

GETTING READY FOR EFFECTIVE PARTNERSHIPS

NPC Briefing, December 2012

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On 10 December 2012, NPC and the Clothworkers' Company held a seminar for trustees wanting to understand more about collaboration between charities, and between charities and other sectors. As the funding landscape continues to evolve, many charities are beginning to seek strength in numbers. But whilst some charities have experience in collaborative and partnership ways of working, for others it is an entirely new approach.

The seminar was chaired by Iona Joy, Head of Charity Effectiveness at NPC. The panellists provided three perspectives on governance when working in collaboration:

- **Jenny North** (Director of Policy and Strategy, Impetus Trust) is clear that this is a good way for charities to grow and add value. But rather than asking 'why not collaborate?', trustees should always be ready to ask 'why?' If collaboration is not contributing to your strategy, then it will only 'burn muscle'.
- **Jolanta Lasota** (Chief Executive of Ambitious about Autism; trustee of Contact a Family) explained that all of Ambitious about Autism's work is now delivered in partnership, driven by the needs of the beneficiaries that the charity works with.
- **John Tizard** (Trustee of Tomorrow's People, NAVCA, and Adventure Capital Fund; Founding Director of Collaborate, a hub to bring together public, private and voluntary sectors) is clear that a trustee's principal role is as 'custodian of mission'—to keep the charity focused on its strategy, whatever the external pressures, including partnership working.

Introduction

The world of public service delivery is changing fast. Reductions in spending and radical reforms to commissioning are transforming the way services are delivered across health, social care, education, criminal justice, and welfare-to-work. This is having wide-reaching consequences for charities and social enterprises. Trustees of charities involved in delivering public services need to face up to the challenges if their charity is to thrive, or even survive, in this difficult environment.

Charities increasingly see collaboration as a way to access new funding, grow and improve services. Collaborative working can take many forms, from light touch to joint service delivery, and with partners inside and outside the voluntary sector. To foster effective partnerships, transparency, good communication and a holistic understanding of the risks faced by all parties is vital. Charity trustee boards play an important role here in

helping a charity to think through what is involved, so that it can make the most of the opportunities that partnerships offer.

All of Ambitious about Autism's work is delivered in partnership now: I can't see organisations like this delivering without partnership. At the moment, the sector benefits from a diversity of providers, but as things change charities will converge and sometimes merge—chief executives should start thinking about this now.

Jolanta Lasota, Chief Executive, Ambitious about Autism

***Collaborating for impact:* Working in partnership to boost growth and improve outcomes (January 2013)**

This report was a collaboration between Impetus Trust and NPC, and published subsequent to the seminar. In this report, we highlight some of the less talked-about issues that connect collaboration with social impact. These include putting beneficiaries at the heart of collaboration, understanding the financial impact of collaboration, and considering how organisational culture—attitudes, beliefs and approaches to conflict—can affect the chances of success. Successful collaborations require an investment of time and money, but the potential results make it worthwhile.

The changing voluntary sector landscape

It is worth outlining the conclusions of NPC's survey of charities' experience of commissioning, [*When the going gets tough*](#):

- **Cuts to charity income:** More than a third of respondents have experienced cuts to public sector income in 2011/2012, and for 12% these cuts affect more than a fifth of their income.¹ In total, NPC has estimated that the sector will lose between £3.2bn and £5.1bn of its annual funding by 2015 as a result of public sector cuts.² Other streams of income are unlikely to compensate in the short term.
- **Opening up of public services:** From social care to probation, from schools to welfare-to-work, new parts of the public sector are being opened up to competition from businesses, charities and social enterprises. This is creating new opportunities for charities to deliver public services. However, it is also increasing competition for contracts that some may have held for years: in many cases, collaboration will be an answer, and charities need to be constantly aware of new opportunities to collaborate to deliver such services.
- **Fewer and larger contracts:** In the face of scarce resources, many commissioners are radically reducing grant funding, and awarding fewer and larger contracts. With shrinking staff numbers, many simply lack the staff to hold dozens of contracts with different providers. Others feel that large contracts provide economies of scale and therefore imply better value for money. So charities (44% of those surveyed) are responding by collaborating with other providers.³

¹ Hedley, S. & Joy, I. (2012) *When the going gets tough*. New Philanthropy Capital.

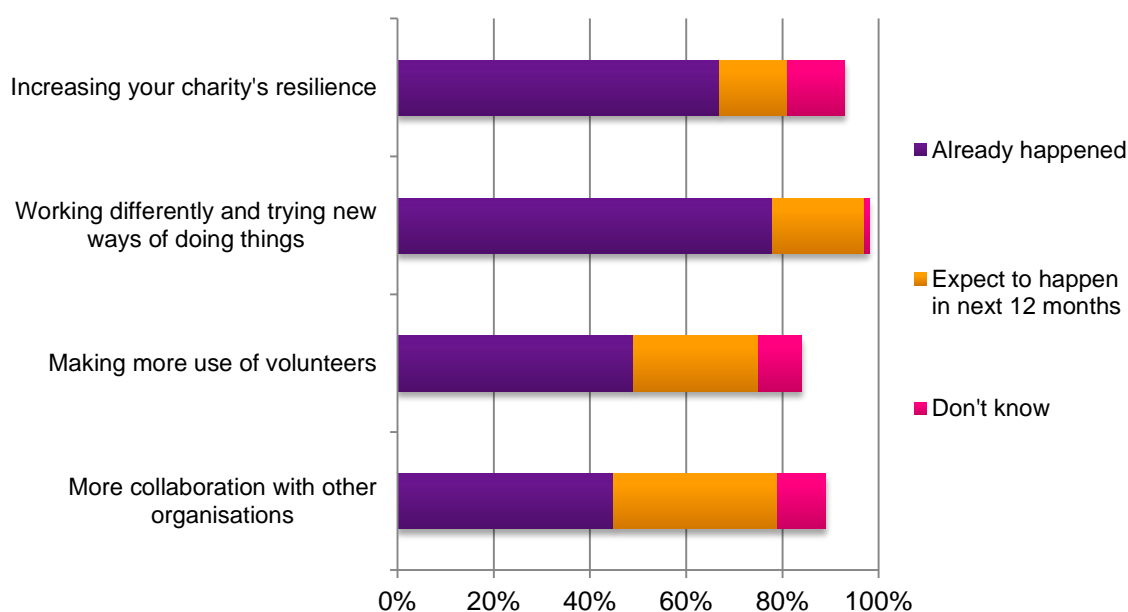
² Joy, I. (2010) *Preparing for cuts: How funders should support charities in a world of government cuts and changing funding structures*. New Philanthropy Capital.

³ Hedley, S. & Joy, I. (2012) *When the going gets tough*. New Philanthropy Capital.

- **Increasing numbers of partnerships and collaborations:** Faced by larger contracts and more competition, many charities are opting to enter into partnership with other organisations—including other charities, businesses and public sector organisations. Two main models have emerged: sub-contracting and consortia.

This changing landscape, especially in terms of funding, is already hitting many charities hard. In *When the going gets tough* we found that 60% are already digging into reserves, and 9% are at risk of closure. However, charities are responding creatively as well, as the graph below shows—nearly 80% of respondents are either already collaborating or expecting to do so soon.

Figure 1. Charities' assessment of the impact that cuts to government funding has (or will have) on them



Key points from our speakers

The view from Impetus, the venture philanthropist

Impetus uses philanthropic resources to help the best charities to scale up quickly and effectively. Collaboration is one way of doing this, but as Jenny North warned, it is hard to get right and must be planned for strategically. Impetus advises charities to ask why, when, who, and what will help them—and what won't.

Why is the key question, rather than the easier, 'why not?' In Impetus' view, there are two good reasons to collaborate: to widen or deepen the charity's impact on beneficiaries; and to increase turnover or save money.

When to collaborate, and who to collaborate with? Jenny was echoed by other speakers in her plea to charities not to start looking for collaborations when times are bad or an opportunity presents itself, such as an Invitation to Tender. It is far better—though admittedly easier said than done—to step back and plan a collaboration only when it makes sense. Jenny advised looking around now at charities that might meet the future needs of your beneficiaries and complement your efforts. Talking with commissioners to understand *their* needs will help in this process.

What will help? All our speakers agreed it is crucial to have the most difficult conversation first—rather than coming across a deal-breaker further down the line. Check early on that the potential collaborator's philosophy is

similar to your own, and know where you are prepared to give ground and where you are not—and stick to it. You do not want to cause disagreement or mission drift later on.

The view from a charity providing services to children and young people on the autistic spectrum

Jolanta Lasota, Chief Executive of Ambitious about Autism (AAA) since 2009, stressed that collaboration between charities should be based on mutualism not parasitism—that each organisation should maintain its individuality and ethos while delivering a project together.

Like Jenny, Jolanta felt that mission should drive the decision to collaborate; only then should business considerations come into account. The young people that AAA works with are of school age: without collaboration with other organisations, AAA would fail them as they grow up and leave its provision. The charity's mission is to liberate young people from a life of moving from one institution to another, and so it partners with others working in different age groups and sectors: housing, employment, and public education. Jolanta sees this as the only way to ensure the sustainability of AAA's work with the young people as adolescents. None of its work is done in isolation.

Jolanta provided some examples of AAA's current partnerships. Its work with the Institute of Education to create an evidence base for what works for people with autism was particularly compelling. The partnership is now in its fourth year and has attracted £700,000 from HEFCE.

And from a trustee with varied experiences

John Tizard talked about the need for boards to keep pace with organisational needs, whilst keeping on mission, setting strategy, and simultaneously 'lifting their eyes' to the longer term. This is difficult enough on a day-to-day basis, but crucial when collaborations are under consideration, as it falls to the trustees to ensure the management team has the right skills and experience to carry this through.

John is currently looking at both a public sector contract and a merger, and reiterated the board's role: to ensure that the move will add to the mission rather than simply preserve the organisation. He also stressed that the board should ensure the management team considers: whether the potential partner is fit for purpose; if its values and mission gel with their own and its reputation is good; and if the partnership would add value to the work and not detract from it financially. He is clear that trustees, as the charity's "custodians of mission" must say no if the partnership is not appropriate.

Challenges

Motivation

Charities, the panellists agreed, should always ask 'why should we collaborate', rather than 'why not?' Collaboration to extend services will always be tempting, particularly in the current financial times when it is difficult to fund expansion in other ways, but the needs of beneficiaries should always come first, and goals should be set early on.

[Collaboration] is very exciting if you get it right, but be ready to say no if you feel it's inappropriate on financial, operational or mission grounds.

John Tizard, trustee Tomorrow's People

Temptation

So, keep the charity's mission in mind at all times. It is tempting when times are difficult and a tender is in the offing to lose sight of your core purpose, and even manufacture a collaboration to bid for it. However, a collaboration with just any partner may not help in meeting your strategic aims; and too many collaborations are hard to manage—something Jolanta Lasota found on arrival at Ambitious about Autism.

Efficiency

Even if the partnership is fully on mission, you need to ask if it will be efficient in other ways: operationally, financially? How will it be evaluated, and the contributions of both partners properly attributed in that evaluation? Ideally, the whole of the collaborative parts should be greater than a sum of the constituent parts.

People talk about sharing ideas and so on, but is it going to add to efficiency?

Jenny North, Impetus Trust

Relative weakness in a partner

Jenny North was clear that as long as the relative weakness of a partner is recognised and managed, it need not be a risk. Indeed, she feels that it is better to be the organisation with the good reputation: it is not easy to be the junior partner in a collaboration.

Conflict of interest

Collaboration can cause a conflict of interest, internally as well as externally. Externally, the risk can be mitigated by a determined effort to build trust from the outset. Internally, a conflict of interest must also be monitored, especially if existing charity staff feel threatened—and in each case the needs of beneficiaries remain uppermost.

Skills

Often, the skills needed to create a partnership cannot be found in-house. Even where skills are there, charities may not have the capacity to see a collaboration through to its final outcome. John Tizard spoke about charities entering into contracts naively, often as an 'easy' way to get funds, then coming unstuck with work that is not on mission or not sustainable, or that costs more than planned. All agreed that it was crucial to buy in expertise—especially legal—where necessary.

Ownership

Particular care must be taken in negotiations on relative contributions and on the outputs of the work, and especially on any IP resulting—legal advice is needed here.

Legal liabilities

One of the participants reminded us to consider the legal perspective. Contracts have legal implications, and if you sub-contract to someone else who fails to deliver, you may find yourself legally liable. It is vital to get good legal advice on appropriate partnership structures so that partners are clear about who takes on what risks.

Tips for trustees

Trustees have a critical role to play in ensuring their charity is ready to benefit from collaborative working. Our expert panel finished the meeting by suggesting trustees check their charities are considering the following:

Tips for charities	Questions trustees could ask
<p>Asking whether the charity's beneficiaries will benefit: "If you can't answer yes to this, then think carefully." (Jenny North, Impetus Trust)</p> <p>"You may have to move some staff away from this process to avoid occasional conflict of interest." (Jolanta Lasota, Ambitious about Autism) "</p> <p>"We owe it to the organisation and to the beneficiaries to get it right." (John Tizard, trustee)</p>	<p>How does this collaboration fit with our mission? How will our client group benefit from this work (either now or in their future lives)? Are we as trustees sure that the management is not acting from different motivations? Are we as trustees communicating effectively with our own management?</p>
<p>Will collaboration increase the charity's efficiency: "People talk about sharing ideas and so on, but is it going to add to efficiency?" (Jenny North, Impetus Trust)</p>	<p>Will the collaboration increase turnover? Will it save on costs? How much will it cost in the planning, negotiation and bidding phases?</p>
<p>Don't get bogged down, 'lift your eyes': "At the planning stage (of our collaboration with CONEL to create a college for young people with autism) it wasn't easy—we came from very different worlds, and we had to negotiate the relationship." (Jolanta Lasota)</p>	<p>Are we so impressed by our own charity that we cannot see that another organisation might have a better approach? Might the collaboration one day lead to a merger? In all the negotiations, are we keeping an eye on the prize and staying on course for our aims?</p>
<p>Planning is crucial "Due diligence needs to be taken—and funded—seriously." (Chatham House) "MoUs need to be detailed—but don't overdo it!" (Chatham House)</p>	<p>Do we have the right executive team, with sufficient capacity, to deliver on this? And the right board? Is the partnering organisation fit for purpose? Does it share our values, and is it financially robust? Is everyone clear on who is responsible for what?</p>
<p>Establish short and long-term goals: "We need to look five to ten years out, however difficult that may be." (John Tizard, trustee)</p>	<p>Will the collaboration make the achievement of our own goals faster? More certain? What are the specific goals for the partnership? How will we evaluate/attribute those achievements?</p>
<p>Honesty and trust between partners is key: "If it doesn't smell right, don't do it." (John Tizard, trustee)</p>	<p>Does it feel right? If not, investigate further and reserve the ability to walk away. Do we fully understand the risks to our own organisation from working with this partner?</p>
<p>Have the most difficult conversation first: "Try to get past the difficult conversation at the second meeting; and know where you're prepared to give ground and stick to it!" (Jenny North, Impetus Trust)</p>	<p>Where will the sticking points in the partnership be? What are we prepared to give ground on—decide early and then stick to it in negotiations. Are there any losers in this process? Who?</p>
<p>Take advice where you need it: "Moves like this need experienced people to allocate risk and take decisions: if you don't have the right commercial skills, buy them in." (John Tizard, trustee)</p>	<p>Do we understand the risk of this move? Do we have the skills to negotiate this in-house? Will the cost of buying in expertise be worth it?</p>
<p>Make networking a continuous process: "Start networking and making friends now." (Iona Joy)</p>	<p>Are we getting to know the relevant commissioners and understanding their needs ahead of time, to be ready for when the tender happens?</p>

Final thought

Most charities will need to collaborate in some shape or form in the future. But to do so successfully requires early networking, active relationship building, planning, investment in capacity, and the continuous selection and maintenance of goals that adhere to the charity's mission and vision. Directly or indirectly, will the partnership or collaboration benefit beneficiaries in the medium to long term?

By asking these questions and supporting the executive team, trustees will help the charity to ensure that collaborative activities improve rather than detract from impact.

Even if your charity is in desperate straits, it still holds true to think about your assets, your strengths, and decide who wants or needs them. Go back to your strategy for the next one, three, five years, and look at where you want to be.

Jenny North, Impetus Trust