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So what does this all
mean for the future of
partnership working?

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Introduction

- “Partnership? Just a way of transferring my work to the private sector, for lower pay and worse conditions of service”
- “When the public sector proposes a ‘partnership’, they generally mean they want to transfer the responsibility for a particularly difficult service or issue to us, and give us a lower budget to deal with it than they had”
- “We think that we have shown the public sector how to do their work faster, better and cheaper ... and that there are lots of other areas in which similar PPPs could work”
- “Temporary suppression of mutual loathing ...”

Government commitment to partnership working in UK

- **Already a theme in Major administration**, e.g. SRB, PFI, PPPs
- **Modernising local government** - LAs as community leaders in partnership with community, voluntary, private and other public agencies; Local Strategic Partnerships; Strategic Service Delivery Partnerships ; CDRPs; Childrens Trusts; etc. etc.
- **Modernising government** - ‘joined-up government’, ‘seamless services’, New Deal for Communities, Compact, etc.
- **‘Prime contracting’** partnerships in construction, MOD, ICT
- **Joint commissioning** in health, social care, worklessness, etc.

But ... some doubts

- **Is there real commitment or just ‘partnership claiming’ to show willing and to qualify for funding?**
- **Are these partnerships between equals ... or just new clothes over old relationships?**
- **Will these partnerships make a real difference to service quality or costs?**
- **Are they just a ploy to disguise lack of new resources?**

International experience

- **USA:** Urban regeneration PPPs from the 1960s onwards ('growth coalitions' – capture of public budgets by private interests?)
- More recently, waves of outsourcing and backsourcing of municipal services
- **France:** Local public services delivered by PPPs in 36000 municipalities (capture of public budgets by private sector? Or *vice versa*?)
- Sub-regional partnerships between LAs for planning and development purposes (sometimes using PB)
- **Germany and Netherlands:** PPPs for major infrastructural investments
- **Australia:** 'whole of government' movement

Why partnerships are so liked ... some potential benefits

- Better co-ordination of activity, less confusion for all
- Synergy from working together
 - greater efficiency in resource usage
 - more specialist resources affordable
 - faster communication
- Increasing the resources available for priority services
- Pooling risk
- More meaningful focus of participation from all stakeholders - users, staff, politicians, others
- Services designed for users, not for providers
- Greater user satisfaction, better public image, greater staff satisfaction

... and so hated

- ❑ Fragmentation of structures and processes, which makes co-ordination more difficult
- ❑ Blurring of responsibilities and of accountability, especially where the partnership is reluctant to share information on its activities ('commercial confidentiality')
- ❑ Fear by staff of losing their jobs
- ❑ Fear by politicians of losing control over policy making
- ❑ Fear by service users and citizens who do not wish to become objects of a profit-making calculus

Strategic management rationale for partnerships

□ **Economies of scale in provision**

- means 'bigger is more efficient', leads to specialisation and differentiation of activities (City scepticism!)
- SHARING (e.g. of specialised services through trading)

□ **Economies of scope in provision**

- means 'more varied is more efficient', leads to multi-tasking and integration of activities (staff concern about 'underexploited'!)
- SHARING (e.g. of special expertise in staff)

□ **Opportunities for mutual learning between partners**

- means 'complementary is more effective', leads to partners filling in gaps in each other's expertise
- SHARING (e.g. of knowledge and experiences)

SHARING

- The acid test of a partnership is how much sharing there is – without too much concern who is gaining and who is losing
- Everything else is contracting, not partnering
- By this test, there is much less partnership working in the UK public sector than meets the eye

Means to an end: Audit Commission National Study 2009

- The most commonly used formal arrangement is the pooling of functions and resources under section 75 of the NHS Act 2006. Pooled funds are mainly used for learning disability, community equipment and mental health services, but rarely for older people's services.
- Formal joint expenditure accounts for a relatively small amount (3.4 per cent in 2007/08) of total health and social care spend.
- More work on aligning systems, policies and priorities

Achieving collaborative advantage

- Being better than any other group of players at getting the most from joint working (Chris Huxham, 1993)
- Key to being more successful than other partnerships in commissioning and providing
- Occurs when:
 - something unusually creative is produced - perhaps an objective is met - that no organisation could have produced on its own; and
 - when the organisations, through collaboration, are able to achieve their objectives better than they could alone
- Not just sharing but knowing how to use each other's resources intensively, imaginatively and efficiently
- A harder test!
- LSPs? CDRPs? Children's Trusts?

Partnership as a form of ‘relational contracting’ – ‘virtual organisations’

- Recognition that spot purchasing is wasteful and uneconomic
- Recognition that in-house provision can be unimaginative and expensive
- Possibility of ‘relational contracts’ through negotiated tenders, profit-sharing, and flexible arrangements
- The specification as the ‘worst permissible outcome’ – the agreement is that partners will work together to ensure that every year the service becomes **better, quicker and cheaper** than the specification

Provision of services - in-house or contracting-out or partnering?

□ *In-house provision is most likely to be desirable when:*

- **There are few other providers**
- **There is collusion among other providers**
- **There is frequent need for contract adjustment**
- **Contracts are complex**
- **Assets needed for the service have no other use**
- **R&D can be afforded, so the service can stay ‘cutting edge’**

□ *However, even in these circumstances, a long-term relational contract with a partner may be preferable, with real sharing of all resources*

□ *However, few successful examples of relational contracts?*

Some difficulties in partnership working

- ❑ Cultural - professional, managerial, community-based
- ❑ Time consuming to initiate and get going
- ❑ Time consuming to maintain
- ❑ Potentially bureaucratic and slow
- ❑ Unclear accountabilities
- ❑ Lack of trust - based on 'history' (real and imagined)
- ❑ Need for compromise - loss of 'sovereignty'
- ❑ Lack of commitment by some members
- ❑ 'Contract fixation'
- ❑ Attempts to steal the credit and dump the blame (e.g. through separate, self-centred evaluation of own organisation's contribution)

‘Good governance’ requirements for future PPP arrangements

- Partnerships must be prepared to take responsibility for achieving improvements in the ‘wicked problems’ they address
 - this means they must often set ‘quality of life’ objectives
 - and that they will try to manage variables which are not within their ‘control’
- Partnership performance should be judged at the level of the partnership, not agency by agency
- Partnerships should themselves conform to the principles of ‘good governance’

‘Good governance’ within partnerships

- Accountability
- Citizen engagement
- Transparency
- Leadership
- Equalities and social inclusion
- Ethical and honest behaviour
- Equity (fair procedures and due process)
- Willingness and ability to co-operate
- Ability to compete
- Sustainability

Governance Test: Perception of different groups of current quality of life and state of public governance on Carrick Housing estates (Governance International)

	1	2	3	4	5
Quality of Life Issues					
Liveable Environment: quality of housing	Carrick Housing Staff	Board members	Voluntary groups	Carrick District officers	Public officials
Liveable Environment: quality of housing services	Carrick Housing Staff	Board members	Voluntary groups	Carrick District officers	Public officials
Liveable Environment: quality of surroundings	Carrick Housing Staff	Board members	Voluntary groups	Carrick District officers	Public officials
Community safety	Young families	Media			
Health, social well-being and disability issues	Disab. Tenants	Board members			
Education and Training	Young People	Business			
Governance Principles					
Transparency	Young families	Board members	Media		
Partnership working	Carrick Housing staff	Board members	Public officials	Voluntary groups	
Sustainability	Carrick District officers	Young people			
Honest and fair behaviour	Disab. Tenants	Private contractors	Business		

Challenges to partnership governance

- It may not easily be possible for all these 'good governance' criteria to be met simultaneously – partnerships may have to prioritise them
- In particular contexts, some of these criteria may be given higher weight than in others

Conclusions

- ❑ Partnerships are highly diverse but likely to continue to flourish in the public sector
- ❑ Partnerships can make BEST USE OF ALL RESOURCES – of public agencies and of citizens, too
- ❑ And they can focus on holistic OUTCOMES for citizens, not just the organisation's services
- ❑ However, not all activities need partnerships – SAY 'NO' TO PARTNERSHIPS THAT DON'T MAKE SENSE!
- ❑ And partnerships will have to pay more attention to the criteria for 'GOOD PUBLIC GOVERNANCE' in the future
- ❑ The test of partnership is 'SHARING' – where it doesn't exist, ask why, ask how to change it. If not likely to work, give up!
- ❑ Where partnership is working, MILK it - transfer more work to it, give it more budget, ensure that everyone understands how well and why it is working

Contact

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