

Financial and Legal Arrangements

Even if a partnership does not have a pooled budget, or receives a grant to deliver its project or service, partnership officers should pay regard to this section and its checklists.

There are many ways in which a partnership can resource its work:

- Via a pooled budget which all partners contribute towards
- Via a grant from any number of bodies
- Via the alignment of partners' mainstream resources
- Via matched funding
- Via funding in kind

The last point, funding in kind, is really important when working in partnership with the voluntary sector; their contribution might be their volunteers, a few hours of a paid officer's time, or even use of office space or community centre. It is important to think about the different capacity of partners to contribute to the resourcing of partnership work.

The checklist below sets out some additional points for potential partners to think about before entering into a partnership.

Checklist...
<ul style="list-style-type: none"> • Have partners contributed resources not only to deliver services but also to maintain and develop the infrastructure of the partnership?
<ul style="list-style-type: none"> • Should budgets be pooled or aligned?
<ul style="list-style-type: none"> • If a project is being funded by a grant, which partner will act as the 'accountable body'? This may require this body to incur some costs if they have to 'cash flow' (bank roll) the project pending receipt of the grant, and also possibly shoulder some risk in the event of the project running into costs which are not reclaimable from the grant funding body
<ul style="list-style-type: none"> • Which partner will be responsible for day-to-day accounting functions, including the production of a financial statement (if appropriate) and the holding of various documents that must be retained for legal reasons?
<ul style="list-style-type: none"> • If a partnership is looking to spend more than £10,000 on a contract for the supply of goods or services, tendering procedures must be adhered to and advise sought from Winchester City Council Legal Department or your legal advisor/WACA
<ul style="list-style-type: none"> • VAT and partnerships is a very complicated procedure. Partnership officers should consult with the Finance department from the outset
<ul style="list-style-type: none"> • How often will the partnership monitor expenditure against any funding criteria or any service level agreements in place?
<ul style="list-style-type: none"> • Have the financial risks been assessed in accordance with the risk assessment and management procedure highlighted in this toolkit?
<ul style="list-style-type: none"> • Has the partnership considered an exit strategy for mainstreaming services after any grant funding runs out? Will there be any long term liability for partners for mainstreaming after the end of the grant funding?

Value for Money

Partnership working can provide tremendous opportunity for achieving value for money for the Winchester District, through the better use of shared resources, economies of scale in services and innovative ideas for using resources.

However, as mentioned earlier, there is also the potential for partnerships to be wasteful, so partnerships should be aware of achieving value for money whenever public funds are being used. Value for money refers to how well the partnership manages and uses its financial resources. Essentially, a partnership will achieve value for money if it can achieve better outcomes for the same expenditure or the same/better outcomes for less expenditure than if an organisation was working alone.

The following set of bullet points sets out some points that partnerships should consider to help get the best possible value for money. Some of these elements are covered elsewhere in the toolkit, and will be referred to in the partnership self assessment toolkit:

- Records should be kept of individual partners' contributions to partnerships, so that partners can keep track of what resources they are putting into partnership working throughout their organisation.
- Partners need to regularly review how they work to see whether the outputs and outcomes from the partnership's work show that they should still be involved.
- The partnership should be sure that it is not duplicating work being done elsewhere by other organisations or partnerships. By communicating regularly with the WDSP Board and attending network events, partners can find out what is being done elsewhere. The City Council will also hold on file a partnership register, so new partnerships can check what exists already.
- Partners need to regularly review opportunities to share processes, for example undertaking joint consultations or research to save costs.
- There may be other ways organisations can collaborate with others to save costs. Where appropriate services can be delivered in partnership, or back office functions (e.g. sharing office space etc) can be shared. Seek other ways to collaborate with other organisations
- Expenditure and resources should be matched to the partnership's key priorities, and this should be reviewed as priorities are shifted.

Accountable Body and Lead Partner

When the partnership depends upon grant funding, it is likely that the funder will require that one of the partners becomes the "accountable body". It is usual in some situations for a Local Authority to be the accountable body. If non-statutory funding is involved it may be more appropriate or essential for a voluntary organization to be the accountable body. If the Council is to become the accountable body then the Finance department of the City Council should be consulted before proceeding further or making commitments to partners. Voluntary organisations would need to check that the project falls within their charitable objects and is approved by their governing body. This would apply to any partner being asked to be the accountable body.

Details of the risks associated with this function should be set out in the partnership risk assessment, and you should ask your finance and legal departments/advisers for advice.

Service Level Agreements

Where a partnership involves one partner formally contracting another organisation to carry out a service on their behalf, a service level agreement (SLA) will be required. This might be between the City Council and a voluntary or community organisation. An SLA is useful to influence the service provider to deliver the your organisation's wider priorities.

Service level agreements can help you to clearly establish responsibilities, accountabilities and 'ground rules' at the beginning of a partnership. By identifying potential risks and problems at an early date, confusion or disagreements can be avoided at a later time. In this respect, SLAs play a similar role to a more formal partnership agreement.

Used effectively, a SLA can:

- Identify and define the customer's needs
- Provide a framework for understanding
- Simplify complex issues
- Reduce areas of conflict
- Encourage dialog in the event of disputes
- Eliminate unrealistic expectations

This is a slightly different situation as to when a partner bids for funding, as a SLA will set out more rigid guidelines as to what is expected from both partners. To make the SLA as effective as possible, all parties should be involved in drawing the agreement up.

A SLA will cover a variety of points depending on the situation. The following elements are usually covered:

- The services or project which will be delivered
- Performance monitoring and reporting
- How any problems which might arise will be managed
- Fees and expenses
- Legal Compliance
- Security and confidentiality
- Termination

It is essential that your organisation's legal department / legal advisor be involved before entering into an SLA with a partner.

Partnership agreements

The need for a partnership agreement signed by all partners is set out in 'Running a Partnership'. The list below sets out some points that should be in a partnership agreement when there are financial resources involved:

- Provision for a partner to be the accountable body
- Any grant and other funding available to the partnership.
- Accounting arrangements.
- Consideration of tax implications including VAT.
- The partnership's anticipated revenue and capital expenditure.
- How the partnership will deal with complaints, misconduct, fraud and other breaches of rules, procedures and protocols.

Legal arrangements

Comprehensive legal advice for partnerships can be obtained from the City Council's Legal Division (or the Legal department/legal advisor of a partner organisation).

However, there are several points (mainly from a City Council point of view) which partners should be aware of when setting up and maintaining a partnership. These points will not apply to all partnerships, as many of the District's partnerships do not involve strictly formal arrangements and are basically an informal partnership of organisations working towards the same aim. More formal partnerships, such as where an SLA is involved, will have to pay close regard to any legal implications.

- 1 If a partnership is receiving funding, there will be requirements for retaining partnership documents (perhaps invoices, or performance management data). Statutory partners will also have requirements put on them for retaining certain partnership documents. A good administrative system put in place by the partner who provides a secretariat to the partnership can make this requirement easier.
- 2 All partnership documents, for example partnership agreements, should very clearly set out what is to be gained by each partner through the arrangement of working together. If documents cannot be firm and definite due to the nature of the partnership, they should be reviewed and amended on a regular basis to protect all partners.
- 3 Partnerships are likely to be involved in some form of procurement, and there are procedures that must be followed. The City Council's Procurement Officer (or another statutory partner's officer) will be able to assist in ways of procuring goods or services, and the City Council Legal Division can give detailed legal advice on the Council's formal requirements on tendering, as well as contractual documentation issues.
- 4 If a contract for goods or a service must be put out to tender, the Legal Division can advise on how this contract must be advertised according to European Union rules.

- 5 City Council only - When drawing up a formal contract with a partner the Contracts Procedure Rules in the Constitution set out the Council's requirements that must be complied with. These rules will usually apply in most cases. If the contract falls outside of these rules, the partnership officer will either need to either get Cabinet authority to waive the Contract Procedure Rules, or go through the formal arrangements in the Constitution for getting authorisation from the Portfolio Holder to waive the Procedure Rules. The Legal Division can advise on this.