

AT A GLANCE

| Understanding Consortium Working

(23rd January 2024, in-person Wolverhampton)

Please see below the one page summary of notes from the January 2024 Social Economy FORUM meeting focused on Consortium Working:

What is a consortium?

A consortium is more than a loose partnership of organisations working and learning together (although they will do both in a consortium). It is a formal arrangement between organisations working together to a defined objective. Clarity of purpose is essential.

Reasons to form a consortium?

- Gaining access to markets that they cannot access alone (e.g. due to limited geographical reach, a limited range of products/ services or limited capacity).
- Simplicity for public service commissioners who increasingly want a single point of contact in the local third sector.
- Reducing overhead costs (e.g. sharing “back-office” services).
- Sharing risks and liabilities for contract delivery.
- Learning from each other and sharing complementary skills and expertise (e.g. by sharing staff, workforce development or impact measurement).
- Improvements to service quality and value for money (e.g. referring customers to each other’s complementary services).
- Developing new services through the creative interaction of ideas.
- Increased profile through shared marketing and being associated with a “new idea”.
- An increase in capacity which enables strategic partnerships with large organisations because the consortium is big enough to be taken seriously.

Disadvantages or pitfalls

- Direct costs: associated with set-up and operation e.g. legal advice.
- Opportunity costs: consortia take time to set up and operate, time you and your staff could spend on other things.
- Delays: joint decision making generally takes more time than making decisions alone.
- Reputational risk: each organisation is, to an extent, trusting its reputation to others, if one fails that may reflect badly on others.
- The need to compromise: differing organisational values and cultures introduce tensions and fear of loss of independence.

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Top 10 tips

1. Trust, openness and honesty between members are essential (involve your board early on).
2. Choose members carefully: look for shared values, not just skills or geographical reach.
Make sure each member is financially sound through credit checks etc.
3. Be clear on the purpose(s)/objective(s) of the consortium: what do you expect to gain? 4. Be realistic about the risks and costs involved.
4. Take time to choose the type of consortium, to get the details right and to allow trust and strong relationships to develop.
5. Use expert help appropriately, e.g. legal advice, and consider an independent “broker” (such as an Independent Chair of the consortium board/management committee).
6. Clearly document what is agreed between members including delivery roles and responsibilities: who will do what, where and when?
7. Manage risks proactively. For example, to manage reputational risk requires openness between members, controls on who can join the consortium and robust performance monitoring.
8. Do not neglect your own organisation in favour of working on the consortium.
9. Make sure good monitoring and evaluation is in place at the outset.

The chicken or the egg!

- Contract led or those seeking to address a market gap.
- Picking partners? Or volunteer partners.
- Establishing trust and motivation to work together takes time at least 4 meetings.
- Track record of partner organisations.
- Agreement on penalties.
- Partnership agreements and or non-disclosure agreement.
- Research and development – evidence base.

Types of Consortium?

- Lead partner/Lead body: one consortium member is the lead contractor, delivers some services itself and sub-contracts others to other members. The lead body can also provide shared services to other members under a service level agreement. Usually there is a “Joint Venture Agreement” between members covering: how decisions are made; how members join and leave; members’ rights and responsibilities etc.
- Special purpose vehicle: a new company (SPV) with consortium members as shareholders/members. The SPV takes the place of the lead body but otherwise the arrangements are very similar. An example is Living Well Consortium, a joint venture

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between 30 mental health sector charities and social enterprises. This would also have a joint venture agreement.

Consortiums for lobbying and sector development (new!)

- *Example in 2021* - New membership of the Health and Wellbeing Alliance will ensure strong, diverse representation to reduce health inequalities. Members including Age UK, Barnardo's, Homeless Link, Hospice UK, National Autistic Society and Samaritans, will work together to promote good health and tackle inequalities across the UK.
- Backed by £2 million per year to support members' work.
- Has a focus on people with mental health conditions, autism and those disproportionately affected by COVID-19 will shape policy to protect vulnerable communities.
- The refreshed 19 Alliance members will ensure strong representation across the broadest range of lived experiences. They will represent the views of social care workers and older people, people bereaved by suicide, children and young people, people with learning disabilities and autism, those with mental health conditions, LGBTQ+ communities and minority communities, including refugees and Gypsy, Traveller, and Roma communities.

Resources

- The Social Investment Business (3SC): <http://www.thesocialinvestmentbusiness.org/our-services/commissioning-and-procurement-services/delivery-models>
- <http://webarchive.nationalarchives.gov.uk/20081230001423>
- https://www.britishcouncil.org/sites/default/files/social_enterprise_in_the_uk_final_web_spreads.pdf
- https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/207946/working_in_a_consortium.pdf
- <https://www.ncvo.org.uk/help-and-guidance/running-a-charity/collaboration/consortia/the-stages-of-consortium-development/>

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Sector feedback, needs and wants!

An understanding of the impact of changes to the sector.	Need to bring in innovation, Hackathon?
Directory and more opportunities for local SE's.	Procurement issues – anxiety that LA's are reducing contract levels, also they are giving contracts to national organisations, not local ones.
Directory of local SE's to share with clients.	
Employment opportunities for people with disabilities.	Skills and education for the sector.
Funding and consortium working.	Support for community development initiatives.
How do we grow? How do we sustain?	Support for consortium building and resources.
Influencing of the local authority to better understand and support the sector.	Support to grow local network.
Knowledge on systems working, connections in the region.	Support to move away from grant reliance.
Need procurement officers to have a better understanding of SE Consortiums.	Work on issues around sustainability.

NEXT: Social Economy FORUM's for February and March 2024 as follows...

- **FORUM 5: Accessing business support in the WMCA region** | 26th or 28th (TBC) February 2024, 1.00pm to 3.00pm (in-person, Sandwell)
- **FORUM 6: People and skills to support of the growth of the social economy** | 20th March 2024, 11.00am to 1.00pm (in-person, Solihull)

[REGISTER TO ATTEND HERE](#) – please let us know if it's the February and/or March FORUM session you wish to attend.