

Joint Working

Opportunities, Risks and Considerations

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Working in Partnership to Deliver Audit Excellence

1. Introduction

- 1.1 The financial crises, demographic changes and central government policy changes are impacting significantly on the services delivered by local government, and the methods by which they are delivered. They will continue to do so for the foreseeable future. The above changes are leading to local authorities reviewing how they commission and deliver local services; with an increasing drive towards joint-working and/ or alternative delivery vehicles.
- 1.2 Dorset County Council (DCC) has already explored and undertaken a number of joint-working initiatives such as the Joint Archives Service and the Dorset Waste Partnership. The establishment of 'Tricuro' also represents a first for the Council in terms of an Adult Social Care Local Authority Traded Company.
- 1.3 As requested by the Audit & Governance Committee, South West Audit Partnership (SWAP) have put together a brief summary of the key opportunities, risks and considerations in relation to joint-working. This is intended as a guide for future joint-working decisions and seeks to complement the existing 'Alternative Service Delivery Models - Governance and Due Diligence Checklist' used by the Authority.

2. Opportunities: The benefits of working and collaborating with others

- 2.1 Joint working can take many different forms and may be seen as a continuum; from informal sharing of knowledge to full mergers that result in the creation of new legal entities. While all forms of collaboration offer the opportunity to find efficiencies, their impact and effectiveness may vary. However, what is clear is that joint working and collaboration opportunities all involve change and that the case for potential benefits from this approach is well proven.
- 2.2 Our review of joint working has identified the following key benefits¹ that can be generated and realised:
- **Increased overall capacity** - to improve outcomes for beneficiaries - with more effective management, delivery and monitoring of the service
 - **Reduced overheads** - lower overheads mean more money for frontline work
 - **Economies of scale** - for organisations to replicate on a larger scale a successful service that a single organisation would be unable to scale up alone
 - **Improved knowledge** - an increased knowledge pool to contribute to a more effective service
 - **Improved cross-sector operation** - the different specialisms of organisations may enable the service to be run smoothly across boundaries e.g. education & health
 - **Shared risk** - organisations can share the risk involved in taking on public service delivery
 - **Greater negotiating power** - greater negotiating strength where organisations wish to respond to poor funding practice from a particular public body
 - **Improved trust** - higher levels of trust where organisations have a common culture which is focused on need and quality of service, rather than being money-led

¹ <https://knowhownonprofit.org/organisation/collaboration/working-collaboratively/joint-working-for-publicservice-delivery-ncvo#>

3. Risks: the challenges that need addressing for successful joint working

3.1 Whilst the potential benefits for joint working are well defined and understood, the achievement and realisation of these benefits is less certain.

3.2 There are numerous examples of challenges faced by joint projects e.g. not all joint service provisioning arrangements are successful. Cases such as Solihull Care Partnership NHS Trust highlight the potential for cultural clashes between local government and the NHS with significant cost implications for all parties.

3.3 Our review has identified a number of key risks² associated with joint working:

- **Unaligned aims and objectives** – The importance of partners understanding the aims and objectives of any joint working initiative is central to its success, but establishing a shared purpose can prove problematic. Without a shared understanding of aims and objectives, partnerships may struggle to develop a sense of purpose at the operational level, and this difficulty is compounded when there is little clarity about the lines of responsibility and authority for decision making. Without consensus about the aims and objectives of an initiative it becomes almost impossible to evaluate progress
- **Lack of clarity of roles and responsibilities** – A number of studies have identified that a lack of understanding about new initiatives or services could lead to a lack of clarity about the roles and responsibilities of the partners and stakeholders involved, as well as the policies and procedures underpinning the new service or way of working
- **Strategic Organisational differences** - At a strategic level, competing ‘organisational visions’ about the joined-up agenda and a lack of agreement about which organisation should lead which ventures can undermine the success of initiatives aimed at joining up services in a systems-wide approach, as can the absence of a pooled or shared budget
- **Insufficient reporting, accountability and control** - Local government is under increasing pressure to identify savings and efficiencies, in many cases, within short timescales. A repeated failing has been the failure to establish sufficient and appropriate reporting, accountability and control mechanisms at the start of any new project. This has resulted in a lack of awareness and understanding of the risk profile of each delivery model, and the actions being taken to mitigate the risks
- **Poorly constructed and articulated business cases** - The decision to change the way services are delivered or to use a new delivery model must be supported with a thorough options appraisal and fully costed business case. In particular business cases must fully address service and financial risk. Full costs must be considered and it must be recognised that time and money may need to be invested (spend to save) to make sure the taxpayer gets the best value for money
- **Inappropriate trading partnerships and company formation** – Needs to be assessed fully and the appropriate model for trading selected given that authorities take risks with the public purse. Proper and full due diligence needs to be undertaken. Where new companies are established, they also need to overcome the hurdles of staff consultations and terms and conditions, and the identification of hidden costs such as contributions to council overheads
- **Poorly informed decision making** – Studies have identified that members often have only limited understanding of the risks associated with joint working and in particular trading or accountable body status

² <http://www.scie.org.uk/publications/briefings/files/briefing41.pdf>

3.4 The proactive, targeted and focused piece of development work, which was undertaken at the instigation of the County Council’s Audit and Scrutiny Committee in 2015, has significantly helped to ensure that such risks are actively considered when looking at any alternative arrangements. The ‘Alternative Service Delivery Models - Governance & Due Diligence Checklist’³ requires a proactive risk informed approach to the assessment of a proposal, which follows a structured assessment of key areas of risk against the 8 themes contained in the healthy organisation model.

4. Considerations: Key principles, initial questions and Member scrutiny

4.1 In order to further assess the potential benefits and risks posed by joint working, we have set out below a number of key principles to consider when undertaking a joint working initiative, as well as fundamental questions to consider when appraising any proposed initiative.

Table 1 - Key Principles for Joint Working⁴

<p><i>Principle 1</i> Recognise and accept the need for joint working</p>	<p><i>The benefits of joint working arrangements include making service users the focus of planning, commissioning and delivering services and better value for money.</i></p>
<p><i>Principle 2</i> Develop clarity and realism of purpose</p>	<p><i>Successful joint working arrangements are characterised by a shared vision or purpose, where all parties agree to modify their own activities and resources to achieve the goals within a joint working structure.</i></p>
<p><i>Principle 3</i> Ensure commitment and ownership</p>	<p><i>The centre point of joint working is gaining commitment and developing a shared vision, and some ownership of the ideas which are to be put into practice.</i></p>
<p><i>Principle 4</i> Develop and maintain trust</p>	<p><i>Trust is an essential foundation for all aspects of participation and joint working. It comes from working together and through that, discovering shared values and ways of doing things.</i></p>
<p><i>Principle 5</i> Create clear and robust governance arrangements and risk management processes*</p>	<p><i>Parties need to bring clarity to the governance of their collaboration. This requires agreement among them about purpose, membership, accountability and risk management. Parties should be clear whose interests they represent and how they will handle disputes.</i></p>
<p><i>Principle 6</i> Monitor, measure and learn</p>	<p><i>Establish a means of reviewing how well joint working arrangements help to achieve statutory and/or corporate objectives and identify what resources are committed to joint working and evaluate the costs and benefits from joint working.</i></p>

*As part of robust governance and risk management arrangements, we would expect consideration to be given to the **internal audit** provision and reporting mechanisms of any new joint working initiative.

³ <https://sharepoint.dorsetcc.gov.uk/iwantto/Pages/Alternative-Service-Delivery-Models---Governance.aspx>

⁴ https://www.dartford.gov.uk/_data/assets/pdf_file/0020/46091/KeyprinciplesandResponsibilitiesofEffectiveJointWorkingArrangements.pdf

Table 2 - Questions to consider for any joint working/collaboration projects⁵

- What is the compelling need for change?
- Have similar transformational projects worked elsewhere?
- How will partners measure the success of outcomes?
- Is there a clear vision of how the project will produce cost and quality improvements?
- How are services currently organised and what service configuration are we looking to achieve in future?
- Which organisations will deliver services and in what setting?
- What is the baseline position and what improvement is required, in numbers?
- What services, people and functions will be included in the project?
- Are there any project parameters or constraints, e.g. statutory targets, patient safety?
- What are the risks?
- What are the likely timelines for the project and which financial years will improvements be delivered in?
- Who will lead the project?

Table 3 - Questions for members to consider when scrutinising joint working or trading partnerships⁶

- Have we considered all of the options?
- What are the expected benefits of the new delivery model and how will we measure success?
- Is the new delivery model supported by a robust and comprehensive business plan?
- Has the business plan been subject to appropriate due diligence?
- What are the service and financial risks?
- Does the transferring team have all of the right skills and expertise to run the new organisation?
- Are the right support structures in place to ease transition and ensure service continuity?
- How will services be commissioned from the new entity?
- What happens if the new model fails?
- What arrangements does the council have in place to assess the impact on the management, governance and risk appetite of the delivery model?
- What service and financial reporting mechanisms does the council have in place for each entity?
- Is there a summary report combining the risk profile of the council, its companies, its partnerships and joint ventures

Other Sources Used:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/191515/Managing_risks_with_delivery_partners.pdf

<http://www.publicnet.co.uk/features/2009/02/27/joint-working-the-drive-for-change/>

⁵ <http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2014/fire-and-rescue-joint-working.pdf>

⁶ <http://www.grant-thornton.co.uk/Documents/Alternative-Delivery-Models-LG.pdf>