

What is a consortium and how does it differ from a partnership?

Both consortium (or consortia) and partnerships are different forms of collaborative working between two or more organisations. They are part of a spectrum of joint working options, ranging from informal networks and alliances, through joint delivery of projects, to full merger.

The Charity Commission describes 'collaborative working' as 'joint working by two or more organisations (community and voluntary) in order to better fulfil their purposes, while remaining as separate organisations'. The different forms of collaborative working all look to achieve mutual advantage in a range of ways for example, saving funds through sharing costs, delivering improved and integrated services, increasing the power and visibility of separate organisations, achieving a shared aim or sharing knowledge and contacts. Different types of collaboration can last for a fixed length of time or become a permanent arrangement.

The term partnership can be used in two very different ways while many in the sector use the word informally to describe joint working (i.e. 'this resource was produced in partnership with...'), it has a specific legal meaning with profound legal implications. A legal partnership is created when two or more people work together with a view to making a profit. The problem with a legal partnership is that partners are jointly and separately responsible for all the partnerships debts and liabilities.

This means that a creditor can sue the more affluent partner, recover its claim, and leave the partner to try and recover the appropriate share of the debt from the other partner(s). If you intend to establish a legal partnership, consider using a limited liability partnership (LLP).

INFORMAL PARTNERSHIPS

An informal partnership arrangement between organisations could be called a loose consortium or network. All the agencies agree to work together on common aims. There may or may not be a written partnership agreement and/or a steering group. The network would not have a separate legal status outside of its members. The organisations would have to tender as independent units to commissioning bodies.

Benefits:

- Fairly easy to set up
- Minimal financial costs
- Build on the strengths of partnering organisations

- Opportunity to share learning, good practice etc

Drawbacks:

- Does not offer joint bargaining power

- Procurement agencies may be less likely to support and fund it
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CONSORTIA

As voluntary and community sector groups have begun to tender to deliver public services, a form of collaborative working with a defined structure and governance arrangements has become increasingly important. This allows for commissioners to immediately understand the joint working relationships of different collaborative groups and to determine which might be most appropriate for the delivery of particular services. These more 'structured' forms of partnership working are known as consortia, and they fall into three main formats:

A 'LEAD PARTNER' CONSORTIUM

In this model, organisations could come together to form a consortium and nominate a 'lead organisation' which the others agree to work through. The consortium would usually be led by a joint steering group including members of each organisation. As with an informal partnership, the consortium would have no separate legal status. A consortium agreement would be put in place among members of the consortium which would set out their legal rights and obligations. All partners would be allocated areas of work based on specialism and capacity. The lead organisation would apply for contract funding on behalf of consortium members and manage the contract, distributing funds to other members via a sub-contracting arrangements for particular services or outputs.

Benefits:

- Able to make use of existing contract management and accountable body systems
- Due to the established reputation of the lead organisation in particular, this model may be perceived as less 'risky' by funders

Drawbacks:

- Can be difficult to establish a clear identity and 'brand' for the consortium
 - Requires a high degree of trust and integration
 - Can take considerable time to develop
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SUPPLY CHAIN CONSORTIA

Similar to the option above, a consortia might be formed in which the lead organisation does not deliver a service, but manages the supply chain (which can be a number of suppliers deep). In many cases, this type of consortium might be led 'from the top' – i.e. through the lead organisation establishing links with relevant delivery bodies pertinent to the service or project being delivered, either prior to or following the award of the tender.

Benefits:

- Lessens requirement for tendering, monitoring and reporting for lower-level organisations
- Due to the established reputation of the lead organisation this model may be perceived as less 'risky' by funders
- Lead organisation able to focus on quality and quantity of output, and to take charge of recording and reporting mechanisms.

Drawbacks:

- Can be difficult to establish a clear identity and 'brand' for the consortium
- May lack required levels of trust and integration
- Can take considerable time to develop
- Can remove agency from smaller sub-contractor.

A NEW LEGAL BODY IS ESTABLISHED TO MANAGE A CONTACT

Organisations may choose to form a consortium which would be formally constituted as an independent legal entity with representatives from each partner playing a part in the new entity. Under this form of consortium, a new company would be set up and an operating model would have to be agreed i.e. whether to become a Community Interest Company, a Social Enterprise, a Company Limited by Guarantee and whether to have charitable status – new entity CIO.

Benefits:

- Allows the consortium members to have full ownership and control
- Easier to create a clear identity and brand
- Offers the possibility of passing risk to a new entity and allowing organisations to clearly separate the partnership working from the rest of the organisation's activities

Drawbacks:

- The company will not have an established reputation so may be perceived as more risky by funders
- The cost of setting up a new organisation will also need to be considered.

AGREEMENTS AND CONTRACTS

The closer that two or more organisations decide to work together, the more outputs they aim to achieve and the financial implications of this work, the more important it is to have some form of contractual agreement, layout of the responsibilities of each partner (and the more detailed that agreement will need to be). An agreement which covers collaborative working may be known as a:

- Collaborative working, joint working or partnership agreement or protocol
- Memorandum of understanding (MoU)
- Service level agreement (SLA)
- Contract
- Joint venture agreement