

VOLUNTARY SECTOR CONSORTIA: STRONGER TOGETHER?

An analysis of the current health of voluntary sector consortia, key factors in their success and recommendations to enable their sustainability.

Bethan Hacche, Lev Pedro & Nick Davies
September 2016

EXECUTIVE SUMMARY

Working in consortia can help voluntary sector organisations win contracts and deliver better quality public services. They enable small, expert organisations that might otherwise be excluded from public service markets to compete for larger contracts and receive capacity building support. By bringing service providers together formally, consortia can also improve communities' experiences of services and create cost savings for providers and commissioners.

Consortia, however, are challenging to establish and keep going. Success or failure depends on three key factors: relationships; expertise; and resources.

Firstly, as well as having strong internal relationships between partners, consortia need to build connections with commissioners and the wider voluntary sector. Recruiting members, navigating a challenging commissioning environment and developing credibility with partners takes skilful leadership.

Secondly, both consortia and commissioners must have relevant expertise. Commissioners need to be able to provide a supportive commissioning environment, allowing enough time for consortia to organise bids and using appropriate payment mechanisms. In turn, consortia require strong business skills to be able to successfully deliver contracts and manage supply chains, as well as relevant service expertise.

Finally, consortia take considerable time and funding to establish and run. Taking a consortium from aspiration to 'contract ready' generally entails an investment of thousands of pounds and consortia require ongoing access to working capital as they continue to develop, especially when bidding for and mobilising to run a contract.

NCVO's recommendations for successful consortia working include establishing a consortium development grant fund; strengthening the Social Value Act; upskilling the sector and commissioners to improve their working across the commissioning cycle; and providing support with impact measurement.

CONTENTS

Executive summary	2
Contents	3
1. Introduction.....	4
1.1. The economic context	4
1.2. Growth of voluntary sector consortia	4
1.3. Reasons for this study	5
2. What are voluntary sector consortia and why are they valuable?.....	6
2.1. Voluntary sector collaboration models.....	6
2.2. How do they differ to other forms of voluntary sector collaboration?	7
2.3. How do they differ from private sector consortia?	8
3. What is needed for success?.....	10
3.1. Relationships.....	10
3.2. Expertise.....	13
3.3. Resources.....	16
3.4. Scale.....	18
4. Conclusions	18
5. Recommendations	19
5.1. Consortium development grant fund.....	19
5.2. Impact measurement support	19
5.3. Developing consortia and commissioner skills.....	20
5.4. Strengthening the Social Value Act.....	20
6. Appendix: Acknowledgements.....	22
Further information.....	22

1. Introduction

1.1. The economic context

The voluntary sector has faced a challenging statutory funding environment in recent years. As public sector austerity has been rolled out across the country, cuts have inevitably been passed on to voluntary sector providers of public services. Between 2009/10 and 2013/14 (the most recent year for which figures are available), the sector's total income from government reduced by over £500m.

These cuts, however, have not fallen evenly across the voluntary sector. Whilst voluntary organisations with total income over £100m per year saw their government funding grow by 18% between 2009/10 and 2013/14, all other income bands saw falls. Those organisations with a turnover between £100,000 and £1m lost 13% of their government income during this period¹.

Following the result of the European Union referendum, there is now significant uncertainty about future funding levels for public services.

The growth in government income for the biggest providers has likely been driven, at least in part, by the increasing size of public service contracts. Larger contracts have become more common, amalgamating services that would previously have been tendered separately, often across wide geographical areas, in attempts to lower commissioning costs and gain economies of scale and joined-up services^{2 3}.

1.2. Growth of voluntary sector consortia

The recent interest in voluntary sector consortia can be seen as a direct response to this phenomenon as, in theory, consortia should enable smaller voluntary groups to collaborate at scale and provide the same financial efficiencies assumed to be delivered by larger providers.

These benefits have also been recognised by successive governments. In its 2006 "*Partnership in public services: an action plan for third sector involvement*" the Labour government said that it would aim to facilitate consortia working to help small sector organisations provide services⁴. This stream of work included the *Futurebuilders* programme, which had a Consortia Fund to provide loans and consultancy services to help consortia bid for contracts⁵, and the Office of the Third Sector's publication of "*Working in a Consortium*" guidance^{6 7}.

The Coalition government, 2010-15, also aimed to promote consortia, believing that they could help the sector, especially small organisations⁸, access contracts. This would allow them "to combine their individual strengths and expertise, to become providers of sufficient scale to

deliver larger contracts”⁹. Consortia were also seen as a route to improved services for communities¹⁰.

As detailed in the Coalition’s 2014 “*Making it easier for civil society to work with the state: Progress update*”, it encouraged consortia development through a number of programmes¹¹. This included funding a consortium development programme with ACEVO and NAVCA from 2014¹².

Other government-supported consortium development programmes include More Than the Sum, funded by the National Offender Management Service ESF Co-financing Organisation¹³, and the Cabinet Office’s Transforming Local Infrastructure (TLI) Fund, which was in some cases used to set up consortia¹⁴. Outside of government, funding to assist consortia development has been provided by a number of Big Lottery Fund programmes including Improving Futures¹⁵ ¹⁶ and Big Assist¹⁷.

Many of the support programmes, however, both from government and other organisations, have since closed, and new funding streams have not become available to replace them. Yet, staffing capacity and money – two resources which are currently in extremely limited supply in the voluntary sector – are still required to set up a successful consortium.

1.3. Reasons for this study

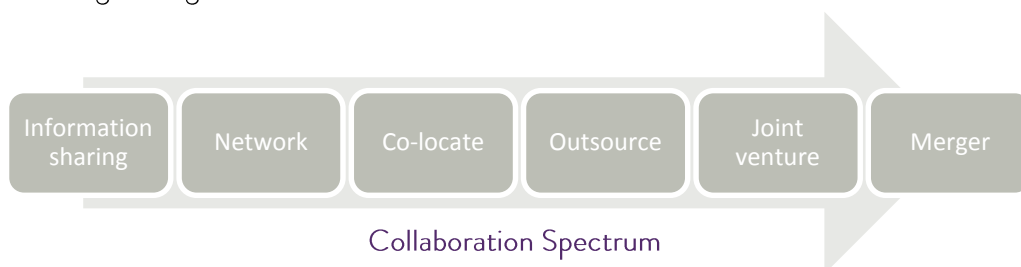
We wanted to take a snapshot of the current operating environment for voluntary sector consortia. We were keen to determine whether establishing consortia is still an effective way for voluntary organisations to pursue their mission and, if so, what steps can be taken to maximise their chances of success.

To answer these questions, NCVO, with support from Big Assist, sought input from 16 voluntary sector consortia leaders from across England¹⁸. This included contributions from a roundtable with 12 participants, held by NCVO and Big Assist in Manchester in Spring 2016. We supplemented this with a questionnaire and desk research. While limited in terms of the number of consortia that have contributed to this study, we felt that a breadth of issues had been raised and that there was a significant amount of consensus about these issues.

2. What are voluntary sector consortia and why are they valuable?

2.1. Voluntary sector collaboration models

Voluntary organisations work together in a variety of ways in order to fulfil their purposes. At the informal end of the spectrum, they may share information on local needs or best practice, including through networks and associations.

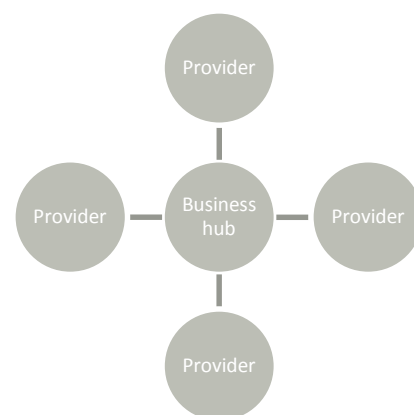


More formally, voluntary organisations will have contractual relations with other organisations. They may, for example, act as a sub-contractor when delivering a public service, rent office space or outsource back office functions such as finance and HR.

In some cases, a new entity will be created for the purposes of collaborating. In a joint venture, two or more parties will contribute equity, sharing control and any profit or loss made by the enterprise.

For the purposes of bidding for funding and delivering services, consortium collaboration can be at a number of points on this spectrum. In looser arrangements, organisations may agree that one member will act as a prime-contractor, managing the relationship with the funder and sub-contracting agreed work to other partners.

More commonly, a consortium will be a separate legally constituted entity – usually either a charity or community interest company – that is jointly owned and controlled by its members. Such consortia generally operate on a ‘hub and spokes’ basis, with a central business hub that is responsible for recruiting and managing the membership, scoping contracts and developing strategic business relationships. We have found that recently there has been a trend to operate this hub ‘virtually’ or subcontract the function to a member organisation.



2.2. How do they differ to other forms of voluntary sector collaboration?

Scale

Consortia allow voluntary organisations to work at greater scale. Consortia can cover the whole geographic area for a given contract or cover multiple aspects of service delivery. This can enable

“We have benefited hugely as a consortium by supporting networks of local VCS organisations whose ‘reach’ into communities is their intrinsic value, as well as their largely responsive and professional services”

Consortium leader

smaller organisations to acquire contracts beyond the immediate locality they serve. It also allows them to adapt changes in the geography of commissioning, for example, where funding decisions for services move from being made at a district level to a county level. Consortia can also provide a contract-ready supply chain by bringing together diverse organisations that can play different roles in delivery and specialise in a range of services. This can include involving smaller organisations that could otherwise struggle to access contracts.

Capacity building smaller organisations

There are examples of voluntary-sector consortia building the capacity of smaller organisations in their area. For example, by providing development opportunities for members who aren’t contract-ready yet. This is generally funded through a management overhead that is applied to contracts.

Smaller members find that participating provides them with benefits such as stronger relationships, advice and easy access to information. Consortia can also help smaller organisations take on aspects of service delivery without a formal contract, such as hosting a meeting or raising awareness of a service among their community. Allowing smaller organisations to join as associate members is one mechanism used to include them even if they cannot participate formally in bids.

“One of the most valued aspect of the consortium wasn’t financial but the connections and information sharing it had brought”

Consortium leader

These findings are supported by the Charity Commission’s study of five consortia.¹⁹ This found that consortia can not only help the sector secure contracts, but also provide chances to gain advice: “peer support, the sharing of resources and of experiences in providing monitoring information to commissioners of services, were cited as specific benefits”.

Consortia can factor the funding that they will need to develop the capacity of smaller members into contracts where relevant, thereby accessing otherwise unavailable resources and building the long term sustainability of the sector.

In some cases, local infrastructure organisations are playing active role in consortia-forming or acting as the hub. This function could provide a useful business opportunity due to decreasing funding for infrastructure organisations.

Contract management and bidding support

As stated above, in the typical consortium ‘hub and spokes’ model, a central business hub scopes, bids for and manages contracts on behalf of consortium members. Management and delivery functions can be separated and carried out by different organisations. Also, a consortium hub can deliver quality control and oversight of the frontline service delivery, thereby reducing some of the burden on the commissioning authority, effectively providing a ‘prime contractor’ function. The hub is able to assign work and risk appropriately to member organisations based on their capacity, and intervene in cases of poor delivery.

Consortia can also support members when bidding for contracts or applying for grant funding. By interpreting tender opportunities and managing bids, consortia are able to save members time and resources. One consortium estimated that for one contract it had saved each participating member between two and seven hours of senior staff time.

The hub can also provide back office functions for members. This can be more efficient than operating these functions independently. For example, one consortium developed a bespoke IT system for members to use when delivering a contract that required organisations to assess service users, needs based over a broad geographic area. This enabled those organisations to easily and uniformly record information, making the contract cheaper to deliver.

2.3. How do they differ from private sector consortia?

Reach into and understanding of communities

Private sector organisations can also form or lead consortia to achieve some of the same benefits of scale and efficiency as voluntary sector consortia. It is worth therefore considering what additional social value the voluntary sector is able to offer when using this model. Members of voluntary sector consortia are often locally-based organisations, with a strong understanding of their users and communities. This means that they are able to design their services to best fit local needs and so have a larger and more sustained impact. Often they will actively engage communities in decisions about provision. See, for example, the case study of City and Hackney Together below.

Participatory budgeting through City and Hackney Together (a subsidiary of Hackney CVS)

City and Hackney Together (a subsidiary of Hackney CVS), a consortium of voluntary sector health and social care providers, is delivering Connect Hackney Aging Better. This is a six-year programme to reduce and prevent the social isolation of Hackney residents aged 50 and over. It delivers a wide range of activities for citizens, including support groups, complementary therapies, employment support, volunteering opportunities, and leisure activities. Through these, residents can make new friends and become more confident.

To decide what projects to commission under the programme, the consortium decided to use a participatory budgeting approach. This way of working lets citizens pick who is given funding which can be empowering and ensure that services fit their requirements.

Local citizens voted for the services they wanted from 70 proposals provided by the consortium's members. They could do this at events where organisations pitched their projects, or through postal votes. Winners included smaller organisations such as luncheon clubs, who may not have been commissioned under more traditional subcontracting mechanisms but which residents want to use.

This approach has been popular with service users. The consortium reached over 450 citizens through the voting events. One person taking part in participatory budgeting described the process:

"Friendly, inclusive, empowering to be together, all the different people... all together our votes actually make a difference... not just tokenism"

Additional details of the programme are available at <http://www.hcvs.org.uk/>

Social mission

Voluntary organisations must, legally, undertake activities for public benefit. Solvency is necessary but not sufficient for ensuring organisational aims are being met. By contrast, the ultimate objective of companies is to generate a profit. This is not to say that charities will not seek surpluses or that businesses never have social goals, rather their primary motivation is different.

As a result, voluntary sector consortia may take on work that cannot be justified purely on commercial grounds. For example, members of one consortium stepped in when another member went into administration, working to support service users so that they wouldn't see a gap in provision until the service was recommissioned.

3. What is needed for success?

In the course of our research we identified a number of factors which have a significant impact on whether a consortium will be successfully established and sustained. Some of these factors are within the control of individual consortia and their members. Others rely on external stakeholders, usually commissioners. Overall, they can be split down into three broad categories: relationships, expertise and resources.

3.1. Relationships

A consortium is, at heart, a formalised relationship. Whether collaborating through a prime-contractor model or setting up a joint venture, organisations will agree to work together based on the strength of their relationship. Establishing a consortium may require a leap of faith but retaining members and recruiting new ones requires trust and credibility.

Similarly, consortia will only thrive if they are able to build relationships with external bodies. This may be with others from the voluntary sector, particularly infrastructure bodies, or it may be with commissioners and other funders. In each case, relationships will be based on factors such as a consortium's track record and business plan as well as intangibles such as personality and reputation.

Below we discuss in more detail the relationships that determine success for consortia.

Relationships between consortia members

Consortia need to nurture relationships between members if they are to thrive. The first challenge is to recruit organisations to join. Potential partners are likely to need convincing of the benefits of consortia working and will need to understand the model. This can require overcoming concerns about partnership working itself. For example, some organisations may worry about becoming less autonomous if they participate in a consortium, including that it might indicate a move towards merger, or about having to share information about their charity with other sector organisations they normally compete against²⁰.

As discussed above, breadth of expertise is a key benefit of consortia. This is, however, dependent on members choosing to work together on an ongoing basis. Given that most consortia do not require exclusivity – i.e. members are able to bid independently, including in

competition with the consortium itself – good relationships are needed to maintain the loyalty of members.

The strength of this bond will depend to a significant extent on the ability of consortia to manage internal competition. Member competition means consortia need to cope with problems such as who will get which referrals; how to manage intellectual property and data sharing; how the brand and influence of individual organisations is promoted; and how resources are provided for capacity building. Clear policies and procedures are an important way to resolve such issues. For example, procedures could set out how a consortium decides which organisations take what role; how delivery standards are monitored and maintained; how risks are shared; and membership criteria²¹.

Effective communication is a key determinant of strong relationships. For example, when recruiting members, one consortium published evidence and arguments for the role of consortia in the sector, printed key documents such as its membership prospectus and business plan, and developed a network of key members who could act as ambassadors.

While an active project can keep members engaged in the short term, long term relationships must be sustained by ongoing communication. This is particularly important as consortia grow. Old members and new must feel involved and informed.

“As you grow its harder to manage and engage the membership especially if not involved in current tenders. Cluster groups and briefing sessions help as does regular email communication”

Consortium leader

Relationships with other voluntary organisations

Consortia must retain strong relationships with voluntary organisations outside of their membership. Of particular importance is the link with local voluntary sector infrastructure.

Infrastructure support can be crucial during a consortium’s incubation stage. Such bodies can encourage collaborative working between local organisations and help consortia to develop links with local commissioners or access funding. Research suggests that it is easier to establish consortia when infrastructure organisations are involved²².

These relationships need to be maintained beyond the start-up phase or there is a risk that consortia and infrastructure bodies become competitors. For example, one consortium closed after a more established local infrastructure organisation that had initially worked to set it up was given key funding instead of the consortium. One route that some consortia have taken to avoid this is to sign a memorandum of understanding with local infrastructure clarifying the roles of each organisation.

Relationships with large, national voluntary organisations can also be very important. Where they are part of a consortium, such organisations, which have the experience and scale to take on contracts, can lead bids on behalf of other, smaller members. However, larger charities may not feel the need to join a consortium in the first place if they can successfully bid for work alone.

In areas where there is a strong culture of partnership working within the sector, it can be possible for consortia to develop on a more ad hoc basis, outside of formal joint venture structures. In such cases, large voluntary organisations bring small organisations in to deliver contracts they have secured independently, whilst they provide back office and contract management functions. This can reduce the need for smaller organisations to join consortia. However, working between different sized organisations in this way can be challenging, with limited opportunities for organisations to fully develop collaborative approaches unless they already have relationships with each other.

Relationships with commissioners

As the principal funder of most voluntary sector consortia, public sector commissioners play a central role in the success of these collaborative ventures. Consortia need to be seen as credible and trustworthy delivery partners, able to achieve challenging public service objectives.

“We weren’t well connected to the real decision making processes in the (area), so we were expecting opportunities to arise that were never likely to happen...”

Consortium leader

Whilst some consortia have strong relationships with local commissioners, for most it varies significantly between individual commissioners and public sector bodies. Public sector redundancies and restructures mean that consortia often need to develop new relationships with commissioners. For example, the loss of a single key commissioner weakened the link that one consortium had with the whole local authority.

The development of strong commissioner relationships can be particularly challenging for new consortia which, without a track record of their own, may need to rely initially on the reputation and experience of individual members. However, all consortia need to forge bonds with public-sector decision makers. Crucially, commissioners must understand how consortia work, including different models, and value the unique attributes that such collaborations can bring to public services.

Regular meetings with commissioners develop and sustain relationships. Ideally, these should be for both contract compliance and strategic planning. Sitting on strategic boards and forums such as local procurement working groups can let consortia work to improve commissioning practices and influence the shape of contracts rather than just reacting to them. This is an important

relationship-building opportunity even when the consortium is unlikely to be contracted as a result.

**“Engage, engage & engage
with public sector
commissioners AND
procurement to assist them
to understand the potential
of consortium models”**

Consortium leader

By providing commissioners with solutions to issues they are facing, rather than being seen as a lobbyist, consortia can become key partners which support service design. As one consortium put it:

“we moved from the margins complaining to a more centre stage position by becoming a “solution” to the perceived failing of [the] services in the city ... and a provider of client intelligence along with solutions”.

3.2. Expertise

The great benefit of collaborative approaches to public services is that they broaden the range of expertise that can be harnessed in pursuit of social benefit. Voluntary organisations – large and small, local and national – working together in consortia can achieve more than if they operate alone. However, this is not a given and will not be accepted by commissioners as such. To thrive, consortia must demonstrate that they have the necessary expertise.

This is considerably easier to achieve if they operate in a supportive commissioning environment. Proportionate procurement procedures, appropriate transfer of financial risk and an emphasis of social value will maximise consortia chances. The expertise of individual commissioners, procurement staff, legal teams and others that shape this framework is therefore crucial.

Below we discuss in more detail the expertise required from consortium members and commissioners.

Consortium expertise

To thrive, consortia must be good at what they do. Most important is the ability and capacity to deliver meaningful, long-term positive change to the lives of those that they work with.

The retrenchment of public services due to austerity has focussed commissioning activity on those with complex and multiple needs. As a result, organisations must increasingly demonstrate that staff teams have more developed and niche professional skills than may have traditionally been required from voluntary sector providers. Consortia can knit together organisations with a variety of specialisms to

**“The service met or surpassed
95% of contract targets and was
exceptional at attracting and
retaining people from BME
communities”**

Consortium leader

provide a holistic package of support for service users with a greater range of needs.

Consortia with expertise across public services, rather than those based around specific themes such as health or employment, can be more flexible in response to local commissioning opportunities. Consortia adopting such an approach may be more likely to succeed in tomorrow's public service markets.

In addition, consortia must have strong contract management skills. The ability of consortia to, for example, deal with under-performing providers, is central to their attractiveness to commissioners. Some commissioners also like to see that the consortium has a recognised quality mark.

Delivering great services requires winning the contracts in the first place. A key component of this is the ability of consortia to demonstrate their impact to commissioners. Access to experts can help consortia evaluate their work. For example, one consortium received high-quality impact measurement support from a lottery funder. There is scope for consortia, and the wider sector, to be offered more support in this area.

Another aspect of commercial expertise is a strong understanding of the relevant legislation and regulations. Most relevantly, an appreciation of commissioner responsibilities and powers under the Public Contract Regulations 2015 can help consortia to advocate for more flexible and proportionate approaches. Equally, consortia need to be aware of competition law and how to collaborate legally. NCVO and BWB have recently produced [guidance to support consortia and the wider sector](#) in this area.

Consortia also need to be experienced in business processes such as risk management and the evaluation of potential contract acquisitions in terms of cost and benefit. This is critically important since one benefit of a consortium is delivering this business function both for the commissioner and as a support to the subcontractors. This is even more important than sector knowledge or technical knowledge of service delivery, as these can be drawn from the membership.

The acquisition of a recognised quality mark in respect of the contract management function can be a commissioner requirement. This is in addition to member organisations having recognised quality models such as PQASSO and Matrix. This way, it can be demonstrated that quality is embedded throughout the supply chain.

Last but certainly not least, consortia must show leadership. As discussed above, acting strategically enables consortia to shape services and offer solutions rather than waiting for appropriate tender opportunities to arise. This is particularly important given the major public

service reform programmes underway, especially in places where devolution deals have been agreed. Leaders of many local authorities, CCGs and other key statutory bodies are effectively operating without a map, trying new service configurations and decision making structures. This presents a real opportunity for strategically aware consortia (and other voluntary organisations) to shape public services in their area.

Commissioner expertise

Consortia are more likely to succeed if they operate in a supportive commissioning environment. This includes longer procurement time frames, suitable funding mechanisms and appropriate risk assignment. Each of these factors is dependent on the skill and understanding of commissioning bodies.

Unfortunately, commissioning practice in England is something of a mixed bag: excellent in parts but extremely poor in others.

“Commissioners (are) also facing strong inertia and barriers to opening up opportunities in mainstream contracts such as health and well-being – preventing investment in new solutions despite declared need for transformation in service design”

Consortium leader

Poor commissioning and procurement practice can create unnecessary barriers for consortia. For example, confusion about competition law can lead commissioning bodies to believe that pre-procurement dialogue is not possible, when in fact it is strongly encouraged by the Public Contract Regulations 2015. Likewise, ACEVO and the Local Government Association’s 2014 study of partnership working found that in some areas commissioners would not allow consortia to submit one joint pre-qualification questionnaire.²³

Consortia require sufficiently long procurement exercises to allow members to decide whether to bid, which organisations should take part, and to develop carefully considered proposals. Unfortunately, procurement exercises can sometimes last only a couple weeks, making it difficult for a single voluntary organisation to respond, never mind consortia which must make decisions multilaterally. Where commissioners are seeking to encourage the development of a consortium from scratch, or indeed any other kind of collaborative bid, then a significant lead-in time must be given. As discussed below, the creation of stable consortia that can deliver at scale requires a significant investment of time and money.

Use of appropriate funding arrangements can also help consortia. For example, payment by results contracts can be very difficult for small voluntary organisations to manage²⁴, even as part of consortia. Where these approaches are used, larger attachment fees or upfront funding, and quick payment when targets are met, can help providers avoid cash flow problems. Guaranteed numbers of referrals for smaller organisations can help them be confident that participating in a bid is worthwhile and means that they can staff themselves appropriately.

The responsibility for ensuring that contract risk is distributed appropriately lies with both commissioners and larger members of consortia. TUPE liabilities can be a particular challenge for consortia but problems can be mitigated by sharing risk with public sector bodies. For example, sharing the pensions risk for a contract.

Commissioners must also understand person-centred approaches to service delivery and the importance of social value. Consortia enable small, locally-led organisations, which might otherwise be excluded from public service markets, to access contract funding. As discussed above, such organisations often have a particular expertise in co-designing and co-producing interventions in partnership with individuals, utilising their assets rather than focussing just on needs. For example, they are able to use participatory budgeting approaches. Commissioners who are willing to engage in cross-silo budgeting, services redesign and extensive pre-procurement dialogue will have more success in tapping into this expertise²⁵.

Where social value has been integrated into commissioning strategies, consortia should be well placed to support the delivery of these objectives. Unfortunately, as the Young Review found, the use of social value approaches across the country is patchy²⁶. This was very much the experience of the consortia we spoke to. They highlighted that particular improvement is needed amongst procurement teams that often make decisions based on price alone despite prior work done by commissioners to include social value in contracts.

Suitable evidence requirements for programmes can also enable consortia bids. While consortia recognise the value of high quality data, unless commissioners apply appropriate evidence standards, there is a risk that innovative interventions which emerge locally may not be given the support they need to develop.

This will only be possible if the metrics used by commissioners are appropriate. For example, if an outcome is only likely to be seen in the long-term, this should be reflected in how the programme is evaluated.

“Austerity (is) resulting in commissioners who are more risk averse than previously and have fewer pots of funding with which they can be flexible and innovative.”

Commissioner, London

3.3. Resources

Consortia take considerable time and funding to establish and run. In NCVO's experience of supporting new consortia, we have found that taking a consortium from aspiration to 'contract ready' generally requires a minimum investment of £10,000. It is difficult for consortia to be commercially viable from day one, and seed funding can be important until they are able to support themselves through service contracts. However, once established, the factors discussed

“Like any area of charitable work, funding can be an issue. The reality is, to do this well it needs to be funded”

Consortium leader

above, particularly consortia expertise, are of primary importance if consortia are to win contracts and become sustainable.

Support from commissioning authorities, often through infrastructure bodies, can be key to setting up consortia, though core funding is increasingly difficult to secure. Funding from sector development programmes can also be important.

Big Assist funding, for example, has been used by consortia to develop websites, back office infrastructure such as document management systems, and business strategies. However, these programmes have largely closed and there is now little support available to new consortia.

As well as seed-funding, consortia require access to working capital as they continue to develop, especially when bidding for and mobilising to run a contract. Without this, they can be forced to adopt unsustainable business models. For example, one consortium won its first contract using grant-funding from another source as capital to mobilise the service. Working capital can be provided by structuring contract funding to allow for reasonable mobilisation costs or potentially through social investment, though this is largely untested.

Members themselves can collectively provide funding for consortia, including to meet operating costs. One consortium, for example, raised £5,000 from its initial group of stakeholder organisations to enable the initial development stages to be undertaken. Many consortia charge membership fees. Some set these low in order to enable more organisations to join, while others charge larger amounts in order to ensure meaningful engagement from members. A number of consortia deliver services to members, such as providing consultancy or back-office services that they can charge for.

“We’ve been fortunate in securing [programme] funding, but it is far from certain that this will be available next year. We have been successful in getting funding from the council to extend and develop this work further, but again, will that be available next year? Realistically I’d have to say it’s unlikely.”

Consortium leader

Consortia also adopt a variety of approaches to employing staff. For some, the recruitment of a staff member to work, for example, on business development, can enable them to develop stronger relationships with commissioners, though the reputation and skillset of individual staff is crucial.

Other consortia make a virtue of having no staff. Operating a virtual staff team can enable consortia to be flexible and responsive, keeping overheads low whilst coping with limited funding. However, operating virtually requires a high level of commitment and time from key consortium members in the strategic business development.

The costs associated with consortia working need to be considered carefully by the sector as developing and working through consortia can be costly for organisations, and risks need to be assessed²⁷. The Charity Commission has stressed that voluntary organisations should look at the risks of delivering through consortia, including carrying out due diligence assessments, and involve trustees when deciding whether to take part in consortia, for example, so that they can decide if it fits with the charity's mission²⁸.

3.4. Scale

There is anecdotal evidence that there is an optimum scale at which consortia are more sustainable. Some consortia that have started life serving a particular sub-sector (e.g. health or employment support) have struggled to be sustainable. For example, in Sheffield, in the mid-2000s, three separate consortia were established in the areas of health & wellbeing, youth services and employability support. Eventually they merged to form a single generic consortium for the area:

The purpose of the merger was to reduce duplication; maximise economies of scale, to develop and expand the business through winning additional contracts; enable the Hub Team to become sustainable through additional management fees and support members to secure and deliver a wider range of contracts.

Sheffield Cubed website.²⁹

4. Conclusions

Consortia are distinct from other forms of voluntary sector collaboration. They help build their members' capacity to bid for and deliver contracts, and provide members with additional benefits such as easy access to information. By having separate bodies delivering services and managing contracts, consortia can provide the coordination and quality control commissioners want. Given these benefits, consortia would be valuable whether or not contracts were being aggregated. However, with this practice widespread, consortia are particularly important for helping maintain the sector's role in public service markets, and enabling a diversity of providers to deliver contracts. This includes small, locally-based organisations, which can use their understanding of community needs to deliver tailored support.

This report has found that establishing consortia is hard and that it can be challenging to develop a sustainable model. There are a number of interdependent key factors on which success or failure will hinge.

Strong relationships, internally, with commissioners and with the wider voluntary sector, are the bedrock of success. Developing these requires leadership and sustaining them is only possible if a consortium is seen as credible and trustworthy. Proving these qualities requires consortia to have expertise that is broad and deep, encompassing both service delivery and contract management. They must also be able to demonstrate their impact to commissioners.

Even if all these factors are in place, consortia will still struggle if the commissioning environment they are operating in is not supportive. Procurement methodology, funding model and risk transfer must be chosen with care if consortia are to thrive. Finally, consortia require resources with financial support particularly important in their early stages of establishing a consortium.

Whilst this report looks at the value consortia can bring to service delivery, it does not look at the impact consortia have had within public service markets. This could be an important area for further research, for example, looking at the number of consortia that exist; how widely consortia are being used in the sector; the extent to which they are leading to a greater or maintained share of contracts going to the voluntary sector; if they are creating greater financial efficiencies; and if they are leading to better public services.

5. Recommendations

NCVO's recommendations for successful consortia working include a consortium development grant fund, developing expertise within the sector and with commissioners, and support for impact measurement. These recommendations would not only help consortia, but also the wider voluntary sector.

5.1. Consortium development grant fund

Consortia are a vital route for involving small, specialist voluntary organisations in public service delivery but they require support to develop and previous funding streams are no longer open. We call on the Cabinet Office to establish a consortium development grant fund, potentially in partnership with other funders, to provide seed funding for organisations seeking to establish local consortia.

5.2. Impact measurement support

Consortia, like many in the voluntary sector, need high-quality support to help them measure and demonstrate their impact. A number of funders provide consortia and other voluntary organisations with impact measurement support, including access to academic support. We would like to see such practice become more widespread.

In general, service delivery objectives should be developed in partnership with service users and providers. Providers should be given support by funders to undertake evaluations, which may include commissioning bodies giving access to relevant outcomes data that they hold.

5.3. Developing consortia and commissioner skills

High quality training and support to develop the commercial skills of voluntary sector organisations can play a key role in enabling them to better compete for public service contracts, and ultimately be more sustainable. Programmes such as the commercial masterclasses, delivered by NCVO and our partners³⁰, have identified key elements of successful interventions such as combining national policy expertise with strong local knowledge, incorporating private sector know-how, and use of online delivery and resources to complement face-to-face work.

However, we believe that a more strategic approach is required if we are to properly embed a new way of working. Skills and knowledge are most readily retained if they can be put into practice and then nurtured over the medium term. Similarly, it makes sense for commissioners and voluntary sector consortia to learn how to improve their practice together rather than in isolation.

We have recommended that the Cabinet Office, working in partnership with a handful of local authorities, could pilot a model that upskills both commissioners and voluntary sector consortia from a local area simultaneously, starting at the beginning of a commissioning cycle and providing support up until tenders are submitted. This would effectively combine elements of local commissioning academies and the commercial masterclasses.

NCVO will shortly be publishing a free step-by-step consortium guide on [KnowHowNonProfit](#). This will include advice on crucial issues such as influencing commissioners, membership and funding, and will help consortia move from the drawing board to contract readiness.

5.4. Strengthening the Social Value Act

The Social Value Act must be strengthened if social value is to be fully embedded in public contracting. We call on the government to amend the Social Value Act so that:

- Public bodies ‘account’ for the social value they generate, rather than just ‘consider’ it. This would help provide the Act with the ‘teeth’ it currently lacks.
- Commissioners ‘account’ for pre-procurement consultation and engagement with users and providers when looking to include social value in a contract. Consultation with service users, and organisations that advocate on their behalf, is vital for effective and efficient public services. Commissioning for social value is no different.

- The Act is extended beyond services to goods and works as well. Not only would this generate better outcomes and long terms savings for the taxpayer, it would also make it easier for contracting authorities to implement effective social value strategies. This in turn would provide more opportunities for voluntary sector consortia to be part of public sector markets.

6. Appendix: Acknowledgements

NCVO and Big Assist would like to thank the contributors to the consultation.

This includes our roundtable attendees:

- 3SC LLP
- Blue Stone Consortium
- City & Hackney Together (a subsidiary of Hackney CVS)
- COBS (Benwell and Scottswood)
- CS3 (Suffolk and Cambridgeshire)
- Dave Packwood Consultancy
- GMCVO
- Greater Together (Lancashire)
- Salford Third Sector Consortium
- Sandwell Consortium CIC
- Shropshire Providers Consortium
- Your Consortium

This also includes consortia who made written contributions but were unable to attend the roundtable:

- Birmingham Mental Health Consortium
- Desta
- Knowsley Third Sector Consortium
- Nova Wakefield District
- Peterborough Plus
- An anonymous contributor

FURTHER INFORMATION

Additional NCVO resources about consortia can be found at www.knowhownonprofit.org.

-
- ¹ NCVO. (2016) Navigating change: an analysis of financial trends for small and medium sized -charities. London: NCVO
https://www.ncvo.org.uk/images/documents/policy_and_research/funding/financial-trends-for-small-and-medium-sized-charities-ncvo-loyds-bank-foundation-2016.pdf (accessed February 2016)
- ² NCVO (date unknown). Ten procurement barriers affecting charities and social enterprises. London: NCVO
http://www.ncvo.org.uk/images/documents/policy_and_research/public_services/ten-procurement-barriers-affecting-charities-and-social-enterprises.pdf (accessed February 2016)
- ³ Coulson, N. and Pedro, L. (2015) Setting up a consortium: Is it worth the bother? London: NCVO
<http://blogs.ncvo.org.uk/2015/08/10/setting-up-a-consortium-is-it-worth-the-bother/> () (accessed February 2016)
- ⁴ Office of the Third Sector (2006) Partnership in public services: an action plan for third sector involvement. London: Office of the Third Sector
http://webarchive.nationalarchives.gov.uk/20090129112145/http://cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/psd_action_plan.pdf (accessed February 2016) (p4)
- ⁵ Futurebuilders England (2011) Consortia Fund. London: Social Investment Business <http://www.futurebuilders-england.org.uk/about-futurebuilders/products/consortia-fund/> (accessed February 2016)
- ⁶ Office of the Third Sector (2008) Public Service Delivery Action Plan. London: Office of the Third Sector.
http://webarchive.nationalarchives.gov.uk/20090129112145/cabinetoffice.gov.uk/third_sector/public_services/public_service_delivery.aspx (accessed February 2016)
- ⁷ Office of the Third Sector (2008) Working in a consortium: A guide for third sector organisations involved in public service delivery. **Place unknown**: Office of the Third Sector.
<http://webarchive.nationalarchives.gov.uk/20090129112145/http://cabinetoffice.gov.uk/media/107235/consortium%20guide%20final.pdf> (accessed February 2016)
- ⁸ HM Government (2012) Making it easier for civil society to work with the state: Progress update. **Place unknown**: HM Government (p12)
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80175/TSO-HMG_Making_it_Easier_Civil_Society_1.pdf (accessed February 2016)
- ⁹ HM Government (2014) Making it easier for civil society to work with the state: Progress update. **Place unknown**: HM Government (p27)
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/287779/2901952_MakingItEasier_CivilSociety_acc.pdf (accessed February 2016)
- ¹⁰ HM Government (2014) Making it easier for civil society to work with the state: Progress update. **Place unknown**: HM Government (p8)
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/287779/2901952_MakingItEasier_CivilSociety_acc.pdf (accessed February 2016)
- ¹¹ HM Government (2014) Making it easier for civil society to work with the state: Progress update. **Place unknown**: HM Government (p27)
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/287779/2901952_MakingItEasier_CivilSociety_acc.pdf (accessed February 2016)
- ¹² HM Government (2014) Making it easier for civil society to work with the state: Progress update. **Place unknown**: HM Government (esp.pp.26- 27)
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/287779/2901952_MakingItEasier_CivilSociety_acc.pdf (accessed February 2016)
- ¹³ HM Government (2014) Making it easier for civil society to work with the state: Progress update. **Place unknown**: HM Government (p27)
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/287779/2901952_MakingItEasier_CivilSociety_acc.pdf (accessed February 2016)
- ¹⁴ HM Government (2014) Making it easier for civil society to work with the state: Progress update. **Place unknown**: HM Government (p27)
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/287779/2901952_MakingItEasier_CivilSociety_acc.pdf (accessed February 2016)
- ¹⁵ Big Lottery Fund. (Date unknown). Improving Futures. London: Big Lottery Fund. <https://www.biglotteryfund.org.uk/global-content/programmes/uk-wide/improving-futures> (accessed February 2016)
- ¹⁶ NCVO Public Services Delivery Network (2012) Voluntary sector consortia: where are we now? Discussion paper. London: NCVO (p11)
https://www.ncvo.org.uk/images/documents/practical_support/public_services/ncvo_consortia_discussion_paper_october_2012_1.pdf (accessed February 2016)
- ¹⁷ See <http://www.bigassist.org.uk/> for further details of this programme. See Interlink Foundation. (Date unknown). Developing a Consortium Bidding Vehicle. London: Big Assist <http://www.bigassist.org.uk/marketplace/library/article?path=/case-studies/developing-our-consortium-bidding-vehicle> (accessed February 2016) for an example
- ¹⁸ Attendees are listed in the appendix
- ¹⁹ Charity Commission (2011) Consortia for the delivery of public services: the issues for small and medium-sized charities. **Place unknown** Charity Commission. (p4) https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/284707/rs26text.pdf (accessed February 2016)
- ²⁰ NCVO Public Services Delivery Network (2012) Voluntary sector consortia: where are we now? Discussion paper. London: NCVO (p5)
https://www.ncvo.org.uk/images/documents/practical_support/public_services/ncvo_consortia_discussion_paper_october_2012_1.pdf (accessed February 2016)
- ²¹ NCVO Public Services Delivery Network (2012) Voluntary sector consortia: where are we now? Discussion paper. London: NCVO (p8)
https://www.ncvo.org.uk/images/documents/practical_support/public_services/ncvo_consortia_discussion_paper_october_2012_1.pdf (Accessed February 2016)

²² Gillespie, J. and Knowles, L. (2014) Real local change: how charity and social enterprise alliances can transform local public service commissioning. London: LGA. (p.19) <https://www.acevo.org.uk/sites/default/files/documents/ACEVO%20and%20LGA%20-%20Real%20Local%20Change.pdf> (Accessed February 2016)

²³ Gillespie, J. and Knowles, L. (2014) Real local change: how charity and social enterprise alliances can transform local public service commissioning. London: LGA. (pp.18-19) <https://www.acevo.org.uk/sites/default/files/documents/ACEVO%20and%20LGA%20-%20Real%20Local%20Change.pdf> (Accessed February 2016)

²⁴ Sheil, F. and Breidenbach-Roe, R. (2014) Payment by Results and the voluntary sector. London: NCVO
http://www.ncvo.org.uk/images/documents/about_us/media-centre/payment-by-results-and-the-voluntary-sector-april-2014.pdf
(Accessed February 2016)

²⁵ NCVO Public Services Delivery Network (2012) Voluntary sector consortia: where are we now? Discussion paper. London: NCVO (p13)
https://www.ncvo.org.uk/images/documents/practical_support/public_services/ncvo_consortia_discussion_paper_october_2012_1.pdf (Accessed February 2016)

²⁶ Cabinet Office (2015) Social Value Act Review. London: Cabinet Office
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/403748/Social_Value_Act_review_report_150212.pdf
(Accessed February 2016)

²⁷ NCVO Public Services Delivery Network (2012) Voluntary sector consortia: where are we now? Discussion paper. London: NCVO (pp.6-7)
https://www.ncvo.org.uk/images/documents/practical_support/public_services/ncvo_consortia_discussion_paper_october_2012_1.pdf
(accessed February 2016)

²⁸ Charity Commission (2011) Consortia for the delivery of public services: the issues for small and medium-sized charities. London: Charity Commission. (pp.4-5) https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/284707/rs26text.pdf (accessed February 2016)

²⁹ Sheffield Cubed website <http://www.sheffieldcubed.co.uk/our-history/>

³⁰ Other partners include NAVCA, ACEVO, Involve Yorkshire and Humber, Capita, Interserve, Cofely, and Ingeus