

YOUNG LIVES BRADFORD CONSORTIUM

FREQUENTLY ASKED QUESTIONS FOR PROSPECTIVE MEMBERS

Why have a consortium?	<p>To save on their commissioning costs, funders may have fewer but larger contracts, forcing smaller providers to have to bid jointly to win these. Having a general voluntary sector consortium:</p> <ul style="list-style-type: none"> - provides a ready vehicle for such bids and pools resources and expertise rather than fragmenting through separate consortia struggling to be viable - enables tenders to be submitted on behalf of the sector in competition to larger commercial providers - provides a sector-wide mechanism for developing shared service design - enables economies of scale on some back-office functions rather than all providers trying to do this separately
Will it help me to survive?	<p>If your organisation needs to secure public service contracts in order to survive, the consortium could be a route to such survival. This is because it is about putting local voluntary sector organisations in a position to work collectively to win large scale contracts and then divide these up into small slices and allocate them, via sub-contract, to member organisations.</p> <p>However, the consortium will not be a panacea for all the problems that local voluntary sector organisations face. Some members might still face financial problems even though they have secured sub-contracts and merger with another organisation(s) might be necessary.</p> <p>Also, member organisations will have to strive hard to get the most out of membership, making sure that they meet the consortium's requirements, e.g. around monitoring and reporting and QA.</p>
Why do I have to meet all the criteria?	<p>The working group/interim board has set these criteria because the consortium is a business venture (as opposed to an open partnership structure or forum). Having eligibility criteria is part of a necessary due diligence process. Without this, we wouldn't be able to demonstrate to the commissioners that we are 'contract-ready'.</p>
Why is there a 'top-slice' at a cost to my organisation?	<p>A small proportion of any contract funding needs to be allocated to the consortium's central management functions (the hub) and this is what the top slice pays for. These functions include bidding for contracts, contract management, financial management etc. Without these functions the consortium wouldn't be able to operate.</p> <p>The vast majority of the funding (at least 90%) will be distributed to members to deliver frontline services on sub-contract and only a small amount (up to but not exceeding 10%) retained. This is part of the founding members' commitment to ensuring that as much money as possible gets through to the frontline and especially vulnerable and disadvantaged service users, and this, in turn, will be essential in the current climate of austerity and rationalisation.</p> <p>Of course, this top slice is only applicable if you have secured a sub-contract in the first place (you wouldn't pay it otherwise).</p> <p>Also, there will be a commitment to outsourcing consortium management functions, where feasible, to the consortium members and thereby reinvesting the top slice monies into the membership (see point below).</p>

<p>Has thought been given to the intermediate stage (running costs/admin/tender writing/secretariat) before the consortium starts to win contracts?</p>	<p>Yes, the interim board is aiming to source investment/working capital to give it the necessary infrastructure at start-up stage.</p>
<p>If I am an associate member, what will you do to support me to become a full member?</p>	<p>The consortium will have a close working relationship with Bradford CVS and will be able to draw on the CVS's expertise to build the capacity of associate members. The working group/interim board has committed to formulating a capacity building plan for associates and the intention is to secure resources to underpin this. Capacity building interventions will need to be targeted explicitly at those aspects that move the organisation forward in terms of contract-readiness. For example, this might include guidance on externally validated QA systems.</p> <p>One of the eligibility criteria for membership is commitment to sharing expertise. Through this, the intention is that organisations will support each other to develop and build 'contract-readiness' capacity.</p>
<p>What benefit would larger organisations gain when currently delivering and successful – why should they join the consortium?</p>	<p>The consortium working group/interim board are keen for larger organisations to be involved, but, of course, it is up to those organisations to make a judgement about their overall competitive position and whether, based on that judgement, they are best served applying for membership. In other parts of the country, there is a growing trend of big national charities becoming members of local consortia. For example, in Lancashire Barnardo's and some other national charities have become members of the local children and young people's consortium, which is based on the same model and operating principles as the Young Lives Bradford Consortium.</p>
<p>Will the consortium be dominated by the big players?</p>	<p>No. On the contrary, it will be essential to involve smaller organisations in all aspects of the consortium and its work, including having small associate members as board members/trustees. As a large scale umbrella structure the consortium will need to develop the local market of voluntary sector suppliers (including small, niche providers) on a continuous basis, otherwise it might be accused of being a closed circle of collaborators (monopoly) and this would be detrimental to its chances of winning contracts.</p> <p>Also, because of 'aggregation' (lots of smaller contracts being bundled up into one large contract), there will be a tendency for the resultant contract frameworks to be broad ranging or holistic in scope. This will require larger providers to work with smaller, niche providers in order to ensure full coverage of all service requirements. This is likely to be accentuated by the drive towards patient-led commissioning/personalisation, which focuses on 'whole person' needs.</p>
<p>Isn't the consortium just creating another layer of bureaucracy?</p>	<p>No. Although the top-slice factor will resource central infrastructure or the hub, this hub mechanism will be virtual as possible; in other words, management services will be commissioned, where feasible, from the members themselves. This will mean that the consortium can draw on existing infrastructure rather than creating it anew.</p>

<p>Can associate members be involved in governance?</p>	<p>Yes. In fact they would be actively encouraged to become thus involved. The idea is for the board structure to encompass a blend of stakeholder perspectives – a balance of full and associate members, alongside external, independent people, e.g. from the local authority and local business sector. This will enable us to reflect the balance of the core need to win and deliver contracts on a commercial basis (full members’ primary perspective) with the equally important need to build the capacity of smaller providers (develop the internal market in the interests of ‘ensuring contestability’) [associate members’ primary perspective], at the same time as building in a conflicts of interest-proof firewall into the governance structure (independents’ primary perspective) – see point below.</p> <p>The consortium will be owned and controlled by the membership (full and associate). This entails the constitutional power to vote at the AGM and to stand for election to the board.</p>
<p>What about conflicts of interest and in-fighting?</p>	<p>A conflicts of interest-proof firewall will be built into the governance structure (see point above).</p> <p>At the same time protocol will be developed in the form of a partnership agreement and trustee manual (both of which will sit alongside the Mem & Arts). These will embody the codes of conduct and rules of engagement for the consortium.</p> <p>It is obviously unrealistic to think that conflicts of interest or internal competition will never happen. In fact, one method for allocating contracts – internal tendering – will be based on the concept of internal competition (see point below). However, the mechanisms referred to will help the consortium to manage these conflicts effectively and efficiently.</p>
<p>Will the consortium take my existing contract?</p>	<p>The consortium <i>per se</i> is not a provider in its own right. Instead it will simply build on the track records of existing frontline providers in the voluntary sector.</p> <p>The consortium will be about trying to safeguard and strengthen the existing contracted provision within frontline providers where this meets clear community need and best value principles. However, the commissioners may decide to change their commissioning strategy (e.g. by bundling lots of small contracts into a single, larger contract) and it may only be possible to accommodate this (e.g. bidding for larger contracts) via the consortium structure.</p>
<p>Has this got anything to do with the cuts?</p>	<p>Yes. The consortium is a strategic response to the government’s deficit reduction campaign. Due to having less money at their disposal, there will be increasing pressure on commissioners to make savings. One obvious way of doing this is to reduce down their ‘transaction costs’ associated with having to manage lots of small scale contracts by aggregating or bundling those contracts. The consortium represents a strategic mechanism on the supply side of the market to act as the receptacle for the resultant large scale contracts/funding agreements (via whatever method – some form of negotiated commissioning or open and competitive procurement).</p> <p>As well as being a ‘defensive’ mechanism the consortium will also focus on new market opportunities as public services get increasingly transferred to the voluntary sector in the future.</p>
<p>Isn’t this just a way of getting us to cut ourselves?</p>	<p>The consortium working group/interim board is acutely aware of the threats posed by proactive supply side management and the potential downward pressure on supplier costs and the resultant threat to the principles of Full Cost Recovery.</p> <p>This said, the overall amount of funding for public services is reducing so there will be a natural expectation for the voluntary sector to deliver services effectively but with less money (‘the more for less’ agenda). There is no way of</p>

	<p>avoiding this.</p> <p>The consortium is not the instigator of this – it is simply a response to the situation and a concerted attempt to safeguard the sector through the challenging times ahead.</p> <p>What would the alternative be? If we didn't have the consortium the cuts would still be with us and we would be much more exposed to competition from the private sector and big national players. Without the consortium we might be forced into mergers in order to create efficiency savings. At least with the consortium, we can rationalise but without having to surrender our independence and autonomy.</p>
<p>Different organisations have varying delivery costs, even for the same service. How will this be recognised by the consortium?</p>	<p>The consortium aims to do work with its members on 'price benchmarking'. Basically, this will involve analysing the different prices that organisations currently operate with in order to identify points of price convergence. This will be essential as commissioners will want to see the consortium pitching for opportunities at a standard unit price (in fact, the commissioners may increasingly wish to set the price for the services to be delivered and the consortium would need to be able to deliver for this price).</p>
<p>I don't have funding contracts – is this still relevant to me?</p>	<p>You need to work out whether commissioning and procurement is right for you. It is more complex and demanding than holding grants. For example, it requires good monitoring and reporting processes to be in place alongside a quality management system. If you are unsure about moving into this area of funding, it would be best not to apply for consortium membership at this stage. Instead, seek advice from Bradford CVS and perhaps undertake some training in what might be involved.</p>
<p>Can I continue my existing funding relationships with commissioners as well as being part of the consortium?</p>	<p>The consortium board will want to involve members in actively influencing and negotiating with commissioners, especially concerning areas like the co-design of services, as this will be essential to the effectiveness of the consortium. Clusters of members based on thematic or sub-sector lines will be established to ensure that there is input by all members into overall delivery strategy.</p> <p>This being said, a lot will depend on what the commissioners want to do in the current climate of cuts. If there ends up being less staff in the local authority (and other commissioners) due to funding reductions, there simply may not be the capacity to meet and inter-relate separately with lots of frontline providers and the consortium might therefore become the natural first port of call.</p>
<p>Can I still bid against the consortium if I am a member?</p>	<p>Yes, but you would need to declare your intentions to the consortium and you could not be party to consortium discussions on price and other commercially sensitive information. These sorts of 'rules of engagement' issues will be covered in the consortium's partnership agreement (see point above).</p> <p>Of course, the merits and advantages of not bidding against the consortium, but instead being part of a consortium bid, will be actively promoted.</p> <p>It would be more problematic if an organisation chose to bid for a tender opportunity both through the consortium and independently, not least because this is likely to be looked upon negatively by the commissioner, who, it is strongly anticipated, will want to see an organisation involved in only one bid, either via the consortium or under its own auspices. It would also be detrimental to the consortium and the organisations that have chosen to go exclusively via the consortium route, as it would inevitably weaken the collaborative bid in the eyes of the commissioner.</p>

<p>Will all of my local funding end up coming through the consortium?</p>	<p>No. This is certainly not the consortium’s intention. This scenario would be bad for the individual member as it would mean that it was overly reliant on the consortium. Similarly, it would be bad for the consortium to have members that were 100% reliant on it for funding. As a rough benchmark, no more than 50% of an organisation’s funding should come through the consortium. The best scenario is for you to continue to access grants, donations and small, direct contracts, alongside consortium sub-contracts. This makes for a balanced, healthy approach.</p>
<p>How will the consortium deliver on sub-regional/regional procurement?</p>	<p>Although the consortium’s focus is on Bradford, it will have the legal/constitutional power to expand its boundaries or forge partnerships with providers in the wider sub region/region. This will mean that it has the capacity to take part in sub regional/regional procurement exercises.</p>
<p>Why join this particular consortium – why not any other?</p>	<p>There is nothing to stop an individual organisation from being a member of several consortia. That is a decision for the individual organisation to take, based on its particular business needs and operating circumstances.</p>
<p>We already work in another consortium – why should we engage with this one, when it may be competing with our consortium?</p>	<p>Young Lives Bradford Consortium doesn’t wish to discourage providers from engaging in other consortia. It is certainly not the expectation that Young Lives Bradford Consortium will bid for everything – it is anticipated that there will be lots of funding opportunities that Young Lives Bradford Consortium will not be interested in, in line with its members’ objectives and ambitions. Where there is the potential for competition between Young Lives Bradford Consortium and another consortium over a particular funding opportunity, Young Lives Bradford Consortium will seek, through its membership, to engage in discussions with that consortium to work out the best way forward for the sector.</p>
<p>How will any funding secured be allocated fairly? How will I know what work I’m getting?</p>	<p>There will be 2 main approaches to allocating work and associated funding within the consortium:</p> <p>Joint Delivery Planning – this describes where a group of consortium members get together once a tender opportunity has been advertised to develop a jointly devised and jointly priced approach. The resultant Joint Delivery Plan (JDP) forms the basis of the tender proposal. If that proposal is successful in winning the contract, the patterns of supply (i.e. the lines and terms of sub-contract) are straightforward, as they have been pre-determined, inscribed within the JDP and tender proposal. All members will be trained and supported in how to engage effectively in JDP work.</p> <p>Internal Tendering – there will no doubt be circumstances in which a JDP approach is not possible (e.g. the commissioner may insist on a fund manager/’second tier commissioner’ approach or there simply might not be enough time in the tendering timeline to pre-determine definitively the patterns of supply). Therefore, the alternative method involves internal tendering. Here the consortium/hub leads the bidding process (using whatever intelligence it has at its disposal to ensure that the bid appropriately reflects members’ delivery capacity and ambitions). If the contract is won, all members are subsequently invited to bid for a slice of the contract. The ensuing bids are scored by a ‘technical appraisal panel’ (operating as a sub group of the board). This internal tendering process will be governed by clear and transparent protocol and a strong value base to ensure ethical decision making. All members will likewise be trained in how to engage in internal tendering approaches.</p> <p>With both approaches, the consortium will be unswervingly committed to the principles of fairness and transparency (i.e. where all contract compliance criteria are satisfactorily met, funding will be distributed to providers on a fair and transparent basis, in proportion to deliver capacity).</p>

<p>How will the past performance of organisations be considered? If an organisation has a poor reputation with commissioners, how will the consortium deal with this? What about the impact on others members e.g. reputational?</p>	<p>Young Lives Bradford Consortium will be focused on delivering to the highest standards of quality throughout. To begin with, the membership application process embodies a thorough approach to due diligence. Membership applications will be vetted by a Membership Verification Panel drawn from the working group/interim board (operating to appropriate conflicts of interest and non-disclosure protocol), with local authority representation.</p> <p>Also, any organisation bidding for a sub-contract will need to demonstrate that they can meet certain standards and thresholds. Finally, where sub contractors are under-performing, those sub contracts will be re-assigned to high performing organisations within the membership.</p> <p>Research into established VCS consortia in other parts of the country shows that consortia are an excellent mechanism for driving up standards across the piece, since they embed crucial capacity building and peer review/scrutiny processes.</p> <p>Also, the consortium will work alongside the commissioners on an ongoing basis to ensure that the highest standards of service delivery are maintained through the consortium mechanism.</p>
<p>Will I have to merge?</p>	<p>It is not the intention of the consortium to force organisations to merge. On the contrary, one of the reasons for the consortium's formation is to offer an alternative to merger. However, it may be that accessing sub-contracts through the consortium structure will still not mean that a given organisation is financially viable and will therefore have to consider merger. This will depend on the individual circumstances of the organisation.</p>
<p>I need to merge – what help will you give?</p>	<p>The consortium will work alongside Bradford CVS to provide merger advice to member organisations. This will include advice on merger processes and the sorts of issues to consider, e.g. due diligence.</p>
<p>What income do you expect the consortium to achieve?</p>	<p>This is very difficult to predict. The intention is for it to secure large-scale contracts and commissions so the funding should be significant. However, we are still in the early days of getting the consortium off the ground. Once members have been recruited and further discussions have taken place with commissioners, detailed income and expenditure and cash flow forecasts will be produced.</p>
<p>Any jobs available?</p>	<p>There are no jobs at the moment. The development process has relied on the input of the working group/interim board members with a little bit of paid work for external consultancy support.</p>
<p>Does the consortium intend to become the only show in town?</p>	<p>The consortium is certainly setting its stall out as a primary point of contracting for the commissioners as this is where the market appears to be going.</p>
<p>What do the commissioners think of the consortium?</p>	<p>Positive discussions have taken place with Senior officers of both City of Bradford MDC and the local CCGs, all of whom are supportive of the development. Similarly positive discussions have also taken place with the Heads of Procurement from both these institutions.</p>
<p>When do you expect to get your first money?</p>	<p>See the unpredictability point above</p>

What funding is available for me now?	Unfortunately, the consortium doesn't have funding at the moment to distribute to organisations. It is only just being set up. Recruiting members and putting the necessary systems in place will give it the capacity to bid for contracts/funding in the future.
How can we ensure that smaller organisations can engage if the funding regime involves payment by results?	The intention is for Young Lives Bradford Consortium to play a pivotal role in engaging in the new payment by results environment, including the advent of Social Impact Bonds and other forms of social finance-based approaches to capitalising the social sector. The consortium will be in a key position to function as an intermediary, working with social investors to access upfront funding/capital in order to bankroll small frontline providers, buffering them against potential cash flow problems within a deferred payments-based contracting system.
What about niche deliverers – why would they engage with a general consortium?	Contracts are likely to get larger, not only in terms of their financial value but also in respect of the range and breadth of service provision that is required. There is a threat of smaller, niche providers being marginalised within this changing environment, unless they are able to join forces with other similarly situated organisations and present a bigger and broader offer to the commissioners through working together. The consortium will actively facilitate this.
What about providers who work closely with private sector partners?	Young Lives Bradford Consortium would wish to encourage actively its members to work closely with private sector partners. The consortium overall will seek to forge partnerships with the private sector where this has the clear potential to add value to the work of its membership.
Could the 5-10% top slice rate be tapered down for large contracts?	Yes, the consortium board, accountable to the wider membership, would have the option of reducing the top slice if large scale contracts were secured. The top slice rate is merely a device to give the consortium enough money to pay for essential secretariat and development functions (and nothing beyond that). The consortium will need to 'future-proof' itself by building up a small amount of reserves in line with Charity Commission regulations but otherwise the entire focus of the consortium will be to cascade any resources secured to local voluntary organisations to enable them to deliver vital frontline services.
Can organisations join at a later date?	Yes. The launch event in February 2014 is only the first milestone in membership recruitment. Organisations will be able to apply at any point in the future and their applications will be assessed as part of the on-going membership verification process. There will be no restrictions in place as to the overall size of the consortium membership.
Is there a time limit on associate membership?	The working group/interim board has not set a time limit at this stage, as the deliberate intention is to not prescribe how associates might develop towards full membership (it is anticipated that development pathways will vary according to differences in capacity, resource limits and operating circumstances amongst associate members). However, the board will monitor this position as the consortium develops in the future and as the membership base grows.
Where does accountability lie when the consortium manages a contract?	The accountability of any contract won will rest with the Young Lives Bradford Consortium board of trustees in its capacity of being legally responsible for the company and its affairs. The limited liability status of the company is designed to safeguard the board against any potential contractual liabilities that may be incurred. The company will have the power to sub-contract with its member organisations and an appropriate balance of risk will be sought between the consortium (as the company holding the overarching contract) and the individual members holding sub contracts.

<p>Will the consortium enforce quality standards in addition to members' internal quality review mechanisms?</p>	<p>Young Lives Bradford Consortium requires organisations to operate to high standards of quality. Organisations that hold sub-contracts will be routinely monitored and evaluated with respect to the quality of the services they offer. A key eligibility criterion for consortium membership is adoption of an externally recognised and validated QA system or set of standards (e.g. Investors in People or ISO 9001). To be considered for full membership an organisation must already have such a system in place or be actively engaged in putting it in place in the near future. Young Lives Bradford Consortium will monitor organisations against this requirement. However, beyond this, the consortium will not intrude into organisations' internal systems for quality review. These will be for the organisation in question to determine and operate.</p>
<p>Why a company structure and not a federation?</p>	<p>The consortium working group spent a lot of time evaluating a full range of options for the consortium model and operating structure. It was deemed important that organisations had the opportunity to bid for contracts and manage them <i>as a consortium</i>, rather than bidding separately as members of a loose, confederated structure, as this aligns best with key trends within the current operating environment – commissioners wanting to achieve efficiency savings, fewer and larger contracts etc.</p> <p>To be able to do this, the consortium needed to have a legal identity for bidding and contract management purposes. This could have been achieved through an existing legally constituted organisation functioning as the consortium lead body, but that would have entailed that organisation taking on a lot of risk and responsibility and correspondingly wanting to benefit from a good share of any contract income in return. Instead, the working group opted for setting up a new company that could be jointly owned by the consortium members and where risk and reward could therefore be shared on a fairer and more equitable basis.</p>
<p>How will different clusters be set up?</p>	<p>Once members have been recruited against the framework of eligibility criteria contained within the Membership Prospectus, a mapping exercise will be undertaken. This will identify the core service areas that members are delivering in, which in turn will form the basis for bringing together similarly situated organisations into service area or thematic clusters.</p> <p>Each cluster will have a partnership agreement or memorandum of understanding that the cluster partners will need to sign up to and which will set out roles and responsibilities. It is anticipated that clusters will have lead organisations (though this function may rotate around cluster members) that assist with cluster co-ordination, supported by the consortium hub. These lead organisations will not sub-contract to other cluster members as sub-contracting will be the responsibility of the hub.</p> <p>Consortium members will be able to be involved in more than one delivery cluster, as befitting their service profile.</p>
<p>If a bid is submitted to the Board or a panel in a competitive process, would they be impartial or would they award the contract to their own organisations?</p>	<p>Strict impartiality will be built into any internal tendering or bidding process. An appraisal panel will be set up that consists of individuals entirely independent of any bidding organisation, for example independent Board members, representatives of commissioning bodies etc.</p> <p>Also, when the recommendations of the appraisal panel are submitted to the consortium Board for approval any board member with a vested interest in the outcome of the appraisal process will have to declare that interest and not</p>

	<p>participate in, or in any way influence, the Board’s final decision-making process.</p> <p>Independent perspectives will be built into the Board precisely so that a ‘conflicts of interest firewall’ is embedded within the overarching governance arrangements and decision-making processes.</p> <p>All members will be trained/briefed in internal tendering procedures and protocol.</p> <p>Objective scoring/evaluation systems will be put in place and clearly communicated to consortium members.</p> <p>The outcomes of internal tendering processes will be openly communicated to the consortium membership in the interests of transparency.</p> <p>An appeals procedure will be put in place for organisations that wish to appeal against decisions not to award them sub-contracts based on internal tendering processes, and unsuccessful organisations will have the opportunity to attend de-briefing surgeries to obtain advice on how to strengthen future internal bids and tender proposals.</p> <p>All of this is designed to make any internal tendering process as fair, impartial and transparent as possible.</p>
<p>How will the consortium deal with commercially sensitive information?</p>	<p>There will be protocol to manage this. For example, when sharing commercially sensitive information, collaborators will be required formally to sign up to a mutual non-disclosure agreement. Obviously, there are risks for all organisations in this context, but these are the same in any collaborative or partnership-working arrangements. However, the consortium will be committed to mitigating these risks as far as humanly possible.</p>
<p>Will there be a review process as the consortium develops?</p>	<p>Yes. There will be an annual membership survey that will canvass members’ views in terms of what they think is working well within the consortium and what can be improved.</p> <p>It will be the responsibility of the Board to review and publish the findings of this survey and to formulate and implement a plan of action to address any failings or weaknesses.</p> <p>Members will also have the opportunity to voice opinions about the consortium on an ongoing basis through the consortium governance arrangements.</p>
<p>Will there be a joining or membership fee?</p>	<p>No.</p>