

A Framework for Collaboration

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West of England Consortium members are Black Development Agency, CVS South Gloucestershire, DEVELOP Enhancing Community Support (for B&NES), The Care Forum and Voluntary Action North Somerset.

B&NES Racial Equality Council are not currently able to take up their place on the consortium but they will come back as soon as they are able.

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West of England Consortium
www.changeupwestofengland.org.uk



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- Symbols used
-  = Tips and helpful hints
 -  = Documents and resources (these are hyperlinks on the pdf version)

Introduction

In response to changes in the way local services are funded, third sector organisations are increasingly likely to work in partnership. By working together organisations can extend their services and broaden their outcomes, tender for larger contracts and share costs and risks. Collaboration is the term that is often used to describe these developments.

There is a broad spectrum of **collaborative working**; from one-off joint events which most organisations have experience of, to joint service delivery of a project, all the way to full merger between one or more organisations. In this publication we concentrate on collaboration for **joint service delivery**, which can have a substantial impact on an organisation's profile and therefore demands careful examination.

There are many tools and resources available to help build collaboration and we have brought together those we feel are particularly useful to offer **a framework for collaboration**. Starting with the needs of service users, we explore the internal and external factors that might drive an organisation towards collaboration; we look at the pros and cons of the different collaboration models; and finally a staged process for partnership building.

Throughout, we use the term service users to describe the customers or beneficiaries of the organisation's services. We also use the term third sector to describe the broad range of organisations who would describe themselves as voluntary or community organisations or social enterprises.

Thinking about collaboration

Drivers for collaboration may come from two directions:

1.1 Understanding internal drivers

- Desire to improve services to meet service users needs
- Fit with delivery aspirations for your organisation

1.2 Understanding external drivers

- Changes to funding streams (both positive and negative)
- Public sector move to commissioning based on broad outcomes

1.3 Analysing external factors

1.1 Understanding internal drivers

Meeting users' needs

The desire to deliver appropriate and effective services that meet the needs of service users is at the heart of the mission of all third sector organisations. A useful place to start when considering the future direction for your organisation is to spend some time understanding the needs of your service users'. Here are some questions to prompt that understanding:

- What are the needs and aspirations of your service users? How do you know – do you need to do some more research to find out?
- Are your service users' needs going to change over the next three years? Are there any trends you are aware of?

- Could other provision for their needs (e.g. benefits) change over the next three years?

You can gather **evidence** through structured interviews, questionnaires and surveys either as a distinct exercise or as part of your regular delivery over a short period.

However, there are a number of key **stakeholders** for each organisation and it is useful to think about all of their aspirations. The following structure is one way of mapping those aspirations:

<p>Service user aspirations e.g. Low cost accessible services available when needed.</p>	<p>Investor aspirations e.g. Simple contractual arrangements. Achieving best value.</p>
<p>Trustee aspirations e.g. Concern for both service users and the organisation, particularly the reputation of organisation. Stewardship for organisation.</p>	<p>Staff/volunteer aspirations e.g. Personal satisfaction from work experience. Recognition for their work. Stability of employment/work.</p>

The challenge for the Board is to balance the competing aspirations of all stakeholders and to recognise that these need to be valued when thinking strategically about the future direction for the organisation, including any possible collaborative working.

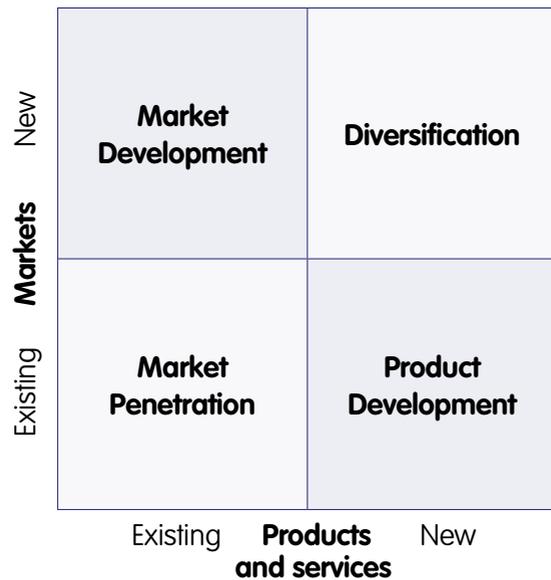
Fit with delivery aspirations for your organisation

Thinking about working collaboratively gives you the opportunity to review where you are now and to review the delivery aspirations for your organisation. An analysis of your **strengths, weaknesses, opportunities and threats** (SWOT) is a well known tool used to review where you are now and can be completed at a Board meeting or team meeting.



Social Enterprise Works - SWOT template and guidance

A tool to review your delivery opportunities is the Ansoff Matrix which was first published in the Harvard Business Review in 1957. Sometimes called the **Product/Market Expansion Grid**, it shows four growth options for business formed by matching up existing and new products and services with existing and new markets, as shown in Figure 1 below.



If you are a charity, you will need to make sure that any expansion into a new market or new product fits with your charitable objectives and/or counts as allowable trading activities.



Social Enterprise Works - Ansoff matrix blank template and guidance notes

Finally in this section – before starting to build or to negotiate any form of collaboration, it is important that you are clear about your motivations. Clarity on this is particularly important for those who are delegated to lead on the negotiations by their organisation. The simple motivation questionnaire from the link below may help identify whether the Board and senior staff have the same motivations:



Social Enterprise Works - Motivation questionnaire

1.2 Understanding external drivers

Changes to funding streams

Uncertainty about funding streams is unfortunately a key factor for third sector organisations and in response they have adopted a range of strategies to minimise the impact; from diversifying their income streams through complementary trading activities to innovative solutions for minimising costs. These strategies are often achieved through collaborative working.

Having an early understanding about the impact of changes on the sector is vital and is best achieved by having a strong peer networking group. These networks or forums can help build relationships between organisations and are a starting block on the route to collaboration.

Impact of commissioning changes

The way services are bought is in flux. In some sectors, particularly health and social care, the implementation of individualised budgets may have substantial impact. For other organisations a change in the way the public sector purchases the services delivered by third sector organisations will mean that long-standing grant relationships may go. In many areas this is being replaced by more competitive processes often designed with broad outcomes which are beyond the scope of small organisations alone.

There are a range of responses to this challenge, one of which is to collaborate with other organisations to cover the outcomes being procured. A process for this is developed in the next chapter.

1.3 Analysing external factors

As a Board or staff team, you could use the following tool, the **PESTLE** analysis.

This helps you analyse how external factors might impact on your organisation. Recognising them will help you to manage the risk they may pose. This tool can be used in a Board or staff meeting, each of the six areas are addressed in turn, a flip chart can be used to record the response.

POLITICAL	Local and national issues of relevance.
ECONOMIC	What is happening in the general economic environment or in the local economy that will have a considerable effect on your organisation?
SOCIAL	What current and potential future factors in the social mix of your community are relevant?
TECHNOLOGICAL	Information and communication technology is a key element here but there may be other specific technological issues of relevance to your organisation.
LEGAL	Are there any current or future legislative or regulatory issues that might have an impact on your operation?
ENVIRONMENTAL / ETHICAL	Are there any issues of relevance here that you consider important to get right?

Options for Collaboration

After the Board or staff team have identified the organisations internal and external drivers, the next step is to review the variety of options for collaboration and gain greater insight into the options that are preferable for your organisation. This chapter has the following sections:

2.1 Collaboration models

2.2 Understanding the impact of the options

2.3 Mapping potential partners

2.1. Collaboration models

The two most common models for joint service delivery are **large/small partnerships and consortia**.

Large/small partnerships

This section examines large/small partnerships. There are a number of options for both large and small organisations these are described in the following table:

<p>One-to-one: One lead agency bids with one smaller partner</p>	<p>One-to-many: One small sub-contractor develops bids with several lead agency partners</p>
<p>One lead, group of smaller partners: One lead agency bids with a group of smaller partners (similar to consortium)</p>	<p>Group-to-many: Group of small sub-contractors develops bids with several lead agency partners</p>

Source: Collaborative Resource Kit: www.hact.org.uk

The following advantages and disadvantages were identified by HACT, the housing action charity, during a year long study of collaborative working between housing associations:

Advantages of large/small partnerships

- Small agencies can benefit from partnering with a larger organisation who may have professional expertise in bid writing or processes for quality assurance.
- Large/small partnerships are low cost compared with cost of developing a consortium.
- Bidding with more than one potential lead agency can increase the chances of success.
- Can lay foundations for future collaborations, both with the lead agency and other small providers.

Disadvantages of large/small partnerships

- The motivation for large organisations to work with small organisations can be influenced by commissioners showing a strong preference for partnerships.
- There are few restrictions on main contractors who decide to wind up the relationship with their partner and take on the whole of the contract themselves.

- You may have to accept the lead partner’s cost framework, which may well be lower than the price you are currently receiving for your service.
- Managing one partnership can be quite demanding. The management costs if you have a portfolio of partnerships with different lead agencies could be high.

Consortia

A consortium is a special form of sub-contracting where – in addition to the main contract with the commissioner and a sub-contract between the lead agency and each of the other partners – the partners have agreed how the relationship between them is to be managed, **building in greater equality between the partners and shared management** of the consortium.

There are several possible models for consortia:

- **One larger organisation** acts as lead contractor and then sub-contracts to a large number of smaller providers, providing a shared infrastructure of information management and quality control (very similar to large/small partnership).
- A group of **organisations of varying sizes** in which one takes on the lead agency role and sub-contracts to partners, but where there is an additional layer of project governance set down in a **‘consortium agreement’** (or similar document).
- A model in which a group of organisations **set up a new organisation** (a special purpose vehicle) through which to bid and contract with the commissioners.

Advantages of consortia

- Create real synergies, resulting in new and better services, more effective delivery, and a chance to learn from each other and share good practice.
- Preserve local networks and expertise, to a greater extent than is possible with most large/small partnerships.
- Can include non-service delivery agencies e.g. evaluation specialists.

- Create a vehicle for future collaborative bids or a model for use with differing blends of partners.
- Be sold as more rounded, credible and rooted than services provided by other potential new contractors.

Disadvantages of consortia

- There are no off-the-shelf models. Partnerships have to be built from the ground up by the people concerned and develop a service model which comes across as a coherent, rather than patchwork, operational unit, and a bid good enough to succeed against single organisations with teams dedicated to new business development.
- The level of capacity and resource required – often against a tight timetable – may put this option out of your reach.
- It is a high-risk strategy. Partners in a consortium can't be part of other competing bids. It is, therefore, a one-shot option, unlike large/small partnerships where small partners can be part of more than one bid, providing they can find partners who will agree to this.
- You need to be confident that by going down this route you can develop a stronger bid collectively than would be possible if your organisation partnered with a larger lead contractor.



HACT Collaborate Resource Kit worksheet 2

Special Purpose Vehicles

A special purpose vehicle (SPV) is a legal entity **usually a limited company** created to fulfil narrow, **specific or temporary objectives**. In the case of collaborative working the SPV can provide a number of benefits. For example the SPV can minimise the financial risk or risk to reputation of the organisations involved if the venture is unsuccessful. Organisations may choose this route because of the advantage an alternative legal structure might bring, for example charities wishing to trade outside their primary purpose.



Tips for lead agencies

If you are considering becoming a lead agency the following may be necessary:

- A requirement to have certain policies (equalities and diversity, health and safety, environmental management).
- Specific quality measures beyond the quality assessment framework (such as ISO 9000 certification, Investors in People).
- References from two or three other commissioners.
- Similar contracts delivered over the last five years.
- A level of financial security such as six months' reserves or annual turnover at least five times the size of the contract (the 20% rule).

2.2 Understanding the impact of the options

Before you identify your potential partners it may be helpful to think through the impact different options will have on your organisation and **agree on a preference**. This may change depending on the commission you are responding to.

There are a number of areas within an organisation that collaboration may impact on; some will be more important to the organisation than others. Here are some examples of the issues you might want to consider. This list is not exhaustive and you may want to consider other areas such as strategic or operational impacts:

Financial impact

- Do the benefits outweigh the costs?
- What is the financial impact of this decision?
- How much initial funding will be required?
- How will it affect the longer-term finances of the organisation?

Cultural impact

- Will the change affect the values of the organisation?
- How does this affect overall ways of working?
- Will people accept the change and will they be committed to it?

Capability and capacity

- Does the organisation have the necessary skills?
- Does the organisation have the capacity?
- What experience does the organisation have of this type of contract?

Benefits

- What will your organisation get out of the relationship?
- What can you offer that will provide benefits to other partners?
- Will the arrangement provide some ‘added value’ that is not otherwise available?

Risks

- Will working with others present new risks?
- Will it reduce existing risks?

One of the ways in which the Board or staff team might map the impact of collaboration options can be seen in the example opposite. In this example a medium size organisation is considering whether to tender for a high value contract by working collaboratively. The result of this analysis suggests that the organisation would struggle to take on the role of lead agency but may wish to work as a subcontractor or as part of a consortium:

	Partnership as lead org	Partnership as sub-contractor	Consortium	Special Purpose vehicle
Financial	May have negative effect on cash flow	May have to accept lower cost for service	May have to share income with similar org	May be additional cost at start up
Cultural	May impact on the way we work	May impact on our values	No impact	Legal and governance model may be unfamiliar
Capability	No previous experience	Previous experience	No previous experience	May take key skills out of the organisation
Capacity	low	high	medium	Low
Score 1 to 5 (level of confidence: 1=low, 5=high)	1	4	3	2

An example of how Barton Hill Settlement chose different collaboration models in response to two different collaborative programmes is available in the form of two case studies on the Bassac website, see link below:



Bassac – case study Barton Hill Settlement
Bassac – case study Barton Hill Settlement

2.3 Mapping potential partners

To start the process the Board and staff team should draw up a provisional list of potential partners; this should include organisations you already know as well as those you haven't worked with before. It can be helpful to create a check list to collect information on each organisation; this can make it easier to draw comparisons, it can also help to get to know an organisation in more detail. The following list is an example of the type of things you might want to include in your check list, this is not exhaustive and can include other headings appropriate to the contract you are intending to tender for:

Example check list for potential partners:

- Broad aims and objectives of organisation
- Target groups by type and age (e.g. offenders, 14-25 year olds, hard to reach)
- Type of support offered by the organisation (e.g. financial, 1:1 support, mentors, training)
- What activities are undertaken by the organisation? (e.g. training, residential)
- Where does the organisation operate?
- What do you hope to gain from working with the organisation?
- Reach more service users
- Reach key target groups
- Improve the quality of service
- Increase efficiency
- Access additional funding streams
- Other
- Are there any other factors e.g. physical resources, location that would be helpful to the partnership?
- What experience (if any) do you have of working with this organisation?

Adapted from: The Prince's Trust Making Partnerships Work, Feb 2005



Power/Interest matrix

After collecting information about your potential partners it may be helpful to assess what each can bring both in terms of their influence and interest in achieving the objectives of the collaboration by completing the following **Power/Interest** matrix adapted from the Working in Partnership Sourcebook.

Power relates to how much influence an organisation can bring to the partnership to help it achieve its objectives.

Interest relates to how much of a stake or concern an organisation or group may have in the outcomes being worked towards.

Decide how much power an organisation has e.g. low, medium, high and then decide how much interest. The example below, org x, has high power but low interest.

		Power		
		Low	Medium	High
Interest	Low			Org X
	Medium			
	High			



Moving the partnership forward

There are a number of stages the Board or staff team will need to go through:

3.1 Establish compatibility

3.2 Develop a positive culture

3.3 Agree a memorandum of understanding

Remember – you can always walk away if things don't feel right!

3.1 Establish compatibility

You may already have worked in partnership with other organisations and built a relationship of trust. If, however, you are building a partnership from scratch you will need to start by deciding what are the areas of compatibility you will require.

These may include:

Quality – are you looking for evidence of previous successful delivery, or even a quality mark (such as Matrix for advice agencies).

Values – do the other organisations share your values? What evidence might you ask for to determine this?

Organisational stability – how stable are the other organisations? Are they financially vulnerable even if your partnership is successful in this bid?

Give and Get tool:

A simple tool which can be used to help the Board and staff team establish compatibility with potential partners. First list what you can give to the partnership and then what you need to get from other partners.

Here is an example showing the sort of issues you would need to think about:

Give	Get
Can deliver our specialist service in part of the area of the tender	Partners who cover the rest of the geographic area
We have a strong record of quality delivery locally	Partners who can cover the full range of service delivery needed for the contract
Have limited management capacity to offer	A lead partner who will lead on writing bid and ongoing project management
Strong volunteer base in the area	A partner who can meet the technical requirements of the tender (e.g. levels of insurance required)
Are able to develop high quality publicity materials	Partner with strong IT capacity

Source: a toolkit, JH Consulting, 2007



JH Consulting – Getting Started on Collaboration

3.2 Develop a positive culture

“Partnerships depend on trust, a positive, open, equal culture and the ability to find compromises.”

HACT Collaborate Project

Building a truly collaborative partnership will take time. However, it provides the opportunity to learn from the expertise of others and to share your own good practice.

Start by developing a set of **values and vision** for both how the partnership will work and for the service you are delivering. You also need some ground rules while you work up a more formal agreement – a **confidentiality agreement** is a good place to start on your road to a full memorandum of understanding.

Ensuring that there are early agreements on **communication** between partners (ensuring that this is open and transparent) and the **commitment** of all partners to participate at a senior and consistent level in building the partnership are crucial elements.

Now to start making compromises...

If you have built good relationships, have got used to meeting as a **steering group** to develop your collaboration, you will be ready to start working out the detail.

What are the bottom lines? What is the minimum that each partner needs out of the arrangement? Are these compatible with the needs of the other potential partners? Are there any other deal breakers?

Together you can start to build up a picture of the costs both in delivery of services and in participation in the partnership. Here are some headings that need to be considered:

Costs of partnership

- Manager's time to participate in steering group
- Manager's/worker's time in reporting outputs
- Admin and finance/manager's time in financial claims/reporting

Costs of new service

- What staffing will be needed
- Any other direct costs e.g. premises costs, travel costs, activity costs
- Marketing/promotion additional costs of new service
- Equipment costs
- Evaluation costs



Remember that if you are the lead agency that you will have additional costs to bear as you will be responsible for drawing together all partner claims, resolving any queries, liaising with the contractor and making payments to partners as well as overall reporting and contractual responsibility.

The challenges will emerge where there are different levels of cost in each organisation – such as different hours per week worked and different salary levels. There is no easy answer – however, a **project plan** needs to be developed that can meet the expectations of the commissioner and fits within the budget available. A good partnership will develop a project plan that is transparent to all partners, that is acceptable to all in terms of any variations in remuneration to each partner and above all is deliverable.

3.3 Agree a memorandum of understanding

This is the **governing document** for your collaboration and it is important that it is understood and owned by the Board of the organisation as well as whoever is leading for the organisation at the steering group.

There are a number of models and templates available – their weblinks are set out below. However the key elements to be covered are:

- The specific objectives of the collaboration and benefits to each partner
- The duration of the collaboration, including timescales and milestones
- Roles, responsibilities and expectations of each partner
- Decision making structures and processes
- The resources required, contributions from each partner, management cost and how under/overspend will be managed
- Specific arrangements if there is an accountable body
- Staffing arrangements, particularly if staff are being employed specifically for the collaboration
- Communication plans for the joint work, including branding, and arrangements for regular liaison between partners
- Clarity about ownership and rights to assets, intellectual property and any earned income
- A risk log outlining risks to the success of the collaboration and how they will be mitigated
- Clause outlining how disputes will be resolved
- Exit strategy and arrangement for terminating the collaboration in case circumstances change, including notice period and cost implications
- Plans for review and evaluation

Source : *Charity Commission Choosing to Collaborate: Helping you succeed.*



Other templates and advice can be found at **Getting started on Collaboration** - a toolkit, JH Consulting, 2007 and **Partnership agreement guidance**, myplace, Big Lottery Fund.

Appendix 1

Further Information

Useful websites

Association of Chief Executives of Voluntary Organisations (ACEVO)
www.acevo.org.uk

British Association of Settlements and Social Action Centres (BASSAC)
www.bassac.org.uk

Capacity Builders
www.capacitybuilders.org.uk

Charity Commission
www.charity-commission.gov.uk

HACT the housing action charity
www.hact.org.uk

National Council for Voluntary Organisations (NCVO)
www.ncvo-vol.org.uk

National Association for Voluntary and Community Action (NAVCA)
www.navca.org.uk

Social Enterprise Works
www.socialenterpriseworks.org

Appendix 1: Further Information

West of England Consortium members
www.changeupwestofengland.org.uk
0117 9589338

The Care Forum
www.thecareforum.org
0117 9654444

Black Development Agency
www.blackdeva.org.uk
0117 9396645

CVS South Gloucestershire
www.cvs-sg.org.uk
01454 865205

DEVELOP Enhancing Community Support
www.developecs.org.uk
01225 330090

Voluntary Action North Somerset (VANS)
www.vansweb.org.uk
01934 410192

A Framework for Collaboration has been designed for Third Sector Organisations that are considering moving towards joint service delivery.

It offers a three stage process; identifying internal and external drivers; exploring different collaboration models; and tips on how to move the partnership forward.

The framework offers a range of tools to help the Board and staff team identify the most appropriate model and guidance to help develop positive, rewarding partnerships.

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