

## References

- 1 Office of the Deputy Prime Minister/Strategic Partnering Taskforce, *Strategic Service Delivery Partnerships: A Decision-makers' Guide*, 2003
- 2 Office of the Deputy Prime Minister/Strategic Partnering Taskforce, *Assessing Strategic Partnership: The Partnership Assessment Tool*, 2003
- 3 Office of the Deputy Prime Minister/Strategic Partnering Taskforce, *Payment Mechanisms: Technical Note*, 2004
- 4 Office of the Deputy Prime Minister/Strategic Partnering Taskforce, *Risk Management: Technical Notes*, 2004
- 5 Office of the Deputy Prime Minister/Strategic Partnering Taskforce, *Rethinking Service Delivery. Volume 2: From Vision to Outline Business Case*, 2003
- 6 Office of the Deputy Prime Minister/Strategic Partnering Taskforce, *Rethinking Service Delivery. Volume 4: Outline Business Case to Contract Signing*, 2003
- 7 Office of the Deputy Prime Minister/Strategic Partnering Taskforce, *Rethinking Service Delivery. Volume 5: Making the Partnership a Success*, 2003
- 8 Communities and Local Government, *Structures for Service Delivery Partnerships: Technical Notes*, 2006
- 9 4ps, *4ps Guide to Appointing Advisors*, 2006
- 10 4ps, *The Outline Business Case*, 2004
- 11 4ps, *The Competitive Dialogue Process*, 2007
- 12 4ps, *Competitive Dialogue: A New Chapter in Procuring Large and Complex Projects*, 2006
- 13 4ps, *A Guide to Contract Management for PFI and PPP Projects*, 2006
- 14 Office of Government Commerce, *OGC gateway process: Review 0 Strategic Assessment*, 2007
- 15 Office of Government Commerce, *OGC Gateway Process: Review 1 Business Justification*, 2007
- 16 Office of Government Commerce, *OGC Gateway Process: Review 2 Delivery Strategy*, 2007
- 17 Office of Government Commerce, *OGC Gateway Process: Review 4 Readiness for Service*, 2007
- 18 Office of Government Commerce/HM Treasury, *Managing Risks with Delivery Partners*, 2005
- 19 Office of Government Commerce/HM Treasury, *Risk Allocation Model for Project Strategy and Procurement*, 2006



# For better, for worse

An framework for councils to maximise the benefits of strategic service-delivery partnerships (SSPs)

Stage Duration	Initiation 3 to 6 months	Procurement and contract award 1 to 2 years	Contract management 0 to 15 years
Key issues in considering value for money	<p>Develop a business case to evaluate relative costs and benefits of an SSP and other procurement options.</p> <p>Benchmark against a public sector comparator that takes account of the future outcome specification as well as existing cost.</p> <p>Determine an affordable contract price for the council. <b>(See 1, 5, 10, 14, 15, 16)</b></p>	<p>Create and maintain competitive pressure on contractors.</p> <p>Update the business case to reflect changes in the scope of the contract during negotiation.</p> <p>Assess the relative costs and benefits of any different bundles of services proposed.</p> <p>Evaluate bids based on quality as well as cost. <b>(See 11, 12)</b></p>	<p>Undertake service-based benchmarking where possible to understand relative performance.</p> <p>Manage through outcome-based performance indicators.</p> <p>Undertake evaluations that assign financial values to benefits.</p> <p>Market test where the contractor undertakes purchasing. <b>(See 7)</b></p>
Capacity	<p>Invest early and appropriately in client-side management.</p> <p>Develop a budget for procurement costs and include them within the business case. <b>(See 1, 13)</b></p>	<p>Monitor the level of resource committed to client-side management.</p> <p>Assess the cost-effectiveness of specialist advice on financial, legal and other matters, and the balance of in-house and external provision. <b>(See 9)</b></p>	<p>Establish a dedicated team responsible for managing the SSP.</p> <p>Monitor the resource committed to this team, so that management costs are reflected appropriately. <b>(See 7)</b></p>
Performance management	<p>Understand the cost and performance baselines of those services being considered for transfer. <b>(See 1, 5)</b></p>	<p>Be clear about how new performance indicators will be developed, and how baselines will be measured.</p> <p>Agree meaningful performance indicators. <b>(See 5, 13)</b></p>	<p>Review performance indicators regularly.</p> <p>Regularly review the appropriateness of the indicators used and the extent to which they measure the right things. <b>(See 7, 13)</b></p>
Risk management	<p>Identify all potential risks as early as possible when considering an SSP as a delivery model. Assess the risks associated with exiting the SSP at different points. <b>(See 1, 4)</b></p>	<p>Allocate all risks to the party best placed to manage them.</p> <p>Establish a process for monitoring and reporting risks. <b>(See 1, 4, 18, 19)</b></p>	<p>Undertake regular risk management reviews.</p> <p>Develop a plan for any restructuring or change of ownership on the contractor's side. <b>(See 1, 4, 18, 19)</b></p>
Partnership incentives	<p>Develop an understanding of the complexities of operating a contract designed to incentivise partnership.</p> <p>Key aspects will include the pricing mechanism(s) used and how performance management is applied.</p>	<p>Communicate with heads of services to ensure a consistent understanding of the aims and implications of managing an SSP.</p> <p>Develop and agree a pricing mechanism that creates appropriate performance incentives. <b>(See 3, 13)</b></p>	<p>Manage SSPs first and foremost as contractual relationships.</p> <p>Ensure throughout that roles and responsibilities are clear and enforced through effective contract management. <b>(See 13)</b></p>
Governance	<p>Establish a governance model that enables interaction at the strategic, senior management and operational levels (and interaction between these levels). <b>(See 5, 7, 13)</b></p>	<p>Assess the costs and benefits of different options in negotiation (contractors may propose different models, such as a JVC). <b>(See 6, 8)</b></p>	<p>Review the agreed governance model to ensure it remains appropriate.</p> <p>Focus also on trust and partnership behaviours (see below) for effective operation. <b>(See 7)</b></p>
Trust	<p>Invest in developing trust and partnership behaviours.</p> <p>Establish protocols for contractual elements that depend on trust, eg, open-book accounting.</p>	<p>Determine whether the bid and negotiation teams are likely to be composed of different staff to the team delivering the contract.</p> <p>Enable bidders to meet with staff during the procurement process.</p>	<p>Undertake activities to develop trust, such as joint away days, partnership charters or the development and use of non-technical partnership performance measures.</p> <p>Involve your partner organisation in succession planning. <b>(See 2, 7, 13)</b></p>
Flexibility	<p>Establish appropriate contract length for the services considered for transfer.</p> <p>Consider how effectively the SSP can respond to changing circumstances.</p>	<p>If the contract duration is negotiated be clear about the respective costs and benefits of different contract lengths.</p> <p>Test the receptiveness of the contractor to agree to formal reviews.</p>	<p>Undertake regular reviews of the SSP as a whole to determine whether it remains appropriately configured with the right bundle of services. <b>(See 7, 17)</b></p>