

PUBLIC SECTOR_{Plc}

The Council Consortium Group Commission

A special supplement produced by **The MJ** for the Council Consortium Group

September 2017



Participants in the Commission's Debate Day meet at the House of Lords before their discussions

Time for a property change: The new Relational Partnering Commission

Plans to develop an independent commission study into the benefits of a new hybrid private public partnership option called Relational Partnering were set in motion at a Debate Day at the House of Lords in June 2017.

Representatives from local authorities, the private sector, the wider public sector and politics attended the Debate Day held to discuss content for the forthcoming Commission.

There are 21 limited liability partnerships using the Relational Partnering model to deliver a broad range of land and property ventures. These councils, which have formed themselves into the Local Government Council Consortium Group (LG-CCG) decided last November 2016 to launch a Commission 'to investigate further the benefits that can be achieved through the broader use and application of the model across the UK.' The Commission launched in January 2017 with the aim of looking at the key aspects of Relational Partnering, namely legal, financial, political and commercial as well as its application against a backdrop of austerity, procurement issues and corporate culture.

Relational Partnering is a new hybrid private public partnership option where a relationship is established in advance of a contractual commitment and avoids the rigidity of a formal procurement regime within a new type of legal framework to unlock revenue from council

Key questions for the Commission

- Local authorities are not getting the best from their property assets
- They are losing out on the potential to work with the market to strengthen capacity and obtain outcomes quicker
- Best value dictates that councils should take account of these new initiatives as part of their options appraisals (Relational Partnering)
- Should councils be more accountable to their communities for these missed opportunities?

assets. It was developed by Public Sector Plc (PSP) which has pioneered the concept of Relational Partnering.

PSP chairman Richard Smith facilitates the Commission and has invited professionals from both the public and private sectors together with academics and researchers to participate.

The Commission comprises panels of experts discussing key themes and is being overseen and scrutinised by a cross-party panel of peers chaired by Liberal Democrat Lord (Graham) Tope with support from Labour Lord (Peter) Smith and Conservative Lord (Peter) Bowness, all of whom have a local government background.

Key issues to explore are:

- The right conditions to enable the Relational Partnering (RP) model to work
- The barriers for its broader use across the public sector
- How RP can support a council's budget planning process
- How RP can help deliver socio-economic benefits.

At the Debate Day attended by some 60 people panels covering legal, political, finance, local government, broader public sector, commercial and research discussed subject matter for the Commission to investigate. Introducing the session PSP Chairman Richard Smith said: 'There are three options for a local authority to deliver its property outcomes, the status quo, traditional procurement with a partner or doing it yourself. Relational Partnering is the fourth option. Why would you not explore it?'

The next step is for panel leads to draw together the key themes of the day and report back at the next LG-CCG meeting in November 2017 along with a recommended implementation plan which will be rolled out during 2018.

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The Commission Debate Day

Following the decision by the Local Government Council Consortium Group (LG-CCG), to establish a Commission into the use of the Relational Partnering approach, the first major stage was a Debate Day

Overview

Following the establishment of the Commission at the LG-CCG meeting on the 3rd November 2016 and its launch on the 23rd January 2017, significant activity went into exploring how best to capture a diverse range of relevant expert opinions to inform the Commission and to understand the broader benefits of Relational Partnering.

The outcome was to establish a Peer Scrutiny Panel to monitor and guide the establishment and administration of the Commission.

A number of expert panels in addition to scrutiny were established including panels representing: political, legal, finance, local government, broader public sector, commercial and research (see figure 1).

The panels met to discuss a diverse range of technical questions in a Debate Day. Each panel had a lead expert to guide the discussion and debate. The questions that were to be addressed were prioritised and agreed with the expert leads in advance.

It is intended, as a follow on to the Debate Day, that the leads will meet again to discuss the various issues raised, to draw conclusions, recommendations and to develop an outline action plan.

This will be drawn into a report and submitted to the LG-CCG at its meeting in November 2017, with a view to having its recommendations implemented in 2018.

House of Lords event

The Debate Day took place at the House of Lords on the 20th June 2017. The following is a summary of the expert panels, details of attendees and details of the arising themes and next stages.

Over 100 people requested to be involved with the Commission and to either contribute to the Debate Day, provide their opinion or to have an opportunity to review the Commission report in advance of its submission to the LG-CCG in November 2017.

The key discussion points and themes emerging from the debate are summarised for information on page 4 of this supplement.

The discussions concluded: there is an opportunity to engage more with stakeholders such as police and NHS (through function as opposed to organisational); there needs to be a better way to understand and capture lost opportunities; regionalisation should be considered more and there needs to be in some areas better alignment between officers and members.

Legal and Financial

The panel was led by Mark Cook of Anthony Collins Solicitors and was supported by QC Rhodri Williams, representatives from CIPFA, legal officers from the councils using the model and from the William Pears Group.

Workshops

Peers & Political

The panel was led by Lord Graham Tope, who was supported by Lord Peter Bowness, Richard Smith of Public Sector Plc and a number of senior politicians from councils using the model and representatives from The MJ.

Key Issues discussed included:

- How can we work better politically with our members and officers in a regional context?
- What is local government doing at the moment and would it do it differently if this fourth option was more broadly available?
- Could we be more efficient with current assets if we moved towards the One Public Estate model?

Key Issues discussed included:

- Are councils currently undertaking an option appraisal to achieve 'Best Value'? If not what are the consequences? And should a hybrid (Relational Partnering) option be one of these options?
- How can we better link property outcomes with the budget planning process to assist councils better?
- Can the validation process that is embedded into the 'Relational Partnering' approach replace the current procurement regime?

The discussions concluded: Options appraisals required by best value are not necessarily common place; traditional council accounting practices may not suit the new commercial environment; better guidance is required; public sector borrowing for investment carries a risk if another recession happens.

Wider Public Sector

The panel was led by Dave Ayre (PSP) who was supported by experts from the broader public sector (police, health, housing and education), CIPFA, architects and planners.

Key Issues discussed included:

- *In what other areas do you think the Relational Partnering approach could be used?*
- *The public sector can work very differently. What are the common areas and how do we respond to their different objectives?*
- *How do we respond to its barriers? (lack of understanding, communication, and awareness)*

The discussions concluded: there are opportunities across the public sector (police, NHS, extra care); the model could be used more for housing and to support the devolution agenda; it can be used for innovation such as modular construction and could be linked with initiatives such as One Public Estate (OPE).

Local Government

The panel was led by Paul Brown (PSP) who was supported by experts from across the authorities using the model, and from guests from other councils including Wolverhampton, Sutton and Devon.

Key Issues discussed included:

- *How do we better align member and officer aspirations?*
- *How do we improve decision making?*
- *How do we understand the benefits of socio-economic benefits better?*

The discussions concluded: Better alignment required between members and officers; broader engagement required with the councils management team; dedicated electronic network for members.

Commercial

The panel was led by David Robson (Archemys) who was supported by experts in the commercial sector including: the Winston Group, AMM Ltd, Hanson and Equity Impact Partners.

The discussions concluded: mindset changes may be required especially with respect to risk and mitigation

Key Issues discussed included:

- *Councils strive for commercialism – consider an appropriate definition?*
- *What cultural changes are required to drive commercialism in a hybrid (Relational Partnering) environment?*
- *Regulations – what improvements are required to provide increased market opportunity?*

Research

The panel was led by Dr Alan Hallsworth who was supported by a number of experts including: Public Intelligence, Regeneris, The London School of Economics and Political Science, and from across the sectors of finance, the broader public sector (police, health, housing and education).

Key Issues discussed included:

- *What do authorities know about their physical assets?*
- *What issues are affecting delivery of property projects?*
- *Any key themes?*

The discussions concluded: that in some areas: there was a lack of knowledge of a council's physical assets; council's property expertise has been eroded; the default position is 'off the peg' losing opportunity to innovate; need to get closer to best value; councils have potentially lost their longer term vision.

Event Attendees

Peers and Political

- Lord Graham Tope (Lead)
- Richard Smith (PSP)
- Lord Peter Bowness
- Michael Burton (The MJ)
- Cllr Linda Thomas (Bolton Council)
- Cllr Colin Poole (Daventry Council)
- Cllr Chris Millar (Daventry Council)
- Cllr David Armstrong (Cheshire West and Chester Council)
- Cllr Wayne Whittle (Isle of Wight Council)
- Cllr David Stewart (Isle of Wight Council)
- Katie Hoggarth (PSP)
- Jonathan Werran (The MJ)

Legal and Finance

- Mark Cook (Lead) (Anthony Collins Solicitors)
- Saskia Black (CIPFA Press Officer)
- Adam Cunnington (PSP)
- Rhodri Williams (QC Henderson Chambers)
- Mark Heath (Formerly Southampton Council)
- Akash Patel (William Pears Group)
- Helen Gorman (Bolton Council)
- Paul Dransfield (CIPFA)
- Jackie Smith (South Staffordshire Council)
- Gayle Monk (Anthony Collins Solicitors)

Local Government

- Paul Brown (Lead) (PSP)
- Richard Fullagar (Brighton and Hove Council)
- Richard Green (Cheshire West and Chester Council)
- Kingsley Clarke (Devon Council)
- Peter Scarlett (Dorset Council)
- Steve Cooper (Dudley Council)
- David Currie (PSP)
- Arthur Pritchard (Warrington Council)
- Tim Pritchard (Wolverhampton Council)
- Daniel Doris (Sutton Council)
- Christopher Ashman (Isle of Wight Council)

Broader Public Sector

- David Ayre (Lead) (PSP)
- Fay Hayward (Dudley Council)
- David Bentley (CIPFA)
- Yvonne Davies (Scrutiny & Empowerment Partners Ltd)
- Dr Chris Manning (UpStream Healthcare)
- Roger Baker (Former Chief Constable)
- Pat Baker (Housing and Regeneration)
- Helen Ratcliffe (PSP)
- Nigel Saunders (Pozzoni)
- Doug Hann (Indigo Planning)
- Keith Maddin (Cabot Square Capital)
- Mike Kingsford (Education Expert)

Commercialism

- David Robson (Archemys)
- Peter Smith (Expert)
- David Samson (PSP)
- Steven Sharpe (Winston Group Ltd)
- John Dallimore (John Dallimore & Partners)
- Denis Curran (Hanson)
- Mark Loveday (AMM Ltd)
- Andrew Cutting (Expert)
- Keith Hodlt (Equity Impact Partners)

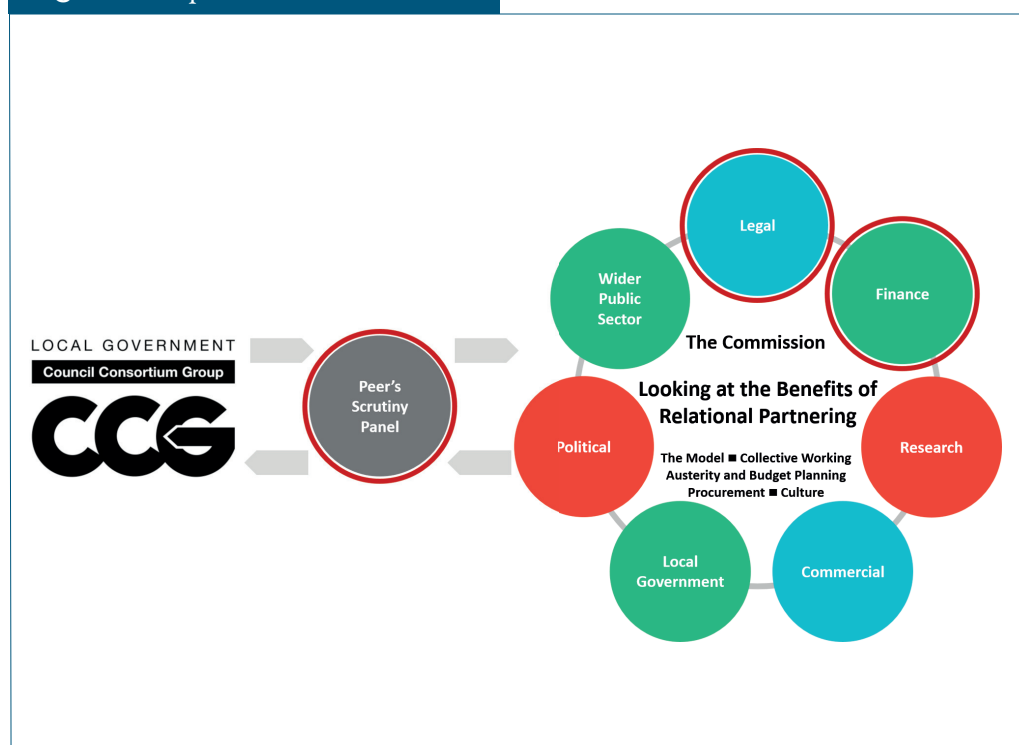
Research

- Dr Alan Hallsworth (Expert)
- Mike Bennett (Public Intelligence)
- Jonathan Edwards (PSP)
- Dr Howard Davis (Expert)
- Kath Scanlon (The London School of Economics and Political Science)
- Peter Rudd – (Portsmouth College)
- Dr Stephen Rosevear (Regeneris Consulting)

Mark Hammersley (PSP) Facilitator

Mark Poppy (PSP) Facilitator

Figure 1: Expert Panel Structure



Debate day conclusions

Peers and Political

- Discussed the public estate and implications on district, metropolitan etc. and differing politics
- Is the public estate effective? Agreed need to engage more with NHS and others
- Need to do more to capture and understand lost opportunities and learn from them
- Need to consider opportunities for regionalisation
- Better to cooperate across public sector through functions as opposed to organisationally
- Austerity has acted as a catalyst to explore new ways of working

Legal and Finance

- Options appraisals: Less common place; limited or lack of resources with the right skills
- Budget Planning: Traditional accounting approach doesn't sit well with current environment; funding challenges 2020 - driving imperative; need good practice methodology (cap/rev)
- Diverse funder: Need to consider; lending opportunities; government borrowing; pension funds and grants etc. Need to harness from private sector
- Validation: Opportunity to be explored further as a tool

Local Government

- Members and officers: Better alignment required between members and officers; better briefings; alignment with officers generally worse than with politicians; broader engagement required with the councils management team; dedicated electronic network for members; key players and council colleagues on boards
- Decision making: Additional resources required; needs more ambitious thinking; viability issues – how progressed?; 'personalities' play a part
- Socio economic: Useful data required but needs to be meaningful, tangible and visual

Broader Public Sector

- General: debated 21 councils; housing; education; NHS, police and how sectors may align
- Health and social care – needs to be a better link
- Modular building; New future; link with pilot initiatives; opportunities for strategic parties
- OPE: Can help raise awareness; opportunity to share benefits
- Housing white paper: Describes government agenda; need response strategy; cynical
- Borrowing for revenue: Low interest rates used to invest and seek revenue; CIPFA concerns (what about if another recession and property prices drop); Insufficient research?
- Focus on how the model could be used across the broader 'public sector agenda' (schools; extra care, police and blue light services; housing; income; investment and pension funds
- It was noted that it was important to continue to front load the 'relationships'

Commercialism

- Sought to define difference between commercialism and commercialisation
- Cultural issues: The mindset of local government needs to change; Members and officers have differing views which needs better alignment
- Risks: Perceptions that councils risk free and transfer to private sector. Perception is that not necessarily happening and council's risk higher; not best placed to take and manage risk; problem often – too hard – not got right skills to assess; councils don't understand how private sector seeks to mitigate risk
- Regulations: Essential; issue is how they are applied

Research

- Lack of local knowledge of their own physical assets
- Experience base – loss of local authority skills, lack of specialists, lack of people to 'evaluate'
- Default position is off the peg solutions; not the best solution and coupled with being risk adverse
- Need: closer proximity to best value principles
- Have lost longer term vision

The Commission - Next Stages

The discussion will now be taken forward to a Leaders' session where the key themes will be debated in more detail and where the findings will be included in a report to the LG-CCG

The Key Themes

A range of themes and issues will be considered further by the leads of the expert panels as outlined in the summary table (left).

Other key summary issues include:

The group discussion suggests that some local authorities are not undertaking their property options appraisals in advance of deciding their approach. How does this fit in with their 'best value' obligations.?

In some areas, a lack of resources and skills are forcing local authorities to look at off the peg solutions - losing the opportunity for added value and an ability to look at longer term opportunities.

Some councils are using their borrowings for investment and this has a risk if there is another recession.

In some areas delay and a lack of decision making is costing councils in lost income both in exploring their options and implementing action. How much is delay in the decision making process affecting a councils income and how do we account for this more in the evaluation process.?

There are vast opportunities for this sort of approach

across the public sector (police, NHS, extra care, education; housing, devolution etc.)

This sort of approach could be aligned more with the budget planning process helping to fund the 'austerity' gap.

The public and private sector need to work more on culture.

There needs to be encouragement of better member officer interactions.

There are opportunities for increased regionalisation and contribution to achieving socio economic benefits.

Some authorities not appraising the Relational Partnering are missing out on the potential added value (demonstrated through independent validation). How much is this potentially costing local government in lost income.?

How much is delay in the decision making process affecting a councils income and how do we account for this more in the evaluation process.?

How can the opportunities such as 'Relational Partnering' be captured and used more effectively at this time of austerity.

The leaders' discussions

The themes outlined will be discussed in more detail by the leaders of the expert panels at the offices of The MJ in September 2017.

The event and discussion will be captured as part of a round-table discussion with the outputs being published in The MJ in October 2017.

The discussion will be chaired by The MJ and conducted on a Chatham House basis i.e. participants will discuss the issues without being identified to allow free and wide-ranging conversation.

The write-up will appear as a two-page article in The MJ magazine as well as on its website.

Reporting (Scrutiny/LG-CCG)

The Debate Day discussion points will be reported into the Peers Scrutiny Panel in October 2017 along with a summary of the report's and its recommendations.

Key stakeholders will contribute to the report's findings. It is intended to be reported to the LG-CCG in November 2017 along with its associated recommendations and action plan.

How to Find Out More

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