Paula S. Karlsson is a Lecturer in Management at the University of Glasgow. Her research focuses on managing collaborative environments involving public sector and third sector organisations. Here she discusses her findings on how risk is dealt with, and how to develop organisational and societal resilience.

Over the past five years I have been researching risk management in public service delivery, with a specific focus on services delivered via some form of partnership between public and third sector organisations. My research has allowed me to evaluate collaborative service delivery in a number of Northern European nations, specifically investigating risk management capabilities and practises across different types of collaborations.

In some of these countries risk management is a relatively new concept in the public sector. It is unsurprising here that risk management practices are limited in collaborative service delivery. However, it has been identified that the more services are outsourced, the more the risks are outsourced. With ultimate responsibility remaining with the public sector, this needs to be improved.

Somewhat surprisingly, analysis of partnerships in the UK has revealed that risk management practices on a partnership level are limited, if non-existent. This is the case even if the lead public sector organisation has in-house risk management expertise and
an appropriate risk management framework at an organisational level.

So why is it that collaborating organisations seem to ignore the fact that joint service delivery is associated with new risks? Why don’t many existing risk management efforts also concern such services and not merely in-house provision? Shouldn’t risks be managed explicitly, rather than just ad-hoc when they materialise? Why hasn’t a risk culture been embedded, ensuring risk management considerations are made further down the organisational hierarchy? Should it not be easier to formally manage risk the closer organisations from various sectors become, as they are able to maximise on one another’s competencies?

My research findings suggest there are numerous reasons for not dealing with risk:

- Individuals involved in partnerships make assumptions about the risk management capabilities of partner organisations or approaches to risk management taken by partners.
- It is often assumed that ‘something is being done about risk’: without discussions about it having taken place.
- Risk management is not sufficiently prioritised: there are always other more pertinent priorities to address in partnerships to ensure services are delivered as planned.
- It is simpler to ignore risk management if it is viewed as an overly complex managerial tool.
- Sometimes it is as simple as collaborating partners not having thought about it.

As many partnerships operate on a basis of voluntary participation, it is difficult for partners who might want to prioritise risk management to push it forward if it is of little interest to other partners. With no command and control, partners can wield little power over this issue. This may be a consequence of there being a limited understanding of risk management, both in terms of how it works and how it can be beneficial for organisations. Notably, when individuals involved in partnerships started thinking about
risk management, they also started seeing the potential benefits of it. Many considered it ‘a good idea’ at the end of our conversations.

However it is obvious that risk management is not prioritised until something goes terribly wrong but public service partnerships cannot afford potential negative consequences. Limited resources due to austerity measures, and amplified social risk affecting individual services users increases the demand for good risk management in many partnerships. I do not propose that every single partnership, from small to large, has to set up a joint risk management programme. This is entirely dependent on the level of integration between the organisations. Joint risk management should be proportionate, with each partnership taking a pick and mix approach, incorporating what is relevant for their individual circumstances.

It is important however to do something, rather than nothing. It constitutes having done something if the decision is not to incorporate any risk management arrangements into the partnership after having assessed its need. Any new or innovative partnership requires a risk assessment before committing to it. How else can an organisation be sure not to put itself under undue risk, particularly if it would mean gambling on public money or trust?

A relatively easy way to implement some form or risk management in partnerships is to consider it from the start, when a contract for partnering is being written. If this stage is long gone, consider it when the contract is being revised. This does not require a significant departure from what has been done previously.

**A contract and/or partnership agreement should cover more than just the contractual service level agreement:**

- An agreement should be made defining the acceptable risk attitude and tolerance, and the frequency for monitoring risk issues.
Cultural differences should be given due consideration as one organisation may have a different risk appetite than another.

The level of risk tolerance should be discussed, and expectations as to what should be done to manage risk should be clearly outlined.

Set a risk policy as part of a partnership agreement, which should embed a suitable risk culture.

Due to the limited knowledge of risk management, training in risk management may be required.

Many organisations, especially those with no in-house risk management competence, benefit from practical guidance on partnership risk management. Organisations like Alarm can help. Also, organisations that do have risk management experts should get more involved in partnership working. Currently in-house risk management expertise appears to be rarely used in partnerships, which seems a wasted resource.

Increased demand for partnership working (which is unlikely to diminish anytime soon) continues to blur the lines between different sectors, creating challenges for the governance of partnerships. Developing a framework for risk management should make a partnership more sustainable in the long-term. It should protect partnering organisations from negative events, and ensure vulnerable individuals continue to receive services they are often reliant on.

END PANEL

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Further reading


BREAKOUT QUOTE 1
In the UK risk management practices on a partnership level are limited, if non-existent.