

Consortia and SPV
(contextualised for DWP
Framework)
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Government Procurement

- The Changing Face of Procurement
 - Freud Report
 - Individualised Budgets
 - NOMS
 - Health & Social Care
- Issues:
 - Capacity
 - Performance
 - Political

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Government Procurement

- No longer about Delivery
- Move towards ***Management*** and Delivery
- Transference of Risk and Reward
- Move away from Full Cost Recovery to a 'Retail' Model
- Need to demonstrate:
 - Financial Capacity
 - Management Experience

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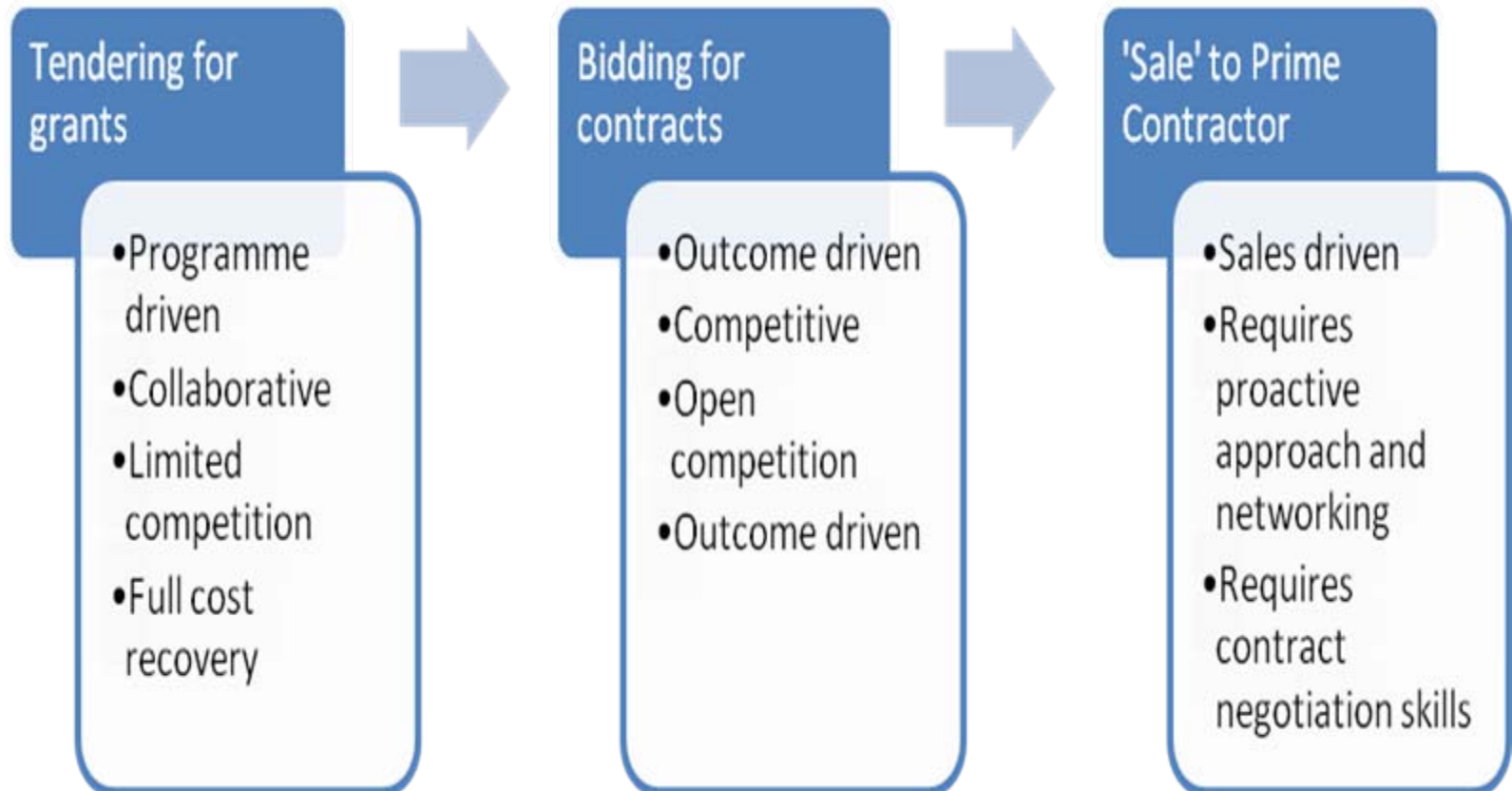
Political Agenda

- Third Sector as instrumental in delivering public services
- Consortia and SPVs as a way to achieve this
- Local response to local needs

- Transference of risk
- Large scale contracts



Challenges for TSOs



Or, work in partnership.

- Consortia are becoming legitimate delivery entities that government procurement teams understand
- Individual members can play to their strengths
- Allows small organisations to play a role in larger delivery
- Allows community and customer involvement (Big Society)

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DEL / AME

DEL – Department of Expenditure Limit – Tightly controlled by the Treasury and held to account on spending to Limits

AME – Annually Managed Expenditure – Demand-led spending that cannot be subject to multi year spending limits; in the DWP's case this includes out of work benefits.

Freud calculated that the gross annual saving to the DWP of moving an average recipient off:

- Incapacity Benefit into work is £5,900. With wider exchequer gains (offsetting direct and indirect taxes paid with additional tax credits) this figure rises to £9,000
- Jobseeker's Allowance are £4,100 and £8,100 respectively.

The Work Programme will share savings of AME for a fixed period of time by paying by results- giving Work Programme providers greater rewards and ensure the provision of structured support to all benefit claimants not just those on JSA.

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The Value of Working in Partnership

- Seamless delivery
- Everyone (including service users) has a say in how the delivery is run
- Steering Board ensures cohesion across different sectors
- Commissioners *can* have greater involvement in day-to-day decisions
- Performance and added value

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Progress So Far

- Consortia and SPVs aren't reaching their full potential because:
 - Takes time and effort over and above people's day jobs
 - May be difficult to demonstrate collective track record within the rules of tendering
 - Need to demonstrate effective management



Where is the need?

- The gap is normally infrastructure support – the ‘glue in the middle’
- What does this look like?
- How do we build a consortium?
- Roles and responsibilities?
- What resources do we need?
- How do we do a good job?



DWP



contract

Special Purpose Vehicle

Programme Management

Sub-contracts

Partner 2

Partner 3

Partner 4

Partner 5

Partner 6

Partner 7

Partner 8



Referral



Outcome

Partner 1



CLIENT JOURNEY

Consortium formed of local organisations with cashflow requirements underwritten by finance partner. Funded by DWP (e.g. £0 / £7,500)

SPV
(collectively owned by all tiers and finance partner)

1% to cover supply chain management, project management, administration, quality assurance, capacity building, reporting and relationship / reporting to DWP

Infrastructure

Regional / sectoral lead or large-scale supply chain partner managing regional or specialist delivery. Funded by SPV (e.g. £800 / £4,500)

Regional / Sectoral Lead

Large-scale partner

Local delivery or specialist organisation, funded by regional leads in similar way to best practice of existing primes (e.g. £1,800 / £1,800)

Delivery Partner

Delivery Partner

Specialist Providers

Infrastructure and 'Management'

- Works within a Prince 2 framework
- Responds to directions from the 'board'
- Manages sub-contracts between SPV and partners
- Takes a lead on consortium-wide activity (QA, MI, performance improvement, process mapping etc.)
- Can mediate and provide an independent view
- Acts as the 'glue' in the middle of the consortium

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How Do We Do A Good Job?

- Use Prince 2 Project Management Methodology
- Remain independent
- Provide the Board with a structure
- Process map before start of delivery, which will lead to a Quality Manual
- Establish sub-contract terms before the tender goes in

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Prince 2 Project Management

- Project Executive makes the decisions
- Project Manager actions those decisions
- 'Management by Exception'
- Clear Scope and Tolerance / Success Criteria
- Resources / Work Packages
- Aligns closely with sub-contract management

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Independent Glue

- Closest analogy is 'Chief Executive' to the Board
- Their primary loyalty is to the SPV
- Does not undertake delivery – that will compromise independence
- Champions collaborative working
- Makes SPV-wide strategic suggestions
- Best Practice and Continuous Improvement

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Provides the Board with a Structure

- Prepares the Agenda and other reporting documents
- Suggests expert sub-groups as needed
- Identifies actions within a SMART framework
- Is prepared to say “We are all here for the same reasons” repeatedly
- **Example input/output document**

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Process Maps

- Time spent in careful implementation will never be wasted
- Process Maps:
 - Define sub-contracts
 - Define information flow
 - Ensure shared understanding
 - Iterate into a document controlled Quality Manual
- **Process Maps**



Sub-contracts

- Recommendations:
 - Anticipated flows
 - Payments terms: when, how much, evidence
 - MI requirements (including centralised reporting functions where appropriate)
 - Outline process maps (on- and off-flow) and outcomes
 - Scope and tolerances of performance (i.e. What happens if things go wrong)
 - The more each partner knows before the tender goes in the smoother it goes once the contract is won

