

Young H&F Consortium: Frequently Asked Questions

<p>Why set up a consortium?</p>	<p>To save on their commissioning costs, contractors/funders often prefer to have fewer but larger contracts, forcing smaller providers to bid jointly to win these. Having a local 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 smaller-scale consortia struggling to be viable - enables tenders to be submitted on behalf of the VCSE (Voluntary Community & Social Enterprise) 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
<p>Will it help my organisation to thrive?</p>	<p>If your organisation wishes to secure public service contracts in order to develop, the consortium could be a route to do so. This is because it is about putting local VCSE children and young people's 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-contracts, to member organisations.</p> <p>However, the consortium will not be a cure-all for all the problems that local VCSE 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 quality assurance.</p>

<p>Why do I have to meet certain criteria?</p>	<p>Young H&F 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>
<p>Why is there a 'top-slice'?</p>	<p>A small proportion of any contract funding needs to be allocated to the consortium's central management functions delivered by Young H&F 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 under sub-contract and only a small amount (up to but not exceeding 10%) retained. This is part of Young H&F's commitment to ensuring that as much money as possible gets through to the frontline and especially vulnerable and disadvantaged children and young people, 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 (there is nothing to pay otherwise).</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, Young H&F is aiming to source development funding/working capital to give it the necessary infrastructure at start-up stage. We will be recruiting a Consortium Manager to support the early stages of development.</p>
<p>What support will an associate member receive in order to become a full member?</p>	<p>The consortium will have a close working relationship with local CVS's (and other development agencies) and will be able to draw on Young H&F networks' expertise to build the capacity of associate members. 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 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>It is also important to note that associate members, whilst they are on the journey to transitioning to full membership, will be in a position to deliver funded provision through the consortium, within certain limits. For contracts, this will be via a 'supply chain extension' approach, with associates being paid through, for example, spot purchasing arrangements; whilst for grant funding, associates will be eligible to hold service level agreements, alongside full members.</p>
<p>I am a small, unincorporated association. Will I still be able to deliver funded provision through the consortium?</p>	<p>Yes, affiliate membership has been expressly designed for such organisations. Affiliates will not be in a position to hold sub-contracts due to the legal risk associated with sub-contracting. However, affiliates, along with associate members, will be potentially embraced in service delivery through a 'supply chain extension' approach. This will involve Young H&F paying associates and affiliates for certain specified services, not in line with performance against a legally binding sub-contract, but by more flexible payment methods, such as spot purchasing and payment on invoice.</p>
<p>Why has 'local rootedness' been included as one of the membership eligibility criteria, defined as at least 60% of the organisation's overall provision taking place in H&F over the course of a year?</p>	<p>The Young H&F Consortium will be unswervingly committed to using locally rooted providers to deliver funded provision. This commitment to the principle of 'localism' will mark out the consortium as being radically different, clearly distinguishing it from large scale providers that, by definition, don't have their roots in the local area. Using locally rooted providers will mean that the consortium can draw on numerous strengths and assets, such as the advantages that derive from providers' local connections and networks, including practical understanding of the challenges that H&F's young people face and the opportunities that are open to them. Moreover, local providers are more likely, typically, to employ local staff and use local suppliers, which can create a positive local multiplier effect, with more money circulating within the H&F economy as a result.</p>
<p>Can private providers become consortium members?</p>	<p>Yes, provided that they are operating to a clear social purpose. Locally rooted private providers (e.g. sole traders) can be within the consortium membership, provided that they can demonstrate they are motivated by the social good they can generate, and not just by the money they can make. In this way, <i>private</i> gain will be incidental within the consortium's day-to-day operations, whereas <i>social</i> gain will be fundamental.</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 (including associates and affiliates) in all aspects of the consortium and its work, including as members of the Consortium Advisory Board. As a large-scale umbrella structure the consortium will need to</p>

	<p>develop the local market of 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.</p>
<p>Isn't the consortium just creating another layer of bureaucracy?</p>	<p>No. Although the top slice factor will resource Young H&F to deliver contract/fund management functions, this will simply build on the core role of Young H&F as a specialist infrastructure support organisation.</p> <p>The intention is for Young H&F to eventually transition from Managing Agent to Super Provider, which will create a more equal and equitable, local approach to sustainable funding for the youth sector.</p>
<p>What about conflicts of interest?</p>	<p>Appropriate protocols will be enshrined within a partnership agreement. This 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 - open and competitive sub-tendering (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 is simply designed to build on the track records of existing children and young people's providers in the local 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.</p> <p>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 a large-scale, aggregated contract) via the consortium structure.</p>
<p>Has this got anything to do with the cuts?</p>	<p>Yes, partly. The consortium is a strategic response to reductions in public sector funding. Due to having less money at their disposal, there is increasing pressure on commissioners to make savings. One obvious way of doing this is to reduce down their 'transaction costs'</p>

	<p>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 VCSE sector in the future.</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>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 Young H&F’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</p>

	and small, direct contracts, alongside consortium sub-contracts. This makes for a balanced, healthy approach.
Why join this particular consortium – why not any other?	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.
We already work in another consortium – why should we engage with this one, when it may be competing with our consortium?	Young H&F doesn't wish to discourage providers from engaging in other consortia. It is certainly not the expectation that the Young H&F Consortium will bid for everything – it is anticipated that there will be lots of funding opportunities that the consortium will not be interested in, in line with its members' objectives and ambitions. Where there is the potential for competition between the Young H&F Consortium and another consortium over a particular funding opportunity, Young H&F Consortium will seek, through its membership and the Consortium Advisory Board, to engage in discussions with that consortium to work out the best way forward for the sector.

<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 (JDP) - wherever possible, a collectively agreed approach to contract delivery will be adopted. This will involve Young H&F working with consortium members to agree collective objectives and targets, enshrined within a joint plan for delivering a particular contract. This plan will be formulated prior to submission of the consortium tender proposal/funding bid. If the tender is won, funding will be distributed according to the patterns of supply inscribed within the pre-agreed delivery plan. Any award of a sub-contract will be subject to fulfilment of certain contract compliance criteria, these being set out in the global contract/funding agreement and mirrored in the sub-contract.</p> <p>Open and Competitive Sub-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 open and competitive sub-tendering. Here, Young H&F will lead 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 will subsequently be invited to bid for a slice of the contract. The ensuing bids will be scored by an appraisal panel composed of Young H&F staff and external stakeholders who are separate from, and independent of, the consortium membership. This process will be governed by clear and transparent protocols and a strong value base to ensure ethical decision making.</p> <p>With both approaches, the consortium will be unwaveringly 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>
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<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 other members e.g. reputational?</p>	<p>The Young H&F 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, with membership applications being robustly vetted</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 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 appropriate partner organisations 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>What do the commissioners think of the consortium?</p>	<p>Commissioners and officers within H&F Council understand and have expressed their interest in what the Young H&F consortium approach will bring to the area. Officers, councillors and politicians have all be consulted and informed about the arrangements we wish to develop so the VCS in H&F has a strong presence and is better placed to bid for opportunities.</p> <p>Other commissioners such as Big Lottery and Sport England are encouraging the development of consortium bids which include VCS partners who may not have been involved in large procurement/commissioning exercises in the past. The 'grass-roots', partnership bids are being actively encouraged and we are in advanced conversations with Big Lottery (plus other funders) about a significant bid for H&F.</p> <p>Commissioners always seek diversity & value for money and as such welcome the way in which a consortium approach can deliver against these objectives.</p>
<p>When do you expect to get your first money?</p>	<p>See the unpredictability point above</p>
<p>What funding is available for me now?</p>	<p>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.</p> <p>However, we do have capacity to share and work with you to improve 'Impact Monitoring' and proving the immense value within the sector.</p>
<p>How can we ensure that smaller organisations can engage if the funding regime involves payment by results?</p>	<p>The intention is for the Young H&F Consortium to play a pivotal role in engaging in the payment by results environment, including 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.</p>
<p>Can organisations join at a later date?</p>	<p>Yes. The launch event in 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.</p>

<p>Is there a time limit on associate membership?</p>	<p>Young H&F 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, Young H&F and the Consortium Advisory Board will monitor this position as the consortium develops in the future and as the membership base grows.</p>
<p>Where does accountability lie when the consortium manages a contract?</p>	<p>The accountability of any contract won will rest with Young H&F and its Board of Trustees. YHFF has the power to sub-contract with consortium member organisations and an appropriate balance of risk will be sought between Young H&F (as the accountable body holding the overarching contract) and the individual consortium members holding sub contracts.</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 Young H&F and the Consortium Advisory 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 via The Consortium Advisory Board.</p>
<p>Will there be a joining or membership fee?</p>	<p>No.</p>