



FORWARD**TOGETHER**

**MEMBERSHIP PROSPECTUS
2013**

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MEMBERSHIP PROSPECTUS

EXECUTIVE SUMMARY

Executive Summary

Introduction and Background

The purpose of this Membership Prospectus is to explain what Forward Together (a consortium of third sector service providers) is about, and to invite organisations to apply for membership.

All organisations wishing to join the consortium need to complete the separate application form.

The goal of the consortium will be to safeguard and grow high quality third sector service provision across Knowsley, through working with commissioners to co-design services, creating a single point of contracting, and by tendering competitively for public service contracts via a range of channels.

Brief Overview of the Operating Environment

Generally, the campaign of cuts in public sector finance presents both threats and opportunities for the sector. Third sector organisations will need to be much more competitive and efficient to be able to survive in the new, more challenging operating environments wherein competition from the private sector is growing. However, the sector could be in a key position to benefit as more services, which hitherto were the exclusive domain of the public sector, are outsourced to non-state providers, framed by the Big Society agenda. It is estimated that the consortium, once fully established, could be in a position to benefit 30% of the local population.

Consortium Vision and Mission

The collaborators have developed a clear **vision** for the consortium:

Our vision is to work collaboratively and improve the quality of life and resilience for people and communities.

The **mission** of the consortium is to:

Sustain and strengthen a vibrant and effective third sector.

Consortium Model and Operating Structure

The joint venture is organised as a formal consortium that is collectively owned by its members.

It has been established as a separate legal body with the provider organisations taking up membership of this body. The defining features of this model are as follows:

- Member organisations comprise (by clear majority) the consortium's governing body/Board, alongside representation from key external stakeholders and independent perspectives, including the local authority
- The consortium creates a single funding portal/point of contracting (i.e. the local authority and other commissioning bodies/funders commission/contract with the new legal entity which will be responsible for setting up and managing sub-contracts/SLA's with individual consortium members)
- It operates through a hub and spokes structure. The hub being the central infrastructure that acts as the executive engine of the consortium, including negotiating and managing sub-contracts, while the spokes are the various individual member organisations/providers

Legal Structure and Governance Arrangements

The consortium has been structured as a company limited by guarantee with registered charitable status (i.e. charitable company). The Charitable Company structure is deemed to be fit for purpose for consortium-working and capable of offering a number of advantages, not least that it minimises risk through the guarantee facility at the same time as strengthening mutualism, co-operation and transparency through the fiduciary responsibilities implicit in charity law.

Benefits of Consortium Membership and Associated Expectations

There are a number of general benefits that the consortium will generate for its member organisations. These fall under the following headings:

- Quality Improvement
- Negotiating Power and Funding Prospects
- Image and Profile
- Resource Use
- Strategic Capability

Expectations include:

- Interest in, support for, and promotion of the development and furtherance of the consortium as a whole and not merely the respective agendas or vested interests of certain member organisations
- Inputting ideas/information into, and providing support for, joint tenders and applications
- Adhering consistently to the values of the consortium

Main Operational Issues

Roles and Functions of the consortium hub

Generally, the hub will seek to secure funding and business development opportunities at a borough-wide level and will also ensure smooth and efficient fund contract management. To avoid duplication and to build on existing technical capacity within the sector hub functions will be outsourced, as appropriate.

Funding

The consortium hub will be paid for via a contract top slice mechanism.

It will need to be sufficiently dynamic to expand and, if necessary, *contract* in line with fluctuations in the funding market, increasing and decreasing its capacity to balance with the inflow of cash.

A key underlying principle of the internal resource allocation ratio between hub and member organisations is that ***the vast majority of funding should be invested in the essential requirements of delivery*** with more money as a result getting through to the individual client, and correspondingly less being absorbed by bureaucracy and administration.

Approach to Quality Assurance

The consortium will adopt a quality assurance policy that all member organisations must adhere to when delivering on behalf of the consortium. This will include the requirement for member organisations to produce an annual Self-Assessment Report (SAR) that will entail providers identifying their current strengths and weaknesses and formulating an improvement plan to build on the former and address the latter.

The consortium will build on the high-quality systems and practices that already exist across the provider network in the area.

How Organisations Join the Consortium

Organisations need to complete the separate Application for Membership Form.

A formal application process is needed to ensure that organisations are actively committed to the consortium vision and value base and can meet certain standards/thresholds.

Membership Eligibility Criteria

To become a member of the consortium organisations will need to demonstrate that they can meet certain eligibility criteria.

There will be 2 categories of membership available: full (basically, organisations that are 'contract-ready') and associate (basically, organisations that are not yet 'contract-ready').

There are 10 key eligibility criteria divided into 2 parts:

Part 1: Universal Criteria

- ✓ Sector (third sector including social enterprises, charities, community organisations etc.)
- ✓ Provision of services for the vulnerable and hard-to-reach
- ✓ Area of operation
- ✓ Commitment to consortium working
- ✓ Commitment to sharing expertise

All consortium members, full or associate, will need to demonstrate that they meet all of these universal criteria.

If organisations cannot meet all of these criteria, they will not be granted membership of the consortium.

Part 2: Contract-Readiness Criteria

- ✓ Financial health
- ✓ Quality systems
- ✓ Suitable organisational policies
- ✓ Suitable governance
- ✓ Technical capacity

All full members will additionally need to demonstrate that they meet all of these contract-readiness criteria.

MEMBERSHIP PROSPECTUS

FULL DOCUMENT

Introduction and Background

The purpose of this Membership Prospectus is to explain what Forward Together (a consortium of third sector service providers including Social Enterprise) is about, and to invite organisations to apply for membership.

All organisations wishing to join the consortium need to complete the separate application form.

The Prospectus has been structured in such a way as to present a 'hierarchy of detail'. The key points are summarised in the Executive Summary at the beginning of the document. Please read through this summary first. If, based on the summary, you think the consortium venture is something that could be an appropriate development for your organisation, then please read through the main body of the document before arriving at a final decision about whether to apply for membership or not.

Knowsley third sector has received support from ACEVO/ Neil Coulson Associates over the past two months to facilitate development of a consortium to act as a bidding vehicle for public sector contracts. This initiative has received backing from Knowsley MBC, which has invested some funding to engage specialist support. KCVS, the local infrastructure support organisation for the third sector¹ has been actively engaged for the last few months in bringing organisations together to discuss the potential for closer collaborative working. An initial scoping workshop held on 19th November 2012, was attended by approaching 30 local providers. This event was designed to introduce the concept of closer collaboration and, as a result, broad endorsement from the local third sector was secured for the idea of setting up a working group to drive forward the consortium initiative, including drafting this Membership Prospectus.

A person specification for working group membership was widely disseminated and resultant applications for membership were independently vetted, with a particular focus on evidence of commitment, leadership capability, social entrepreneurship and business acumen. Members were required to have delegated authority to make decisions on behalf of their organisations. The Consortium Working Group that emerged out of this process is composed of the leaders of a range of key organisations. These are:

¹ Definition of third sector includes charities, voluntary and community sector bodies and social enterprises. It also includes large, national bodies that can demonstrate local commitment working alongside small Knowsley-based groups

Citizens Advice Bureau
Platform 51
Huyton Advice Centre
National Wildflower Centre
Home-Start Knowsley
Age UK Knowsley & West Mersey
Knowsley Disability Concern
Halewood Youth in Community Centre
Listening Ear (Merseyside)
ELECT
KUC
Knowsley CVS
Barnardos

These are all not-for-profit agencies working to tackle disadvantage and improve quality of life. Though the partner agencies share a lot in common, they are all separate, independent agencies with their own management and accountability structures and with their own unique ways of working. This difference and independence will be protected and strengthened under the consortium arrangement.

At the same time as securing broad endorsement from the sector, concerted work is also being done to keep commissioners informed of the process and to secure their buy-in to the consortium initiative.

The goal of the consortium is to safeguard and grow high quality third sector provision across Knowsley, through working with commissioners to co-design services, creating a single point of contracting, and by tendering competitively for public service contracts via a range of channels

The focus will be on building on the capacity and track records of existing third sector organisations to deliver a range of bespoke, high quality services at the point of need.

A key driver for the establishment of the consortium is the current economic climate, with consortium formation being designed to strengthen the resilience of the third sector in the face of significant cuts in public sector spending and the growing threat of competition from non-sector providers.

Forward Together will embrace organisations across a wide spectrum of service sectors, such as health and wellbeing, children and young people's services, learning and skills, environmental services, social welfare advice, arts and culture etc.

The consortium will work towards building the capacity of member organisations through opening up new contracting opportunities, promoting joint working and encouraging organisational learning and development.

There will be two categories of consortium membership:

- Full membership* – this will be for third sector organisations that can demonstrate that they meet all of the membership eligibility criteria and that they are ‘contract-ready’ (effectively, this means that by meeting all of the eligibility criteria a full member ‘pre-qualifies’ to be considered for a sub-contract through the consortium, though whether a sub-contract is actually awarded will depend on a range of additional factors relating to the overarching contract framework)
- Associate membership* – this will be for third sector organisations that are not currently able to meet all of the eligibility criteria, but which have the potential to convert to full membership and hence ‘contract readiness’ in due course, with appropriate support and development (see Appendix 1 for a more detailed description of associate membership and its benefits)

All organisations wishing to apply for membership of the consortium need to complete the separate application form (see attached). This includes all the working group/interim board members, who will have to apply for consortium membership alongside every other interested organisation.

If there are any aspects of this document that are unclear or that require further explanation, then please feel free to contact any of the individuals who have been involved in the working group process, whose email addresses are provided below:

Name	Organisation	Email address
Dave Packwood	Barnardos	dave.packwood@barnardos.org.uk
Richard Finch	KUC	richard.finch@kuc.org.uk
Richard Brown	Listening Ear (Merseyside)	Richard.Brown@listening-ear.co.uk
Joyce Duckworth	Knowsley Disability Concern	Joyce.Duckworth@kdc.org.uk
Jacqueline Murphy	Platform 51	Jacqueline.Murphy@platform51.org
Alan Parker	Knowsley Citizens Advice Bureau	alan.parker@knowsleycab.org.uk
Pam Bowes	Home-start Knowsley	pam.bowes@homestartknowsley.org.uk
Frank Reppion	Age UK Knowsley & West Mersey	francis.reppion@ageukkwm.org.uk
Racheal Jones	Knowsley CVS	racheal.jones@knowsleycvs.org
Carol Keight	Huyton Advice	huytonadvicecentre@hotmail.co.uk
Mark Nelson	Halewood Youth in Community Centre	nels2@fsmail.net

Brief Overview of the Operating Environment

The contemporary environment is (and will be for the next few years) dominated by the new government's deficit reduction plans

Generally, the campaign of cuts in public sector finance presents both threats and opportunities for the sector. Third sector organisations will need to be much more competitive and efficient to be able to survive in the new, more challenging operating environment wherein competition from the private sector is growing. However, the sector could be in a key position to benefit as more services, which hitherto were the exclusive domain of the public sector, are outsourced to non-state providers, framed by the Big Society agenda.

The significant scaling down of public sector funding, and the heightened drive towards public sector efficiencies is putting commissioners under pressure to reduce transaction costs by not only seeking to establish joint buyer syndicates but also pooling existing multiple contracts into single aggregated commissions.

This growing focus on economic restraint, increased efficiency and greater value for money within the contemporary operating environment forms the context for the proliferation of VCS consortium developments nationally.

The drive towards rationalisation is resulting in the emergence of what might be described as 'single points of contracting/fund management'. This is where a number of separate bodies consort together to form one contracting channel or funding pipeline designed to create economies of scale and efficiency gains.

At a local level the formation of Forward Together will not only form a single point of contracting but will enable local commissioners to harness the sector's long and successful track record of service delivery in a joined up, cohesive and commissioning-ready way.

Consortium Vision, Mission, Underpinning Values and Business Principles

The collaborators have developed a clear **vision** for the consortium:

Our vision is that by working together collaboratively we will improve the quality of life for communities.

The **mission** of the consortium is to:

Work together to sustain and strengthen a vibrant third sector.

Underpinning Values

Consortium members' practice values

The consortium will operate with a number of what might be described as 'practice values'. These will underpin the services that will be delivered through the consortium and member organisations will be expected to adhere to them. They are summarised as:

- Working collaboratively and for mutual benefit
- Addressing social and economic inequalities
- Offering holistic, person-centered services
- Championing and promoting social justice
- Championing environmental sustainability
- Inter-linking locally-based services/interventions and wider community regeneration practice
- Using locally-delivered initiatives and projects to generate added value by promoting social cohesion, developing local social capital and building sustainable community capacity
- Ensuring a commitment to self-empowerment – enabling individuals to take control over their own lives and to be the originators and catalysts of their own personal development and self-improvement strategies
- Supporting individuals to discover and fulfill their own potential
- Encouraging co-operation and mutuality through collective approaches to self-help
- Ensuring non-judgmental, anti-discriminatory practice
- Ensuring respect for persons
- Delivering culturally sensitive services attuned to the needs of people from different cultures
- Ensuring empathic understanding of beneficiary needs
- Providing free or affordable services at the point of need
- Committed to creating social value and working to Knowsley MBC's Social Value Model.

Critically, what will guide and govern the consortium's work throughout will be an unwavering commitment to the needs of the clients or end-users of the services and initiatives provided through the borough-wide network of agencies. All decisions about consortium strategy, financial objectives, joint working etc will be taken from the standpoint of ensuring that clients' or beneficiaries' needs are effectively met.

The consortium will make a special effort to engage with and meet the needs of hard to reach groups within disadvantaged communities of both place and interest.

The consortium's core operating values

The consortium will also adhere to a number of what might be described as 'core operating values', which will inform how it will conduct itself in its day-to-day business and define its ethos. These values are as follows:

□ Third Sector focus

The consortium is a collaboration of agencies operating in the third sector.

What binds the collaborators is a clear commitment to individual user and community benefit, the intention being to build on the value-driven approach of the not-for-profit sector to deliver the shared consortium vision.

□ Objectivity and impartiality

The consortium will be focused impartially upon the objective needs of all the member organisations. All of the member organisations shall be equal in status. It will not be dominated by the particular self-interests of certain organisations or individuals.

Consortium members will need to strive at all times to be open, honest and transparent in their involvement in consortium affairs. Representatives of the consortium will be required to operate with integrity and to work for the good of the whole consortium.

Where there are a number of member organisations that can demonstrate that they can provide activities/services in line with relevant commissioning criteria, any associated contract income secured will be sub-contracted to those organisations on a transparent and fair basis, proportionate to delivery capacity and subject to appropriate quality and monitoring/reporting thresholds.

These values of objectivity and impartiality are informed by Nolan's seven principles of public life².

□ ***Influencing patterns of supply***

Through creating a unified delivery mechanism, the consortium will seek to influence the strategic direction of third sector-sponsored service provision across the locality. The consortium will give the sector the capacity to co-design, plan and co-ordinate resource allocation in the most efficient and effective way, ensuring optimal patterns of provision across the area.

□ ***Protecting autonomy and strengthening organisations***

The consortium is designed to promote individual organisations' autonomy rather than merging or subsuming their independence into a larger structure.

The organisations that make up the membership base will each have their own ways of working designed in specific response to a particular set of circumstances and conditions in which they are operating. The consortium will be sensitive to this diversity in implementing the strategy to standardise systems, processes and methods across the provider network.

The consortium will respect the special strengths and particular approaches of different member organisations and build their capacity to become more effective as independent, locally accountable bodies, including bidding for and managing their own funds and managing their own quality improvement strategies.

□ ***Inherent dynamism and responsiveness***

The consortium will be constantly open to the potential for new members to come on board rather than operating as a closed circle of collaborators. This commitment to 'ensuring contestability' will promote and safeguard vitality and dynamism within the provider network.

Levels of support within the consortium structure will evolve over time, adapting to the changing needs of member organisations and their respective stakeholders. Moreover, the consortium will actively encourage member organisations to establish and maintain partnerships and networks outside of the consortium so that they can develop their potential further.

Business Principles

The consortium will adhere to a number of business principles. It will:

² The Nolan Principles are the cornerstone of governance within public organisations.. These are Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, Leadership. See http://www.public-standards.gov.uk/About/The_7_Principles.html

- Apply business skills and commercial principles in order to flourish as a social enterprise operating within the independent sector
- Work with the private sector and organisations outside of the consortium's membership.
- Set clear business objectives
- Explore and take advantage of opportunities within a planned approach, drawing on the consortium's strategic position within the borough and beyond
- Create and use management information as an integral part of business and strategic planning
- Undertake short and long-range business and financial forecasting
- Focus on outcomes rather than inputs and outputs
- Streamline the consortium's management and back office functions
- Develop a commitment to continuous improvement including sharing of best practice
- Adopt a total, "whole organisation" approach to developing business awareness, skills and understanding; in other words, ensuring that business development capability is not just invested in a few individuals but embedded across the consortium
- Employ business and financial analytical tools (e.g. competitor analysis, break-even analysis etc) as a natural, routine function of maintaining the consortium
- Take decisions about areas of potential work/activity on the basis of sound business and financial analysis, as part of a continuous risk management strategy
- Review on a regular, systematic basis, existing areas of work for on-going viability, as part of a continuous risk management strategy
- Maintain strong internal research and development capacity to underpin analysis of the opportunities and threats within the business environment and to inform business development strategies

All members of the consortium will need to 'sign up' to these business principles.

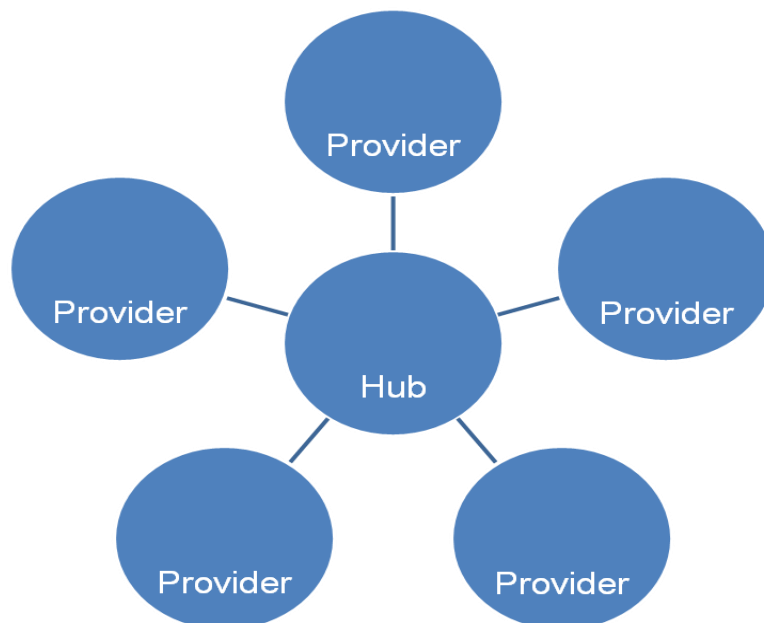
Consortium Model and Operating Structure

The joint venture will be organised as a formal consortium that will be collectively owned by its members.

It will be established as a separate legal body with the provider organisations taking up membership of this body. The defining features of this model are as follows:

- Member organisations comprise (by clear majority) the consortium's governing body/Board, alongside representation from key external stakeholders and independent perspectives, including the local authority
- The consortium creates a single funding portal/point of contracting (i.e. the local authority and other commissioning bodies/funders commission/contract with the new legal entity which will be responsible for setting up and managing sub-contracts/SLA's with individual consortium members)
- It operates through a hub and spokes structure (the hub being the central infrastructure that acts as the executive engine of the consortium, including negotiating and sub-letting contracts [accountable to the Board and wider membership], and the spokes being the various individual providers/member organisations [both full and associate] – see figure 1). The Board will have the option of outsourcing central management/technical functions to agencies both internal and external to the membership, as befitting the consortium's business strategy and operating needs.

Figure 1

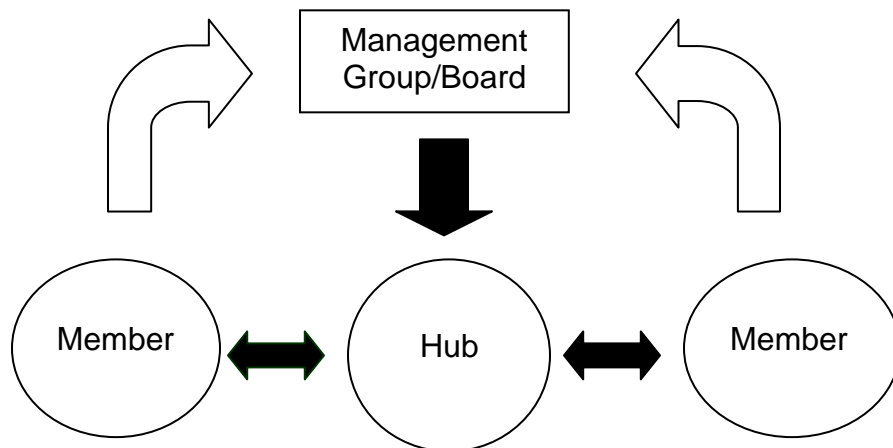


Through the hub infrastructure the consortium will be able to act as the executive interface between funders/regulatory bodies and the third sector organisations providing frontline services.

The hub will have a range of technical and secretariat duties: marketing, negotiation, service design, tender writing, contract management, resource allocation, quality improvement and organisational capacity building (within the specific context of public service delivery). The hub will ensure smooth and efficient fund/contract management and proactively seek out new opportunities on behalf of the membership.

The hub will also be tasked with building the capacity of member organisations so that they are better able to meet the requirements and thresholds of the commissioners/procurement agencies. This could range from arranging informal networking opportunities through to organising formal training for members. The hub and its work will be managed by the consortium Board, which will be composed primarily of representatives from member organisations (see figure 2).

Figure 2



How the contracting and sub-contracting process will work in practice

In order to deliver its vision of improving the life chances of disadvantaged and vulnerable client groups, the consortium needs to secure resources and subsequently allocate those resources to member organisations in a way that ensures optimal service delivery. This will involve the consortium in negotiating a number of key stages in a cycle of service co-design, resource acquisition and resource allocation.

The consortium will have the capacity to bid for contracts on an open and competitive basis.

In brief, the consortium will:

- Accelerate and expand the sharing of information and intelligence about what local communities actually need, building on third sector providers' unique capacity for early detection of problems within the communities they serve and unparalleled experience of delivering locally rooted, user-led services
- Engage in the co-design of services
- Shape service specifications/tender frameworks so that they are fit for purpose in terms of meeting the needs of the client groups that are being targeted by the member organisations
- Identify appropriate funding/tender opportunities for the consortium to pursue
- Submit consortium funding bids/tender proposals
- Subject to the funding bid/tender proposal being successful, award sub-contracts to members, based on either joint delivery planning or an open and competitive sub-tendering approach
- Monitor performance against sub-contracts (more detail on how the contracting and sub-contracting process will work is contained within the consortium Business Plan)

Legal Structure and Governance Arrangements

The consortium working group has determined that the most appropriate legal model is a Company Limited by Guarantee with Charitable Status. This was deemed to be fit for purpose for consortium-working and capable of offering a number of advantages, not least that it minimises risk through the guarantee facility at the same time as strengthening mutualism and co-operation through the fiduciary responsibilities implicit in charity law. The consortium will be a membership-owned and controlled body, with the members of the company being the third sector organisations who meet the eligibility criteria set out in this prospectus (see later).

As the consortium will be structured as a Charitable Company it will need a board of trustees. The board of trustees will be composed of a blend of executive managers from the member organisations and individuals outside of the consortium membership with an interest in the delivery of public services by the third sector. The latter component of the board constituency will have a strong focus on representation from the local authority and the local business sector, and will be designed to build a strong degree of independence into the overall board structure.

The board will meet on a regular basis, as befitting the business needs of the consortium, and will be responsible for the strategic direction of the joint venture and for overseeing day-to-day management issues. Accountability for the consortium's work will rest wholly with the board. The leadership and overall strength of the board will be essential therefore to the success of the consortium as a whole.

Places on the board will be the subject of open contest on a twelve-monthly basis through the Annual General Meeting (AGM), with trustees standing down/retiring on a three-year rotation basis. This will involve a process of application/nomination, followed by an election where numbers are sufficient for places to be contested. All member organisations will get the opportunity to vote at the AGM. There is an additional process available whereby independent (i.e. not affiliated to membership) board members may be co-opted by the existing Board, on the basis of their skills and suitability for the role.

Board members will be elected on the basis of a Role Description and Skills Profile that sets out the relevant skills and experience required. Overall, the Board will need to have a healthy balance of skills, including business know-how and entrepreneurial acumen, and stakeholder perspectives, including a reflection of key community needs.

Work will be done to ensure that clients/service users have a voice within the governance structure.

All board members will be required to provide a list of involvement and association with other groups/activities when joining and to declare any potential conflicts of interest that might arise in carrying out any of their duties.

Decisions at board meetings will be based generally on a consensus of those present. However, where this is not possible, decisions will be taken on a majority basis.

Benefits of Consortium Membership and Associated Expectations

Benefits

It is envisaged that Forward Together will generate a number of benefits for its member organisations. These have been clustered under the following headings:

- Quality Improvement
- Negotiating Power and Funding Prospects
- Image and Profile
- Resource Use
- Strategic Capability

The consortium will:

Quality Improvement

- Enable its member agencies to meet clients' needs better by increasing provider capacity and by focusing on sustained improvements in the quality and impact of frontline service provision
- Encourage the sharing of expertise and good practice, leading to better, improved services
- Facilitate the joint delivery of services and activities

Negotiating Power and Funding Prospects

- Increase the prospects of securing funding and winning tenders at an area-wide level; this will enable member organisations to build on their existing funding bases
- Foster greater negotiating and bargaining power through increased scale and capacity for service delivery
- Enhance member organisations' competitiveness within the external funding environment
- Create a single, unified point of funding/contracting, and in so doing increase attractiveness to funders/contractors
- Strengthen and extend the influencing capacity of member organisations

Image and Profile

- Increase marketing capacity, with marketing and promotional activity undertaken individually by member organisations being supplemented by centralised, consortium-wide actions in this area
- Extend and heighten member organisations' public profile

Resource Use

- Generate economies of scale and efficiency savings through the rationalisation of resources
- Free up member organisations, where practicable, to maintain, consolidate and enhance their core focus on frontline delivery by transferring, at least by some extent, contract management requirements to a specialised enabling and support infrastructure

Strategic Capability

- Improve strategic planning through a centralised, co-ordinated function that guides, shapes and collates the different, separate strategic aims and objectives of each member organisation
- Establish more concerted and sustainable research, development and intelligence-gathering capacity, with greater resultant focus on innovation and new ways of working
- Enable joint needs assessment and programme planning to be undertaken

In addition, the establishment of the consortium will bring technical benefits through efficient contract management. For example, a consortium approach would potentially make it possible for any contingent shortfall in output from certain sub-contractors to be offset by an excess in output from others, with the associated contract funding being transferred between providers through an appropriate reconciliation process. This will mean that overall contract compliance can be achieved.

Expectations

Running alongside the range of benefits, there will be some expectations of member organisations in terms of their general contribution to the consortium. These are in addition to the specific roles and functions of member organisations set out in the next section on *Main Operational Issues*.

These general expectations are as follows:

- Interest in, support for, and promotion of the development and furtherance of the consortium as a whole and not merely the respective agendas or vested interests of certain member organisations. As previously outlined, members will need to be open, honest and transparent in their involvement in consortium affairs and consortium representatives will need to work for the good of the whole consortium.
- Inputting ideas into the further development of the consortium
- Inputting ideas/information into, and providing support for, joint tenders and applications
- Participating in capacity building initiatives
- Joining appropriate clusters
- Adhering consistently to the values of the consortium

Certain 'rules of engagement' will be set out in a separate collaboration agreement that consortium members will be expected to sign up to.

Main Operational Issues

Roles and Functions of the Consortium Board

The Consortium Board will have a remit to ensure that the Consortium is robust and fit for purpose for its membership. The Board will oversee the day to day operations of the consortium hub whilst directing the hubs business development activity. Key functions of the Consortium Board will include;

- Developing consortium policies, procedures, systems, plans and methodologies***
- Financial Management***
- Strategic development***
- Promotion and marketing of the Consortium actively recruiting its membership base***
- Continuous improvement***
- Contract compliance and performance management ensuring that the activity of the consortium is legal and compliant with company and charitable law***

Roles and Functions of the Consortium Hub

Generally, the hub will seek to secure funding and business development opportunities at a borough-wide level and will also ensure smooth and efficient fund contract management. To avoid duplication and to build on existing technical capacity within the sector hub functions will be outsourced, as appropriate.

The hub will have a range of specific functions:

- Membership Administration***
- Secretariat (governance)***
- Financial management / administration***
- Facilitating Partnerships***
- Capacity building the provider network***
- Facilitating income seeking activities / development of income streams***
- Contract management activities***
 - ***Setting up and implementing an appropriate system for awarding sub-contracts***
 - ***Performance management against contract specification***

Roles and Functions of Consortium Members

The following specific roles and functions are in addition to the general expectations of member organisations set out in the section on *Benefits of Consortium Membership and Associated Expectations*.

- **To design and deliver:**
 - *High-quality and responsive services to local client groups*
- **To collect and provide to the hub, for the purpose of performance management and to assist with the design of future services:**
 - *Information/data relating to organisational strategic aims and objectives, outcome performance, financial expenditure etc*

The importance of effective and efficient transfer of monitoring information from member organisations holding sub-contracts to the hub cannot be over-stated. This is why the efficient provision/transfer of information (using tailored software systems as appropriate) is a condition of membership.

The consortium will develop a unified framework for contract-related monitoring that will apply across the provider network and which will focus on the monitoring and recording of outcomes.

Monitoring information will need to be sent regularly to the hub for audit and accounting purposes. Member organisations will have a responsibility to send information:

- On time
- In a form which is complete, clear and accurate

The hub will provide help, support, guidance and training, as appropriate, in all these matters of record-keeping, data collection, information management and administration.

- **To participate in:**
 - Consortium meetings/networks
- **To manage:**
 - The affairs of the consortium generally through active participation (either directly or via accountable representatives) on the consortium board and sub-committees

Funding

□ Funding Strategy

The consortium will focus on securing large public service contracts at a borough-wide level, up-scaling in scope and capacity in order to be in a position to achieve this.

Hub or secretariat functions will be sustainable through the allocation of a sufficient top-slice of recurrent contract funding.

Generally speaking, the consortium hub needs to be sufficiently dynamic to expand and, if necessary, *contract* in line with fluctuations in the funding market, increasing and decreasing its capacity to balance with the inflow of cash. For this purpose the hub will be seen merely as a business instrument, an internal mechanism that enables the consortium to function, rather than as a key stakeholder within the new company. Packaging up hub functions and outsourcing these within the consortium membership will facilitate this vision.

This flexibility and responsiveness, built into the core operations of the consortium, will be essential to its long-term viability and success.

□ How funding will be allocated between the central hub and member organisations

The consortium will need to determine an appropriate division of funding between essential hub functions and the requirements of the member organisations. This 'resource allocation ratio' will need to ensure that funding is directed predominantly at frontline service delivery, whilst at the same time safeguarding the central enabling infrastructure and ensuring that the consortium is sustainable.

This ratio will be effected through the 'top-slicing' of contract funding, and will be determined and subsequently reviewed by the membership through its overall management structure and after due consideration of all the relevant issues. Therefore, it is not possible at this point to give a precise statement of the level of funds that a member organisation will achieve (this precise amount of funding would in any case depend upon analysis of what any member organisation planned to deliver, e.g. the nature of services provided, projected number of people benefiting from those services, etc).

However, it is important to state at the outset that an underlying principle of the internal resource allocation ratio between hub and member organisations is that ***the vast majority of funding should be invested in the essential requirements of delivery*** with more money as a result getting through to the individual client, and correspondingly less being absorbed by bureaucracy and

administration. This approach is in line with the general aspiration of statutory bodies/commissioners and the government, especially in the current climate of financial austerity, to see less money wasted in superfluous bureaucracy and more money correspondingly reaching where it is most needed – the individual client or service user. It has been determined by the consortium working group that the internal resource allocation ratio to the consortium hub should be roughly 9:1 in favour of delivery (or, in other words, of the member organisations as opposed to the hub), with, moreover, efforts to reduce further the proportion going to the hub functions over time. In percentage terms this means that the contract top-slice figure would be equivalent to a maximum of 10% of the contract value, with the aim of reducing this to 5% over time.

In return for their financial contribution (through the contract top-slice) to the hub, member organisations will enjoy the range of benefits that membership will bring, including access to funding. Also, the shift in the balance of contract management functions away from frontline providers towards a specialist contract management unit is expressly designed to create efficiency savings for those providers.

Approach to Quality Assurance

The consortium will adopt a quality assurance policy that all member organisations must adhere to when delivering on behalf of the consortium.

This will include the requirement for member organisations to produce an annual Self-Assessment Report (SAR) that will entail providers identifying their current strengths and weaknesses and formulating an improvement plan to build on the former and address the latter. The template for this will be easy to use, and support will be available to help members through this process.

The consortium will build on the high-quality systems and practices that already exist across the provider network in the borough.

The keystone of this Membership Prospectus is a series of membership eligibility criteria (see later section). These criteria include requirements relating to quality assurance.

Rigorous contract management systems and procedures will be put in place. To begin with, only appropriately quality-assured providers will receive sub-contracts. Also, the attainment by sub-contractors of the appropriate quality standards will be reviewed at key census/evaluation points (this will include visits to providers to carry out provider reviews). This process will identify cases of under-performance.

A key feature of how the consortium overall will operate is the use of joined-up capacity to drive up standards. This might involve, for example, proven high quality providers mentoring and supporting other providers that have identified weaknesses, as part of a collective quality improvement strategy. The aim will be to secure specialist capacity building funding to resource these types of targeted networking/organisational development approaches, working in partnership with KCVS.

Additionally, the consortium will seek to secure in its own right an appropriate quality assurance accreditation.

It will also align its approach to quality with the performance management frameworks of commissioners, such as the QIPP (Quality Innovation Productivity & Prevention) framework within the NHS.

How Organisations Join the Consortium

Organisations need to complete the separate Application for Membership Form (see attached).

A formal application process is needed to ensure that organisations are actively committed to the consortium vision and value base outlined earlier and can meet certain standards/thresholds.

At this initial stage, the working group/interim board will organise a membership verification process which will result in a formal decision on whether or not to grant applicants membership. This process will involve a review of the submitted application forms and will be led by a panel consisting of a cross-section of working group/interim board members (adhering to appropriate, pre-determined protocol) along with external, independent representation.

Once it is in place the full board will assume responsibility for membership recruitment.

Membership Eligibility Criteria

To become a member of the consortium organisations will need to demonstrate that they can meet certain eligibility criteria.

Such criteria have been set because the consortium is a joint business venture geared towards the acquisition of significant contract funding/income. Being a business venture of this nature will require new ways of thinking and working to be developed amongst third sector organisations across the borough. Also, knowing that member organisations meet certain thresholds will help to build confidence within the consortium and foster a culture of collective reliance.

There will be 2 categories of membership available: full (basically, organisations that are 'contract-ready') and associate (basically, organisations that are not yet 'contract-ready').

To reiterate, full membership will not automatically qualify the organisation to receive a sub-contract (though it does provide what might be described as a 'pre-contracting platform'). The provision of a sub-contract will be subject to technical contract negotiations between the consortium hub, the individual member organisation and the procurement agency/commissioner.

There are 10 key eligibility criteria divided into 2 parts:

Part 1: Universal Criteria

- ✓ Sector (Third sector, including e.g. social enterprises, charities and community groups)
- ✓ Provision of services for the vulnerable and hard-to-reach
- ✓ Delivering services which have wider social economic or environmental benefits
- ✓ Area of operation
- ✓ Commitment to consortium working
- ✓ Commitment to sharing expertise

All consortium members, full or associate, will need to demonstrate that they meet all of these universal criteria.

If organisations cannot meet all of these criteria, they will not be granted membership of the consortium.

Part 2: Contract-Readiness Criteria

- ✓ Financial health
- ✓ Quality systems
- ✓ Suitable organisational policies

- ✓ Suitable governance
- ✓ Technical capacity

These contract-readiness criteria are designed to mirror the typical criteria set out within Pre-Qualification Questionnaires (PQQ's).

All full members will additionally need to demonstrate that they meet all of these contract-readiness criteria.

If organisations cannot meet all of the contract-readiness criteria, but meet all of the universal criteria, they will be offered associate membership (though with the potential to convert to full membership in due course) – see Appendix 1 for more detail on associate membership status.

Within the application form organisations will have the option of solely addressing the universal criteria and not progressing onto part 2; in other words, just applying for associate membership at this stage.

Where it is not clear from the application form and any supporting information submitted that an applicant organisation meets a particular criterion, the board will seek additional information, as appropriate, and, where necessary, use its discretion to arrive at a decision on eligibility.

Each of the criteria is now defined.

- ***Sector (not-for-profit organisations and social enterprises)***

Any prospective member must be a service provider in the third sector³.

Any member will need to have clear and transparent social objectives and it is anticipated that in practice most will be registered charities and/or companies limited by guarantee, though this is not a specific criterion of membership.

Typically, members will be independent providers, run by volunteer management committees/boards. Some will be neighbourhood-based organisations serving the needs of particular geographical communities in the borough, while others will be locality-wide agencies serving defined communities of interest.

It is expected that organisations will be able to generate strong 'social added value'. This might involve, for example, developing and training volunteers who are disadvantaged within the labour market (or experiencing some other form of disadvantage) so that, in the process of inputting their free time, they can enhance their skills and employability and improve their lives.

³ Definition of third sector includes charities, voluntary and community sector bodies and social enterprises. It also includes large, national bodies that can demonstrate local commitment to working alongside small Knowsley-based groups

Any prospective member will need to have strategies and policies in place for engaging appropriately with service users in all aspects of the organisation and its work.

▪ ***Provision of services for the vulnerable and hard-to-reach***

Consortium members should have a clear focus on inclusivity and should be engaged in the provision of services to people who are amongst the most vulnerable groups that experience a higher risk of poverty and social exclusion than the general population. These include ethnic minorities, migrants, disabled people, the homeless, those struggling with substance abuse, isolated elderly people and children all often face difficulties that can lead to further social exclusion, such as low levels of education and unemployment or underemployment.

The 'hard to reach' may include drug users, people living with HIV, people from sexual minority communities, asylum seekers, refugees, people from black and ethnic minority communities, homeless people and anyone who falls into the following categories:

- **Minority groups:** The traditionally under-represented groups, the marginalised, disadvantaged or socially excluded. This includes service users who fall into well-used categories, often linked to population characteristics, such as minority ethnic groups, travelers or asylum seekers.
- **Slipping through the net:** The overlooked, 'invisible' or those unable to articulate their needs. This includes those caring for others, those with mental health problems, service users who fall just outside the statutory or usual remit of a provider, or whose needs are apparently not so great as to grant access to a service.
- **The service resistant:** Those unwilling to engage with service providers, the suspicious, the over targeted or disaffected. This includes families 'known' to agencies such as social services, who are wary of engaging with providers, or others who are distrustful and potentially hostile to service providers, possibly due to a link to drug use, alcohol abuse or criminal behaviour.

▪ ***Involved directly in provision of services with a commitment to achieving wider social, economic or environmental benefits.***

Consortium members need to have a clear focus on *providing* (see below) services to individuals/communities and with a commitment to achieving wider social, economic or environmental benefits through their delivery. This approach is reflected in the consortium's vision statement and practice values. Prospective members must mirror this approach in their own day-to-day work.

Being a *Provider* implies that the organisation is in direct control of the activities on offer and of the outcomes that are generated by those activities; as opposed to an organisation that hosts (*Host*) or promotes (*Promoter*) services provided through a third party, e.g. a local community association using its centre to host outreach provision delivered by a statutory or voluntary sector partner.

There is an expectation that members, as well as providing services themselves, will also be committed to utilising/purchasing⁴ services, where appropriate, from micro organisations within the local community (the consortium itself may also undertake this broader purchasing role). This will link integrally to the development of an expansive, buoyant and dynamic supply chain that takes full account of wider community delivery capacity at a grass roots level. Such progressive supply chain development will have significant added value benefits in building local social capital and generating wealth through local multiplier effects within disadvantaged neighbourhoods.

▪ ***Area of operation***

Prospective members must be operating in the local area, i.e. the Knowsley borough. The principle of localism is a cornerstone of the consortium's entire approach, so this criterion is pivotal.

The working group/interim board hasn't attempted to articulate this criterion as it is difficult to define with any meaningful degree of precision. Instead, the onus will be on organisations to demonstrate as part of the application process, through the submission of a brief narrative, how they are *locally rooted* organisations.

▪ ***Commitment to consortium working***

As the joint venture will be organised as a formal consortium, majority owned and controlled by its members through a democratic governance structure, its strength will be in the contribution made by all the members.

Therefore, members must be willing to make a positive contribution to the consortium and its work. This includes:

- Consistently supporting the work of the consortium, even in areas and aspects that are not directly relevant to the work of the individual organisation
- Commitment to participating actively in the governance requirements, and adhering to the consortium's code of practice, ways of working and protocol

⁴ This would not entail another layer of sub-contracting but instead would involve more flexible purchasing arrangements (e.g. paying on invoice, spot purchasing etc).

- Commitment to sharing expertise, knowledge and experience with other members (see the next criterion)

- ***Commitment to sharing expertise***

Consortium members, full and associate, must be committed to sharing their expertise. This builds on the previous, more general criterion relating to consortium-working.

It is anticipated, on the one hand, that larger organisations that have already been delivering public service contracts will be able to share with smaller, less developed organisations their expertise and good practice in contract management, financial stewardship systems and skills etc. On other hand, those same smaller organisations will have their own particular areas of expertise that they could share, such as niche service delivery, specialist ways of engaging with hard-to-reach client groups etc.

One possibility will be for a time bank mechanism, centrally co-ordinated by the consortium hub, to be set up to facilitate this sharing of expertise, which would ensure that it is systemised and based on mutual obligation and reward.

Part 2: Contract-Readiness Criteria

- ***Financial Health***

Prospective full members must be in sound financial health, so that the consortium can be assured that its sub-contractors are financially sustainable and have appropriate financial management systems in place to manage sub-contracts effectively.

- ***Quality Systems***

To be accepted for full membership an organisation must be able to demonstrate that it can meet appropriate standards.

A key indicator of this will be the organisation already operating with or be actively working towards an externally recognised and validated QA system or set of standards (such as ISO 9001⁵, CHAS⁶ and Customer First⁷).

⁵ ISO9001 is an internationally recognised standard for quality management. The standard has four elements: management responsibility; resource management; product realisation; and measurement, analysis and improvement.

⁶ CHAS (Contractors Health & Safety Assessment Scheme) entails accrediting an organisation in the area of health and safety (the assessment process involves reviewing the organisation's health and safety policy and practical arrangements).

Organisations may also be operating suitably robust non-prescribed quality systems that are peer validated.

Where member organisations are working towards a quality system, membership will be conditional on progress being reviewed at a subsequent date

To be in a position to receive a sub-contract, member organisations will need to comply with the relevant QA requirements of commissioners.

QA systems will need to be reinforced by a strong and sustained commitment to Continuous Professional Development and organisational improvement, in line with the on-going requirements and expectations of the commissioning bodies.

- ***Suitable organisational policies***

Linked to quality systems and processes, a full member needs to possess a raft of policies (e.g. Equal Opportunities, Health & Safety etc) that it systematically implements and regularly reviews.

Members will also need to have a specific policy for safeguarding and demonstrate that they rigorously meet relevant safeguarding standards.

- ***Suitable governance***

A full member needs to be well governed. There needs to be good systems in place for recruiting, supporting and developing Board members, and the Board members need to be fully aware of their roles and responsibilities and execute their duties efficiently and diligently. The organisation also needs to have suitable constitutional powers.

- ***Technical capacity***

Organisations need to have the technical capacity to hold, manage and deliver sub-contracts. This includes information management capability. Prospective full members must be able to provide the consortium with regular information relating to client numbers, case details, financial performance etc. Information must be provided on time and in a form that is complete, clear and accurate. This requirement is fundamental to the entire operation.

⁷ Customer First is the national standard in customer service that follows the customer's journey with the organisation from first contact to last, and aims to ensure that the customer's experience is excellent throughout.

Appendix 1: Definition of associate membership and enumeration of benefits

Associate membership of the consortium will be offered to organisations that meet all of the stated universal criteria but not all the contract readiness criteria set out in the Membership Prospectus.

Associate members will be deemed to have the potential to add value to the consortium through association and, in return, derive benefits from such association.

In particular, it is anticipated that organisations that start out as associate members will have both the ambition and capability to convert in due course (especially through benefiting from the capacity building services made available through the consortium) into full members with the potential to hold sub-contracts.

The benefits of associate membership include:

- Access to advice, information and support through the consortium relating to strategies for building the capacity of the associate member in order for it to progress, as appropriate, to become a full member eligible to receive funding via sub-contracting arrangements
- The potential to play a role in consortium service delivery outside of sub-contracting arrangements, e.g. being spot purchased or paid on invoice for specialist or niche services that add value to the contractual supply chain
- Access to advice, information and support through the consortium relating to general issues pertaining to organisational development, and specifically quality assurance and the functional aspects of managing information and managing finances
- The potential to network with other members, full and associate, in order to facilitate the transfer of goods and services, including skills and know-how
- Capacity to be involved in the consortium supply chain, where appropriate, through 'fiscal sponsorship' arrangements (where small organisations benefit from coming under the legal and administrative umbrella of full consortium members) and non-contracting based payment methods such as spot purchasing and payment on invoice.

Associate members will play a full role in the strategic management of the consortium, including having full voting rights at the company's general meetings

and the power to nominate individuals to stand for election for the Board of Trustees.

Appendix 2: Membership application, selection and induction process

