, arrangements for allocation of partnership liabilities in the event of the partnership ending and financial governance arrangements including roles and responsibilities for financial management.
- The need for key financial benefits to be incorporated into the partnerships service plans.
- These benefits are adequately reflected in performance indicators and targets.
- Actual performance is monitored on an agreed time basis.
- Partnership budgets are produced to an agreed timescale.
- Budgets are regularly monitored against actual expenditure.

- Corrective measures on performance and finance are considered and authorised at an appropriate level.
- The partnership has timely access to this information and explanations of important variances.
- Roles and responsibilities for financial management are clear.
- Partnership managers are made accountable for the systems they operate and they confirm suitable controls have been established.
- Audit trails exist and internal audit arrangements are established.
- Partnership accounts are produced and approved by external auditor.
- Costs of the partnership, especially sensitive costs such as management, are declared and judged reasonable.
- Financial performance penalties against the partnership are monitored and reported upon.
- Income generation arrangements are agreed and the necessary skills in place.
- Financial reporting arrangements to relevant agencies are in place.

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### 3.4 Legal Implications

3.4.1 **Partnership Agreement** - Legal issues impact on almost all areas of forming a partnership and are covered briefly in Section 1.3.2. Due to the complexity and individual nature of every partnership, it is advised that specialist legal advice be obtained to ensure all aspects of company and business law are complied with. The partnership agreement is the primary legal document advice should be focused on the appropriateness of this. Generally, the more comprehensive this document is, the less likelihood of disputes arising during the life of the partnership. Partnership agreements are also covered in Section 2 but legal implications of agreements include:

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- Is it a compulsory government initiative – in which case what are the statutory/regulatory duties and constraints?
- If it is a voluntary initiative, what powers will the Council be exercising?
- Consider whether approval/endorsement is required before negotiations commence with prospective partners, or bids for funding are submitted.
- When considering the timescale, establish any legal time constraints – e.g. periods of consultation (statutory or contractual) with staff or service users; minimum procurement timescales.
- Be mindful of the potential for inadvertently creating a contractual relationship with potential partners, particularly where they are spending money on preparatory work. Be clear as to responsibilities and liabilities from the outset, and keep written records.
- Assess the degree of innovation and ground-breaking that is required – novel or complex legal issues may take additional time to resolve.
- For larger strategic and contractual partnerships it may be necessary for a pre-partnership agreement to be drawn up (sometimes called a ‘memorandum of understanding’ or ‘heads of terms’ agreement) which incorporates a detailed project plan.

3.4.2 **Equalities duty** – See 3.2.3 above.

### 3.4.3 Dissolution/Winding up –

3.4.3.1 A partnership that is not a separate legal entity may not require any formal notification to wind up. Subject to any agreement between the partners, a partnership is dissolved:

- *If the partnership is entered into for a fixed term, by expiration of that term.*
- *If the partnership exists solely to complete a task, by the completion or termination of that task.*
- *Where a partner provided notification of dissolution.*
- *Where a partner becomes bankrupt and the partnership agreement does not transfer business to the non-bankrupt partners.*

3.4.3.2 Partnerships established as a company may seek dissolution and to be struck off the companies register if, in the last three months if:

- it has not traded or otherwise carried on business;
- has not changed its name;
- has not disposed for value of property or rights that, immediately before ceasing to be in business or trade, it held for disposal or gain in the normal course of that business or trade; or
- has not engaged in any other activity except one necessary or expedient for making a striking-off application, settling the company's affairs or meeting a statutory requirement. A company can, however, apply if it has settled trading or business debts in the previous three months.

A company cannot apply to be struck off if it is the subject, or proposed subject, of any insolvency proceedings (such as liquidation, including where a petition has been presented but has not yet been dealt with); or a Section 425 scheme (that is a compromise or arrangement between a company and its creditors or members).

## 3.5 Risk Management

3.5.1 Risk assessment and management is a very important part of partnership working. Essentially, risk assessment is the process of *identifying* all areas of harm which may affect the partnership, its stakeholders or the delivery of objectives, followed by an evaluation of the likelihood of the risk occurring and the extent to which that risk would harm the organisation.

3.5.2 There are two ways of looking at the partnership risk

- From the outside looking in – From the perspective of your organisation

- On the insider –From the perspective of the partnership.

3.5.3 This guidance note deals with the second scenario given that member of the partnership would have undertaken its own risk assessment prior to entering the partnership.

3.5.4 It is difficult to be prescriptive about the nature of the risk assessment require as this depends on the nature of the partnership. In addition each organisation is likely to have its own risk management procedures and it would be the expectation that the partnership would adopt the process used by the lead organisation. However, as a minimum the risk management process should;

- Identify the risks associated with delivering the service plan (or equivalent) and inherent risks associated with the partnership.
- Evaluate these risks including identifying the likelihood and impact and degree of acceptability.
- Identify mitigating actions.
- Monitor the risk and review the risks usually at least annually.

3.5.5 A useful background paper can be viewed here:



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## 3.6 Insurance

3.6.1 Some partnerships may require insurance separate to that of their constituent partners. Stand alone cover would usually be required if the partnership is deemed a separate entity and no cover is provided by the supporting authority. Partnerships will usually have to arrange their own insurance cover if any of the following are true:

- a. The partnership is a separate constituted body.
- b. Separate accounts are prepared for the partnership.
- c. The partnership holds a bank account in its own name.
- d. The partnership has a separate management structure separate from the sponsoring authority.
- e. The partnership owns assets that it must replace at its own expense (no matter how little).
- f. The partnership receives income/fees and pay income into its own bank account.
- g. The partnership receives income/fees for the services that the partnership provides.
- h. The partnership receives payment for the services it provides to persons/business/local authorities other than those involved in the partnership formation.

Any member or officer of the supporting authority acting as a representative on a partnership would continue to be covered under the authority's insurance but not the activities of the partnership.



# Section Four- Effective Partnership Delivery

*This section seeks to consider some of the critical success factors in partnerships achieving their goals.*

## 4.1. Planning

4.1.1 **Vision** - All organisations require robust business planning to ensure they can deliver their goals. This starts with having a clear vision and mission which all partners agree to and that this is defined in the partnership agreement. A vision statement should be a clear and motivating message about what your organisation wants to look like in the future. The vision should be realistic yet ambitious and should provide detail as to the timescale for delivery. Values of the organisation can also be stated within the vision although are often listed in a separate document. A mission statement provides a very brief description of what your organisation does.

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4.1.2 **Service Planning** – Systemised planning can support delivery by providing consistent methods of identifying the methodology to deliver work. Service plans should be clear as to how they feed into achieving the corporate or community strategy and should include a clear assessment as to current performance, objectives and needs, means of achieving the objectives and the methodology for measuring success. An evaluation of the challenges facing the service should be provided (for example, through using a SWOT analysis or risk assessment).

More detailed guidance on service planning can be found by following this link. <http://www.idea.gov.uk/idk/aio/973256>. Issues to cover in service planning include:

4.1.2.1 **Need** – Projects should be planned based on a solid base of evidence to show that what is intended to be delivered is the correct response to a problem. One of the key sources of evidence is direct communication with stakeholders, both end beneficiaries and other organisations working in the same field. Consultation with beneficiaries should ensure a representative sample of the community has been asked about their needs and, where possible, to keep the community engaged in delivering the project. Other organisations working in the same field should also be consulted to ensure the partnership will be adding value to existing services.

Setting the context in which the project or service will fit is also important. Stating the nature of the problem, how many potential beneficiaries there are, and who else is trying to tackle the problem help explain why there is a need to carry out the work.

4.1.2.2 **Outcomes & Indicators** - The high level vision and strategy should be able to be translated into a series of measurable outcomes. Outcomes should describe the difference made to people and communities. Indicators are a series of initiatives that are used to show whether the outcome is being achieved. Both outcomes and indicators should be SMART, that is:

**Specific** (Objectives should specify what they want to achieve)

**Measurable** (You should be able to measure whether you are meeting the objectives or not.)

**Achievable** (Are the objectives you set, achievable and attainable?)

**Realistic** (Can you realistically achieve the objectives with the resources you have?)

**Time** (When do you want to achieve the set objectives?)

4.1.2.3 **Actions** – Each indicator will require a number of actions in order to be delivered and these should be described in the planning process.

4.1.2.4 **Resources** - With Partnerships, there is opportunity to rely on a wider range of resources and planning expertise and all partners should be involved in ensuring optimum use of resources. Service plans should detail, where possible, the likely resource requirement and who will provide this.

## 4.2 Performance Management

4.2.1 Any service requires robust means of measuring the difference it makes in order to provide accountability for public funds.

4.2.1.1 Monitoring - Integral to any planning process, in particular when considering the objectives, is the methodology for monitoring the delivery of the project. Baseline data needs to be obtained before project delivery commences as this will enable the difference the project makes to be measured. Each indicator should have a robust measurement process and calculation methods should be recorded and stored to ensure results can be replicated by non project staff.

4.2.1.2 Evaluation – In the same way that monitoring systems need to be identified at the beginning, consideration of evaluation should also take place before project delivery starts. Evaluation is usually undertaken at set intervals (for example, at the end of each project year or at the end of a project). The use of external evaluation can be expensive but is often useful when testing new ways of working and can increase the perception of validity of the results.

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## 4.3 Equal Opportunities

4.3.1 Equalities with regard to staffing and the Equalities Duty have been covered in Section 3.2.3. However, equalities implications for service delivery should be considered throughout the business planning process. Access needs of different communities needs to be considered when planning means of delivery. For example, ensuring promotional literature is clear, that physical access to the project has been considered and that all reasonable efforts been made to make the project accessible to all have been taken. Equalities issues should also be considered when designing monitoring systems, in particular at recording beneficiary types to ensure access to the services has been open to all it has been designed for.

## 4.4 Decision Making

4.4.1 Decisions implemented by the Board or Management Team should be followed to ensure the possibility of judging whether or not these decisions have led to an improvement in service delivery. It is important to establish transparent decision making process which provides accountability to stakeholders and is democratic (for more information, please see <http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=&ProdID=1CDA0FEF-E610-463c-B3F3-220F607B1A2C&SectionID=sect24#> )

## Section 5 – Links

5.1 There are numerous websites providing information on partnerships. Below are some of the key sites broken down by subject area.

5.2 **Self Assessment** - Visit [www.lgpartnerships.com](http://www.lgpartnerships.com) where you can undertake a health check on your partnership and explore issues such as Leadership Trust, Learning, and Managing Performance. The Leicestershire Together self assessment is currently live and is undergoing user testing. A final version should be available by late February 2008. Follow this link to the test version:  
[http://194.217.173.115/leicestershire\\_together\\_partnership\\_self\\_assessment/self\\_assessment.htm](http://194.217.173.115/leicestershire_together_partnership_self_assessment/self_assessment.htm)

Other recommend sites include:

### 5.3 General

<http://www.ourpartnership.org.uk/comdir/page.cfm?pageid=xxadded5xx>

<http://www.govx.org.uk/communities/spaces/partnerwork/discussion/tags/partnership>

<http://www.renewal.net/toolkits/BuildPartnership/Nav.asp?Category=:toolkits:how%20to%20build%20a%20partnership:Working%20in%20partnership>

<http://www.dfes.gov.uk/learningparttoolkit/working/management/facilitation.htm>

<http://www.makingendsmeet.idea.gov.uk/idk/core/page.do?pageId=5148860> )

[http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH\\_075758](http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_075758)

### 5.4 Governance, staffing and finances

*Audit Commission*

<http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=&ProdID=1CDA0FEF-E610-463c-B3F3-220F607B1A2C&SectionID=sect24#> )

[‘A Fruitful Partnership’](#)

*Companies House*

<http://www.companieshouse.gov.uk/about/gbhtml/gb02.shtml>

*Charity Commission*

<http://www.charity-commission.gov.uk/> .

*I&DeA*

<http://www.makingendsmeet.idea.gov.uk/idk/core/page.do?pageId=5148903> )

<http://www.idea.gov.uk/idk/aio/1712845>.

*Renewal Net*

<http://www.renewal.net/Documents/RNET/Toolkit/Developingeffectiveservice.DOC> .

*Commission for Racial Equality*

<http://www.cre.gov.uk/duty/partnership.html>

*Chartered Institute for Personnel Development*

<http://www.cipd.co.uk/subjects/emplaw/tupe>