COMMUNITIES IN PARTNERSHIP

NOMS Consortia Seminar
16 May 2012
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Communities in Partnership

- Support organisation for the VCS.
- Changes to local infrastructure delivery made us think what "partnership" meant locally.
- Always lead on Consortia: Work & Learning.
- Consortia development "Reaching People".
- Transforming Local Infrastructure.
- Partnership development.

COMMUNITIES IN PARTNERSHIP

Reaching People

Voluntary & Community Sector Consortium

for

Leicester, Leicestershire and Rutland

Reaching People

- 25 Organisations combined turnover of £50m+
- Independent delivery vehicle owned by members.
- Hub and spoke model.
- CiP acts as the Host and eventually the Hub.
- Took little over a year to develop.

Reaching People

Progress

- Charity Status.
- Governances process and framework.
- New Opportunities. IFC.
- Development Resources.
- Resource sharing.
- Developing a Business Plan.

Reaching People

Developing a Consortia Model

- A consortia is only the form, not the function.
- Creating effective supply chains that can compete for contracts.
- Who are the key partners locally, partners should compliment not compete.
- Consider your objectives.
- Consider your environment and circumstances.
- Which models will work best?
- Which model is most appropriate to the partners involved?

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Options

- Sub-contract to a Prime Contractor or Managing Provider.
- Establish a loose consortium with a managing provider functioning as lead body.
- Establish a loose consortium with a managing agent functioning as lead body.
- Establish a formal consortium or ‘super provider’.

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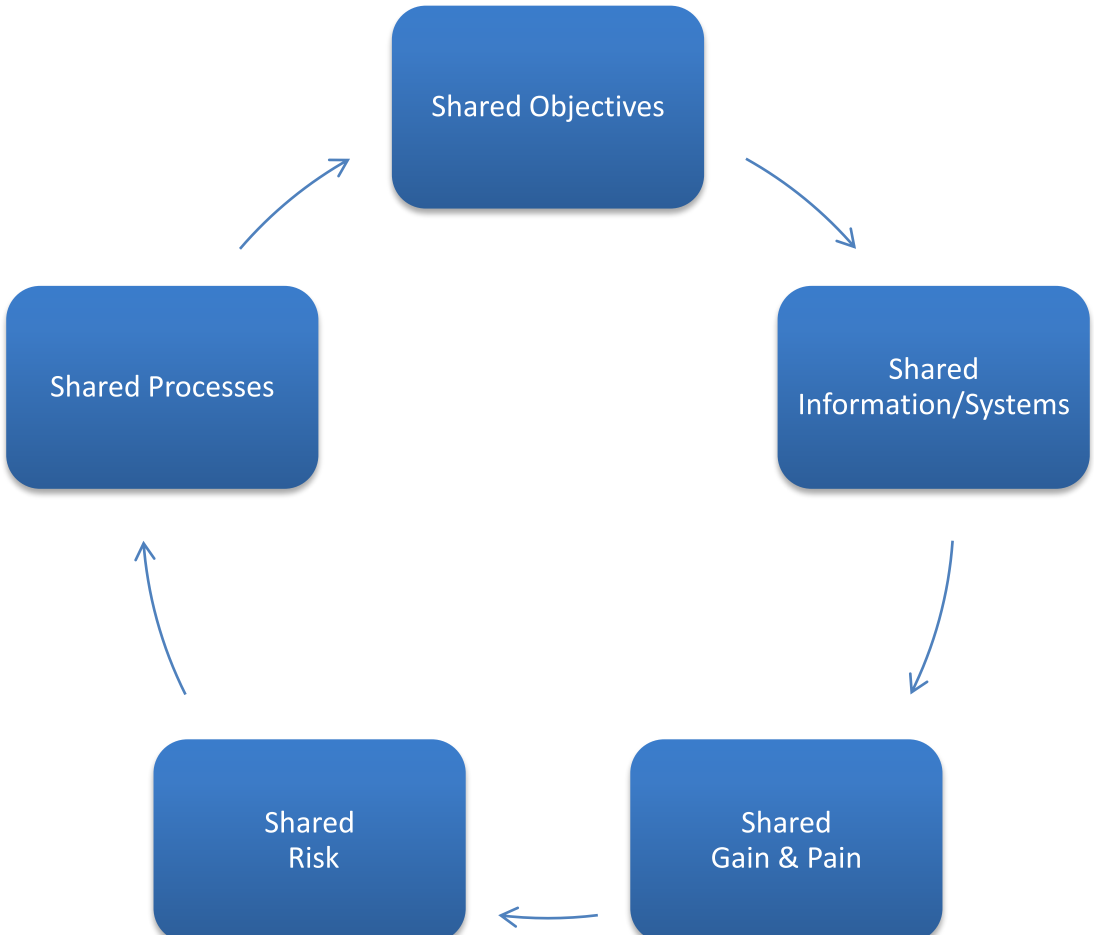
The Idea!



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Workshop

Consider and discuss what are your:

- Strengths and weaknesses.
- Specialist skills and experience.
- Systems and processes.
- Capacity (and limitations)

in relation to being a good merger partner.

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STRENGTHS	WEAKNESSES	SPECIALISM
SYSTEMS/PROCESS	**CAPACITY**	**EXPERIENCE**

What to bid for?

- The value of a consortium is to bring members together to deliver economies of scale and streamline management.
- Need to be of a size and scale to achieve this.
- No set minimum contract price, but would need to be sufficient to cover contract mgt.
- Not too complex or diverse; again challenge to manage and co-ordinate.

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Commitment

- What are you prepared to do/offer to help make this a reality?
- How will whatever infrastructure you are thinking about be sustainable?
- How will you agree costing up during bid proposals?
- How will each partner help sustain it?

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Challenges

- Governance and decision-making – where will the risks and tensions exist?
- Impact on individual partners – resources, cash flow, staff, capacity, etc.
- Compatibility with raising social impact bond and distributing returns - does this work in your current model.

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Management

- Customer identification.
- (Back) office resource including accounts.
- Agreed monitoring and performance metrics.
- Best practice development and alignment.

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NOMS Contracts

- What sort of experience is there in dealing with offenders?
- Risk and risk management - data protection, safeguarding, statutory requirements.

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Workshop 2

What are the opportunities and threats locally in developing a Consortia that could compete for NOMS contracts and services?

- Is there a sufficient range of providers?
- History and baggage?
- Capacity and capability?
- Commitment and vision?

What support would you need?

Tendering Protocols

- Will not compete internally against each other
- If a member has an existing contract of the same size and value, RP should not compete.
- If part of a larger lot, RP should lead but safeguard the members interests.
- If new, RP should compete.
- If members compete against RP, when they have no existing interest, then their membership will be reviewed.

Reaching People

Support Locally

Reaching People Consortium –

www.reachingpeolple.org.uk

Voluntary Action LeicesterShire

www.valonline.org.uk

Acevo Consortia

www.consortiasupport.org.uk

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Final Thoughts

- We can’t survive alone, too many of us.
- Diversity of providers is a choice - confusion and duplication
- VCS isn’t good at partnership (private sector see it as a natural progression).
- Limited window before the big boys take over.
- It needs the commissioners to understand consortia, NOMS have got it!!!!

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Consortia Option Appraisal

In order to frame forward strategy and, in particular, determine which consortium model to adopt, the following options should be assessed:

1. Do Nothing/Informal Networking

The 'do nothing' option is synonymous with civil society agencies carrying on with the same way of working, ie. not setting up a consortium or joint venture, but continuing to work on an informal partnership basis, engaging in more or less *ad-hoc* networking.

The key features of such an informal partnership arrangement are:

- No separate legal status outside of the members.
- Possibly a partnership agreement.
- Members separately bid for and manage their own funds.

2. Sub-contract to a Prime Contractor or Managing Provider drawn either from the Private Sector or an external agency

This may be viewed as an inevitable consequence of the do nothing option, in that consortia members may well find they have no option but to sub-contract to an external agency, who has won the aggregated contract now offered by their key commissioner. It was recognised that in some cases this will the only route to market for consortia members at present. The current rounds of contracts being offered by the DWP are a clear case in point.

The key features of this arrangement are:

- Business deals may be straight forward for some members.
- Members will have little control of future developments and strategic direction.
- Members will have less control over price.

3. Establish a loose consortium with a managing provider functioning as lead body

This would involve one of the partner agencies functioning as the managing provider of a loosely organised consortium. The key features of this approach are:

- The consortium in its own right has no legal identity.
- The managing provider applies for contract funding on behalf of consortium members.
- It uses some of the funding to (a) deliver its own services and (b) to manage the contract (in the form of a management fee).
- It distributes the rest to other consortium members.

4. *Establish a loose consortium with a managing agent functioning as lead body*

This would involve one of the partner agencies functioning as the managing agent (ie. legally constituted accountable body for tendering and contract management purposes) of a loose consortium. The main characteristics of this approach are:

- The consortium in its own right has no legal identity.
- The managing agent applies for contract funding on behalf of consortium members.
- It doesn't deliver any services directly itself but instead sub-contracts to other consortium members, for which it charges a management fee.

5. *Establish a formal consortium or 'super provider'*

This entails establishing the consortium as a new legal entity. The key features of this model are:

- Formally constituted as an independent legal entity.
- Single point of contracting.
- Hub & Spokes structure (see earlier section, *Consortium Model & Operating Structure*).

Option 5 (formal consortium) was the clear preferred way forward. Its comparative advantages far outweigh the disadvantages. The key factors are as follows:

- Collective membership ownership and control, which the formal consortium model optimises, written into the very constitutional arrangements/mechanisms of the joint venture, is perceived to be essential to the long-term viability of the consortium in promoting joint, collective responsibility for the running of the organisation, sharing risk and maximising the exploitation of opportunities across the sub-region (and potentially beyond). This was felt to be particularly the case given the potential size, scale and complexity of the venture.
- It is envisaged that a new body with its own independent identity will have significant symbolic impact in the commissioning arena, presenting a new, fresh approach by the health/wellbeing third sector; this will be reflected in significant launch, PR and branding opportunities.
- By virtue of the fact that such an approach is inherently ambitious, it makes a positive and confident statement of intent from the third sector that it is serious about its pivotal role within the new, more challenging and austere commissioning and procurement environment.
- It is felt that the business environment is so complex, so pressure laden and yet so replete with opportunities for the third sector, that specialist technical infrastructure needs to be available, close to the nuances and intricacies of the specific service sector.

STRENGTHS	WEAKNESSES	SPECIALISM
SYSTEMS/PROCESS	**CAPACITY**	**EXPERIENCE**