

Developing a large scale bidding consortium

Introduction

This case study describes our experience in establishing a regional bidding consortium (as part of an LSIS project led by the Third Sector National Learning Alliance) for third sector organisations in the South West (in this report 'third sector' refers to all social purpose independent organisations including voluntary organisations, charities and social enterprises). It describes the process we went through, what worked well and lessons learnt. Although our initiative was focussed on third sector providers specifically, the case study tries to draw out key points for others across the learning and skills sector.

Lessons learnt and pointers for others in the sector who may be considering this approach are highlighted at appropriate points within this report.

Background

With the introduction of minimum contract levels and larger scale contracts many smaller third sector organisations are no longer able to bid direct for SFA funding, despite being able to make an important contribution, particularly with the most vulnerable and hard-to-reach. The larger scale of contracts offered also makes it impossible for individual organisations to put in place the infrastructure needed to deliver such contracts. Finally, the time and level of expertise required to prepare and deliver competitive bids for learning & skills contracts have become too great for many smaller third sector organisations and they have to resort to employing external bid writers.

A number of third sector learning consortia already existed with the SW region and two of these were already SFA mainstream providers (Learning Curve and Learning Plus). However none of these consortia covered the whole region.

In discussions with SFA it was proposed that by focussing on a larger scale regional approach to bidding for ESF funding, we would be able to encourage the development of a third sector-led bidding and delivery consortia to enable resources to be shared and a more competitive position to be established.

Establishing the consortium

We initially established a steering group involving a number of current SFA third sector providers together with regional and sub-regional third sector representative and network bodies.

The inclusion of specialist learning providers and representative/network organisations ensured that there was both the necessary level of expertise and also extensive reach into the sector. Representative organisations involvement gave credibility in the sector for the proposals and helped engender the level of trust needed amongst potential partners.

SW Forum & Learning Curve carried out consultation amongst the third sector in the SW about establishing a new regional consortium of third sector providers.

The response to the consultation was very positive and the consortium, called Community Learning and Employability Partnership (CLESP) was launched at a regional conference.

The aim of the partnership was agreed as enabling third sector organisations to collectively bid for, and deliver, large scale learning, skills and employability contracts.

The scale of the partnership potentially presented challenges in terms of relation building and developing trusting and effective working relationships. A strong foundation was established by taking time to communicate the idea, having clear statements of purpose and providing opportunities such as the conference to have an active dialogue with potential members.

An early and critical decision was to agree the form that the consortium would take. In making our decision we considered:

- The need for transparency and accountability in decision making
- The cost (financial and in time) of establishing a new organisation
- The need to avoid duplication of resources and to encourage sharing of existing services to improve efficiency
- Ensuring longer-term sustainability

We decided that there were significant risks in establishing a Special Purpose Vehicle at this stage while recognising that this could be an option into the future if CLESP was successful in winning larger contracts over a period of time. Two key risks were firstly that we could spend a lot of time finessing and developing a new organisation only to find that we were not able to win contracts to justify this investment. Secondly we were concerned that this could lead to duplication of systems and resources as partners already had viable consortium management processes leading to reduced, not increased efficiency.

We therefore decided to use a lead partner approach using an ACTOR-approved partner where needed. This would ensure that we could access bidding opportunities and improve efficiency and sustainability by using existing infrastructure and systems. We agreed to identify suitable lead partners at each bidding opportunity. The aim of this approach was to encourage inclusiveness but to also ensure that we were making best use of partners' limited resources and best use of expertise amongst partners.

The decision not to spend time on establishing a new and separate organisation in the early life of the consortium proved to be correct when new procurement approaches to ESF were announced by the SFA which have restricted early opportunities to generate revenue to support the further development of CLESP. Building on existing infrastructure and therefore

limiting the resources to maintain the consortium ensured that the consortium can continue to operate in an increasingly challenging and unpredictable environment.

At the same time the commitment to an open and accountable decision-making process has been crucial in engaging members and maintaining their trust and commitment.

Recruiting members

One of the founding values of the consortium was to be as inclusive as possible while recognising that delivery partners needed to be able to meet performance and quality standards of any contracts won.

We aimed to achieve this by developing three levels of engagement with the consortium:

1. General membership – open to all third sector organisations interested in delivering learning and skills
2. Bidding partners – members who expressed an interest in a particular bidding opportunity
3. Delivery partners – members who would be contracted by the consortium to deliver a specific contract when won

Third sector organisations have a range of skills and capabilities. Some are located within deprived communities and are very good at engaging and progressing vulnerable and hard-to-reach individuals. Others are very experienced training providers and can deliver high level qualifications or complex programmes such as apprenticeships. An inclusive approach ensures that the potential capabilities of this range of organisations are readily available for bidding.

Being clear about the levels of engagement available also ensures that people feel valued while being realistic about the prospects of accessing funding. This helps with the building and maintenance of trust and encourages members to continue to support the consortium even if they are not initially successful in becoming a delivery partner.

It was agreed that the process would be as follows:

- Details of any opportunities would be provided to all members
- Members would submit expressions of interest giving the information necessary for a bid to be prepared by the Consortium
- If the bid was successful, delivery partners would be selected from those who had expressed an interest using an open and transparent procurement process and carrying out a due diligence process

There was some debate about this selection process as this is different from that required by the Merlin standard used by DWP where acceptance of an EOI by the Prime Contractor is

considered to be a commitment to share funding with the partner. However we adopted this process firstly because there are often changes in the specification during the contract negotiation process (eg SFA may accept more than one bid and allocate a share of the funding or limit delivery to a particular location). Secondly it reduced the cost to potential partners in producing large volumes of information at the EOI stage for bids that turned out to be unsuccessful.

As well as the benefits described above, this two-stage approach in selecting delivery partners helped us to prepare and submit a bid against the specification within the limited timescale available. To carry out the due diligence in preparing the bid would have been very challenging and there was the risk that the due diligence aspects (e.g. validating delivery capabilities) might not have been properly carried out because of lack of time.

As noted earlier, building a trusting relationship with members was an important contributor to ensuring that they supported this approach.

We then proceeded to recruit members for the consortium and at the time of preparing this report, CLESP had 94 members. These are all third sector organisations and are listed at the end of this report.

Results so far

The first opportunity was to bid for the ESF NEET tenders issued by the SFA. CLESP was able to submit a bid on behalf of 45 partners for £7 million ESF funding.

Unfortunately this bid was unsuccessful. In part, this was because the assessment of the bids were done on a local authority sub-regional basis rather than a regional basis, the latter being what we had understood from SFA would be the case. This rather diluted the USP of the regional consortium as it reduced the benefits offered to the funder of a regional integrated bid.

In preparing our bid, we were influenced by informal messages from the funding agency suggesting they intended to pursue a regional approach in assessing bids. With hindsight we should have considered our strategy more carefully at the initial stages of preparing the bid and weighed the informal indications against the implications of the details of the specifications which were leaning towards a more local approach.

Despite not being successful in winning the NEET tender, this exercise showed that we could successfully mount a large scale bid and that by pooling resources do this at a far lower cost than if individual partners had submitted bids.

As noted earlier, our aim was to particularly strengthen our ability to bid for tenders that required a regional approach and delivery capability. This paid off when we subsequently

won a £50,000 project from LSIS under the regional responsive fund which has allowed us to pursue our capacity building objectives.

Future developments

The full potential of CLESP to save costs and generate new contracts depends on the continuation of large scale learning & skills tenders being available. When we started on this project, we had been advised by SFA staff in the region that the SFA would be issuing tenders for 19+ provision in early 2011. This would have enabled us to demonstrate savings within the timescale of this project in bidding costs together with possible savings in project delivery infrastructure. It would also have enabled us to validate the model in terms of winning large scale contracts.

Unfortunately, at this stage the SFA has changed its intentions and timescale in terms of commissioning ESF adult provision. Initial funding has been allocated to existing providers which has therefore bypassed CLESP. We do anticipate further competitive tendering opportunities but these will be later in the year.

SFA's focus on ACTOR-approved suppliers does seem to justify the decision to use lead partners and should enable us to pick the best ACTOR-qualified partner to lead on each bid.

While we wait for further bidding opportunities, CLESP has decided to focus on helping partners take advantage of subcontracting opportunities in the learning, skills and employability field. Our success in winning LSIS funding will enable us to establish a regional partner-finding service for main contractors and potential third sector subcontractors. We will also deliver capacity building and training to subcontractors and main contractors to ensure they can work effectively together.

Impact of the Consortium

The establishment of CLESP has enabled the third sector in the SW to demonstrate to itself and others the scale of delivery and expertise available within the sector. Being able to submit a very large scale tender has given us and our partners the confidence that this approach is effective and will benefit the sector and our learners. It will ensure that the sector is far better placed to win and deliver larger scale learning, skills and employability contracts.

The increased collaboration and availability of regional peer support should also help third sector organisations more effectively identify, and benefit from, opportunities for subcontracting with main providers.

A significant impact will therefore be that the most disadvantaged communities and individuals continue to receive the important support and development opportunities that third sector organisations are often best placed to provide.

Increased resource sharing will improve efficiency and reduce costs at the bidding and delivery stages. Although external SFA delays have reduced our ability to demonstrate delivery costs within the timescale of the project, there is already sufficient evidence of savings with the NEET bid to confirm our confidence that further savings will be made. The bid team comprised 6 people whose time was donated by member organisations. They spent an average of 6 days each on the NEET bid. Assuming a cost of £400 per day to use an external bid writer, this would suggest a total saving of at least £14,400 for this one bid alone, against project funding from LSIS of £12,500.

Finally, the establishment of CLESP and the scale of its membership was an important contributor to winning additional LSIS funding of approximately £50,000 to offer wider services to our members in relation to subcontracting with other providers.

Conclusion

There is a great potential for efficiency savings and increased contract values through large scale collaboration particularly for third sector organisations. The emphasis on inclusiveness and flexibility has potentially opened up opportunities for smaller organisations to continue to make an important contribution to supporting more vulnerable people and communities through learning and skills.

Key messages

1. It is important to take time to consult and engage with potential consortium members to ensure that they understand the opportunity and are confident that the consortium is designed to meet their needs. This builds momentum for the development of the consortium and develops the trust and confidence that is needed as a firm foundation for the consortium.
2. In establishing the consortium one needs to get the right balance between focussing on process and outcomes. It is essential to be clear about aims and purpose as well as accountability from the beginning. However success will not necessarily depend on picking the right organisation form at the beginning. It may be better to adopt our more pragmatic and contingent approach of adopting an initial solution and being prepared to keep it under review and adapting the corporate form of the consortium as the potential and actual scope of operation becomes clearer.
3. An inclusive approach ensures commitment from members and helps mobilise a wider range of capabilities. However this does need to be supported by a clear process of selecting delivery partners. It also requires some level of commitment to capacity building to ensure that all members are not held back because of some weaknesses in their systems, processes or capabilities. A capacity building programme also has the benefit of retaining members as they see continuing support being made available.

4. In selecting tendering opportunities it is important to focus on those where the consortium approach can demonstrate real added value. An effective strategy overall and in relation to specific opportunities is an important prerequisite to success.

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Appendix 1:

List of CLESP members

- [1625 Independent People](#)
- [Action For Blind People](#)
- [Alabare Christian Care and Support](#)
- [Amber](#)
- [Ambios Ltd](#)
- [Aspire Bristol](#)
- [Beaminster Community Learning Centre](#)
- [Bournemouth Churches Housing Association](#)
- [Brake Farm Ltd](#)
- [Bridgwater YMCA Foyer](#)
- [BTCV](#)
- [Charities Information Bureau South & West](#)
- [Citizens Advice](#)
- [Community Council of Devon](#)
- [Community Learning in Penhill \(CLIP\)](#)
- [Cornwall Neighbourhoods for Change](#)
- [COSMIC](#)
- [County Community Projects](#)
- [CSV Avon Training](#)
- [CVS South Gloucestershire](#)
- [Dorset Youth Association](#)
- [East Dorset CAB](#)
- [Exeter CVS](#)
- [Events 4 All \(CIC\)](#)
- [Fairbridge](#)
- [Forest of Dean Music Makers](#)
- [Freedom Social Projects](#)
- [GL Communities](#)
- [Gloucestershire Association for Voluntary and Community Action \(GAVCA\)](#)
- [Gloucestershire Dance](#)
- [Gloucestershire Gateway Trust](#)
- [Groundwork South West](#)
- [Hartcliffe & Withywood Ventures](#)
- [Healthy Living Wessex](#)
- [Hedley Hall](#)
- [Hele Hub](#)
- [Inverteign Family Learning Centre](#)
- [Kingswood Foundation](#)
- [Learning Plus](#)
- [Learning South West](#)
- [Mencap Personal Support and Community Projects](#)

- [Mendip YMCA](#)
- [Music Alive](#)
- [Neighbourhood Learning Consortium Ltd](#)
- [New Highway](#)
- [North Prospect Community Learning Ltd](#)
- [Parentline Plus](#)
- [PATA \(UK\)](#)
- [Pembroke Street Estate Management Board Ltd](#)
- [People and Places in Gloucestershire CIC](#)
- [Plymouth Citizens Advice Bureau](#)
- [Rathbone](#)
- [Re:work Ltd](#)
- [Real Ideas Organisation](#)
- [Second Step](#)
- [Shaw Trust](#)
- [Sherborne Youth Resource Centre](#)
- [Shire Training Workshop](#)
- [Silai for Skills](#)
- [Single Parent Action Network](#)
- [Skill Force](#)
- [Social Enterprise Works](#)
- [SOFA Project](#)
- [Somerset Rural Youth Project](#)
- [Soundart Radio](#)
- [South Somerset Mind](#)
- [South West Forum](#)
- [South West Lakes Trust](#)
- [South West Training Coaching & Health \(SWITCH CIC\)](#)
- [Southern Brooks Community Partnership](#)
- [St Giles Trust](#)
- [St Loye's Foundation](#)
- [Sul'Art Ltd](#)
- [The Bourne Spring Centre](#)
- [The Door Youth Project](#)
- [The Learning Curve](#)
- [The Learning Partnership for Cornwall and the IoS Ltd](#)
- [The Magdalen Project \(The Wessex Foundation\)](#)
- [The Prince's Trust](#)
- [The Sharpham Trust](#)
- [The Training and Learning Company](#)
- [Toby's Shaftesbury Young People's Project](#)
- [Torrige Training Services](#)
- [ViSTA](#)
- [Westbank Community Health and Care](#)
- [Westlea Housing Association Limited \(Part of Greensquare Group\)](#)

- [Westonworks](#)
- [Westward Pathfinder](#)
- Weymouth Community Volunteers
- [Wings South West](#)
- [Workers' Educational Association](#)
- [Young Gloucestershire](#)
- [Youth Education Service](#)
[YWCA England & Wales](#)