COLLABORATING FOR IMPACT

Working in partnership to boost growth and improve outcomes

Angela Kail and Rob Abercrombie

January 2013

NPC

impetus
Turning around more lives

‘Collaboration, it turns out, is not a gift from the gods but a skill that requires effort and practice.’

Douglas B. Reeves, Founder,
The Leadership & Learning Center

FOREWORD FROM DANIELA BARONE SOARES

It has become a truism to say that charities should collaborate, and it is certainly clear that there are pressures on them to do so. A vast number of organisations often doing similar work, dwindling sources of unrestricted funding, and the opening up of delivery contracts that many charities will struggle to win on their own all contribute to these pressures.

But the widely heard message that charities should collaborate does not help organisations understand when that route is right for them. It also hides the fact that charities are often not prepared for the requirements and challenges of getting a partnership up and running, and keeping it on track. In this report, we aim to make it easier for organisations to spot the right opportunities and to clear the most common obstacles on the path to collaborative success.

At Impetus we have ten years' experience of helping charities and social enterprises grow quickly and widen their reach. We draw on this experience in our belief that collaboration is the right step when it can lead to significant growth for an organisation in terms of people helped, or income, and when it deepens the positive impact an organisation makes on its clients. Conversely, a collaboration that does not achieve these things, or which achieves one at the expense of another, can seriously undermine an organisation's very existence.

Collaboration can open up opportunities in public sector delivery for charities. Within that, I want to mention a specific, and growing type of contract opportunity which relies on social investment. Increasingly, local authorities will be seeking to commission outcome based contracts, including Social Impact Bonds and payment by results contracts, where the upfront costs are met by other investors. Collaboration between two or more charities can produce a unique service that attracts investors, fulfils a commissioners' brief, and really delivers big-time. But it has to be done correctly, not 'on the hoof', but having assessed the benefits and gaps of the provision and where each organisation can contribute. We also spoke to commissioners for this report and have included recommendations for them – collaboration can reap rewards for commissioners, and there are steps they can take to ensure that their processes encourage and facilitate innovative partnerships that add value.

In our experience at Impetus, small and medium-sized charities and social enterprises are often the ones coming up with the most innovative solutions to social problems. What they offer could make a huge difference if it were more widely available, and collaboration can be a relatively quick – though not always easy – way of bringing impactful solutions to more people. Whether two or more small charities collaborate to help one or both of them reach more people, or a large organisation collaborates with a small one because it recognises the special value the smaller organisation brings to clients, it is the partnership that allows them to make the greatest impact.

This report contains some fantastic examples of where collaboration – in many different forms – has made more of a difference for people in disadvantaged circumstances than a single organisation could have. Breaking cycles of economic disadvantage is what drives Impetus; when collaboration is an effective tool in this, it is in all our best interests to support charities to do this strategically and well.

Daniela Barone Soares
Chief Executive, Impetus Trust

NPC

impetus
Turning around more lives

FOREWORD FROM DAN CORRY

The charity sector exists to do the best it can for those in need. Most charities begin by identifying a need that they feel is unmet, trying to raise some money to do something about it, and then get on with delivering a solution. That sense of mission and passion to right wrongs is what makes the sector we work in so different, so alive, so driven.

But then the hard work begins. Charities must continually ask themselves questions: are you helping those you wanted to – really? Are you helping them as much as you could be? And are you doing it as cost effectively as you can so the resources you have are stretching to make the most difference possible?

This is where the concept of impact measurement comes in. If you don't know how you are doing, it is difficult to get better. At NPC we work with individual charities and donors, and with the sector as a whole, to encourage and facilitate an approach focused on understanding and improving social impact.

Sometimes the only way to achieve what you want is to work with others. This might be because you can't scale up and reach all the people you want to alone. It might be because the needs of those you want to help are complicated and your charity can only offer expertise in one aspect. Or it might be because as the people you help progress along their journey – a care pathway for instance – they need different sorts of help at different times, from other providers. Collaboration with another charity, a public body or a private company can help charities achieve their ambitious aims. But that doesn't mean it is easy.

There are lots of good reasons to collaborate at any time. But right now an extra incentive is driving the collaboration agenda: the way that government contracts are being structured and designed. For those who depend on government commissioners for survival, being collaboration-ready is crucial in order to compete.

When the going gets tough, NPC's 2012 survey of charities' experiences of commissioning, showed that many struggle to pitch for big government contracts with payments on the basis of outcomes – and hence in arrears and with a lot of risk attached. Many charities end up as sub-contractors, not always a positive experience. But some are trying to create consortia of their own so they are in a position to compete. This report tries to help charities think through how best to do so.

Others are joining up with corporate suppliers. Discussion between charities and corporates at a recent NPC roundtable suggested that partnerships between these sectors can work for both sides where care is taken to align incentives and get the cultural match right – something also emphasised in this report.

Collaboration is no panacea. Partnership is a great word but often proves challenging in practice. But when we get it right, the benefits can be felt throughout the sector, and we can really forge ahead to do what we all exist to do – improve the lives of those in need, and have the biggest positive impact we can. That is a prize worth striving for, and we hope this report is a small step towards that goal.

Dan Corry
Chief Executive, New Philanthropy Capital

EXECUTIVE SUMMARY

Collaboration between charities to deliver public service contracts is becoming more common. Both charities and commissioners see partnerships as a way to access new funding, grow and improve services.

Impetus Trust and NPC have joined forces to explore collaboration because we believe it has the potential to improve the sector's collective impact. The most complex problems – tackling intergenerational unemployment in families, rehabilitating offenders, equipping young people in care to lead fulfilling lives – cannot be solved by services that work in isolation. Collaboration can also help charities already successfully addressing social problems to become more efficient and grow, so that they can reach more people. And it can reduce duplication and inefficiency in the sector. By working together, the charity sector can become stronger.

However, collaborations can be tricky to navigate; failure can lead to poor quality work, damage to reputation, high financial costs and loss of intellectual property or relationships. Given these risks, it is important that charities consider collaboration with care – not doing it just to please commissioners, but because there is a strong case that it will lead to greater impact or allow the charity to reach more people.

NPC and Impetus believe that collaboration could transform the charity sector. But to avoid the risks, charities need to understand what makes collaboration a success. The research, undertaken by NPC and Impetus for this report identified four key factors:

1. Keeping the focus on beneficiaries. The charities we spoke to stressed the importance of a strategy centred on outcomes for beneficiaries, into which any collaboration should fit clearly. Charities said that often the most exciting opportunities to improve lives came from collaborating with organisations already working with the same beneficiaries towards the same ultimate outcome, but using a different approach, or tackling a different aspect of the problem. For a successful collaboration, the overall aims of all parties need to be aligned, even if their values differ.
2. Understanding the financial implications. Sound finances are key, particularly when a collaboration aims to help a charity scale up. As agreements and contracts become more complicated – for example with payment by results – charities need to invest in understanding their costs and cashflow to ensure that finances do not put a strain on a partnership. Once they understand costs, charities need to think about how to price the work, given its contribution to mission, the competition, and the risk involved.
3. Understanding and demonstrating social impact. Evidence of impact attracts potential partners and reassures them about the quality of a charity's work. It enables charities to invest in a collaboration with confidence that it will result in better outcomes for beneficiaries. Some contracts, such as payment by results, may require more sophisticated thinking about impact to clarify issues of attribution and risk.

4 Treating organisational culture as fundamental. Some fairly common beliefs in the voluntary sector can pose a barrier to collaboration – for example the tendency to fiercely defend independence, even where this may undermine social impact. Charities we spoke to returned to the importance of keeping the focus on beneficiaries to cut through cultural concerns over credit, competition and sovereignty. Trust is essential to a successful collaboration – much talked-about but often misunderstood. Collaboration is bound to involve competing interests, but charities found that successfully working through difficult issues, being willing to constructively disagree and arriving at compromises, is what builds genuine trust.

Commissioners have a role to encourage collaboration – as long as it is for the right reasons, with the best results for beneficiaries in mind. They can create a supportive environment, bringing charities together, ensuring tendering processes give charities sufficient time to work through the success factors above before committing to a collaboration, and setting a fair price for the work, which allows charities to make a margin and grow.

Successful collaborations require an investment of time and money, but the potential results make it worthwhile.

Contents

INTRODUCTION

Limited resources, constant fundraising, and passionate but overworked teams – not-for-profit organisations share many common features. The key commonality, however, is an inexhaustible drive to create positive social change. Joining forces – sharing people, expertise, operating models and ambition – with another organisation can significantly increase the social impact created. There is a fine line to tread to protect reputation, intellectual property and overcome differences, but New Philanthropy Capital (NPC) and Impetus Trust both believe that the potential for collaborations to reduce inefficiencies and unnecessary duplication in the charity sector is very real.

Both charities and commissioners are seeing this potential. Many charities are collaborating, and they are being encouraged in this by commissioners. NPC's recent survey of charities receiving income from government commissioning found that 44% were working as part of a consortium.[1] These collaborations might be structured in a variety of ways: from providing integrated services and being jointly accountable for delivery, to fitting into a hierarchy of prime- and sub-contracting. Whatever the structure of the collaboration, the partnership provides opportunities for charities to join together and create a greater impact.

Impetus and NPC have joined forces to explore the topic of collaborating for public sector contracts, not only because we know these collaborations are happening more often in the sector, but because we believe they have the potential to improve the sector's collective impact. The most complex problems – from tackling inter-generational unemployment in families, to rehabilitating offenders, to equipping young people in care to lead fulfilling and productive lives – cannot be solved by offering services that work in isolation. Collaboration can also help charities that are successfully addressing social problems to grow, so that they can reach more people. Through working together the charity sector can become stronger.

In this report we have not set out to write a practical 'how-to' guide to collaboration, because several excellent resources already exist (NCVO's collaborative working unit is a good example[2]); rather we have tried to highlight some of the less-talked-about issues that connect collaboration with social impact. These include putting beneficiaries at the heart of collaboration, understanding the financial impact of collaboration, and considering how organisational culture – attitudes, beliefs and approaches to conflict – can affect the chances of success.

What is collaboration?

Collaboration is defined as *'joint working by two or more charities in order to fulfil their purposes, whilst remaining as separate organisations'*.[3] Within that definition, however, there are many types of collaboration that can be categorised in different ways. Some of the more common types of collaboration structures include:

- **Loose network:** a cluster of like-minded organisations, often grouped around infrastructure organisations but with few or no formal affiliations. This is increasingly seen as not fit for purpose in public service delivery because commissioners do not like the lack of accountability.
- **Super provider, joint-venture company or special purpose vehicle:** when two or more organisations come together to form a new organisation with its own legal status that is able to bid for contracts. This may be a formalisation of a loose network.
- **Managing agent:** also referred to as a prime contractor. It holds the contract with the public commissioning body and sub-contracts service delivery to other providers in a supply chain.
- **Managing provider:** very similar to a managing agent, but led by an actual provider responsible for delivery, who allocates work to partners as appropriate.[4] This can include models like franchising.

All these types of collaborations can be seen in the charity sector, although some are more common than others. Forming a new organisation to bid for contracts can only happen where there is sufficient preparation time, which is often not given by commissioners, so for the majority of contracts the managing agent or managing provider structures are most common.

About this report

This report discusses the benefits of collaboration for public service delivery, and in particular its role in helping charities to achieve a greater social impact. The research does not cover other forms of collaboration such as sharing back office functions and collaboration for campaigning, although we do believe that much of the same thinking applies.

The report is based on a literature review and interviews with charities and commissioners to understand their experiences of collaboration. As part of our research we held a roundtable with charities under Chatham House Rule. Impetus's extensive experience of working with charities was gathered by NPC interviewing a selection of the Impetus Investment Directors.

The report is intended to help managers and trustees of charities to consider the strategic benefits of collaboration and what they can do to make sure they are collaboration-ready.

About Impetus Trust

Impetus pioneered venture philanthropy in the UK a decade ago. Our venture philanthropy package consists of unrestricted funding, hands-on management support from an Impetus investment executive, and in-depth pro-bono specialist expertise from the private sector. This combination helps to dramatically expand the number of people our charities help, and the depth of their impact. Our goal is to break the cycle of poverty and disadvantage in the UK by supporting and scaling the most effective solutions to this cycle. Our charities achieve an average annual growth rate in income of 19%, and the compound annual growth rate in people helped was 39%.

We have supported 25 charities and social enterprises since 2002, and currently focus our support on organisations with outcomes around education, skills, and jobs. In partnership with the Sutton Trust, we co-manage the Education Endowment Foundation, a £135million initiative established by the Department for Education to boost the attainment of the most disadvantaged children.

We also work to make a difference beyond our portfolio by sharing our expertise on charity performance widely, and advocating for change in our specialist areas. This includes calling for targeted resources to get more charities ready for social investment, increasing employers' willingness to take on ex-offenders, and campaigning for high-quality early years services.

About NPC

NPC occupies a unique position at the nexus between charities and funders, helping them achieve the greatest impact. We are driven by the values and mission of the charity sector, to which we bring the rigour, clarity and analysis needed to better achieve the outcomes we all seek. We also share the motivations and passion of funders, to which we bring our expertise, experience and track record of success.

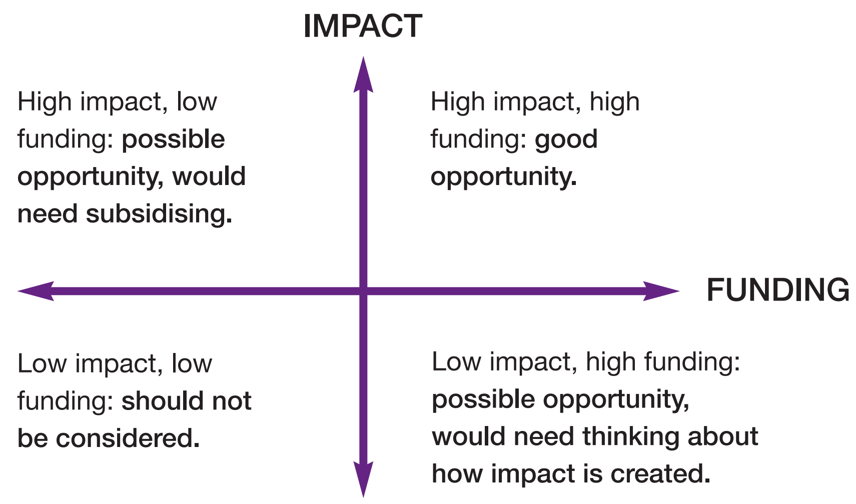
- **Increasing the impact of charities:** NPC exists to make charities and social enterprises more successful in achieving their missions. Through rigorous analysis, practical advice and innovative thinking, we make charities' money and energy go further, and help them to achieve the greatest impact.
- **Increasing the impact of funders:** We share the passion funders have for helping charities and changing people's lives. We understand their motivations and their objectives, and we know that giving is more rewarding if it achieves the greatest impact it can.
- **Strengthening the partnership between charities and funders:** Our mission is also to bring the two sides of the funding equation together, improving understanding and enhancing their combined impact.

WHY COLLABORATE?

Collaborations have the potential to transform the charity sector. When charities join up their successful services they can provide solutions to seemingly intractable problems: problems that are receiving substantial policy attention, such as troubled families or rehabilitation of offenders. Collaborations can also help charities grow, reducing fragmentation and allowing proven interventions to reach more people. Charities are seeing these benefits already; 67% of charities that have worked in consortia believe it has had a positive impact on their ability to deliver public services.[5]

Anecdotal evidence indicates an increase in the number of collaborations, reflecting pressure from commissioners for charities to collaborate, as much as charities' desire to do so themselves. But working together just to please commissioners does not always lead to the best results, even though it might be the only way to win a contract. One respondent to NPC's survey on commissioning in May 2012 described *'…being pressured into forming consortia with a wide range of providers,'* but remained unsure of the approach: *'…apart from some obvious collaborative working with [a neighbouring charity], the cost/benefit case is far from proven.'* Charities seem to agree that real care is needed when choosing whether or not to pursue an opportunity to collaborate – but they seem less sure about how to proactively prepare to choose the right collaborations, and ensure they succeed.

Figure 1: Matrix of impact and funding



There are two major incentives for charities to collaborate in delivering public sector contracts: increased funding and increased social impact. Figure 1 illustrates the potential trade-offs between these two benefits. Ideally charities would pursue only those opportunities that deliver both impact and funding in a cost effective way; the best opportunities will do both. In reality opportunities rarely come so neatly packaged, and charities often face difficult choices when entering into collaborations that may deliver largely impact, or largely money. Collaborations that will not deliver either are easy to dismiss, but other decisions will require charities to balance costs and benefits, and assess the impact on their overall strategy.

For example, it may be legitimate for a charity to pursue a collaboration to win a contract that does little to help it achieve its mission, but generates a surplus of funding, because the surplus can be used to pay for on-mission work. In making such a decision, the charity must be wary of the tendency to pursue the survival of the organisation as an end in itself, even at the expense of mission. Charities sometimes seek collaborations because they are the only way to get funding, without thinking through the effect this will have on their ability to deliver impact. Collaborations demand substantial time and energy. The decisions to go for them therefore need to be weighed carefully and produce a clear gain for beneficiaries to avoid the risk of pursuing ill-advised opportunities.

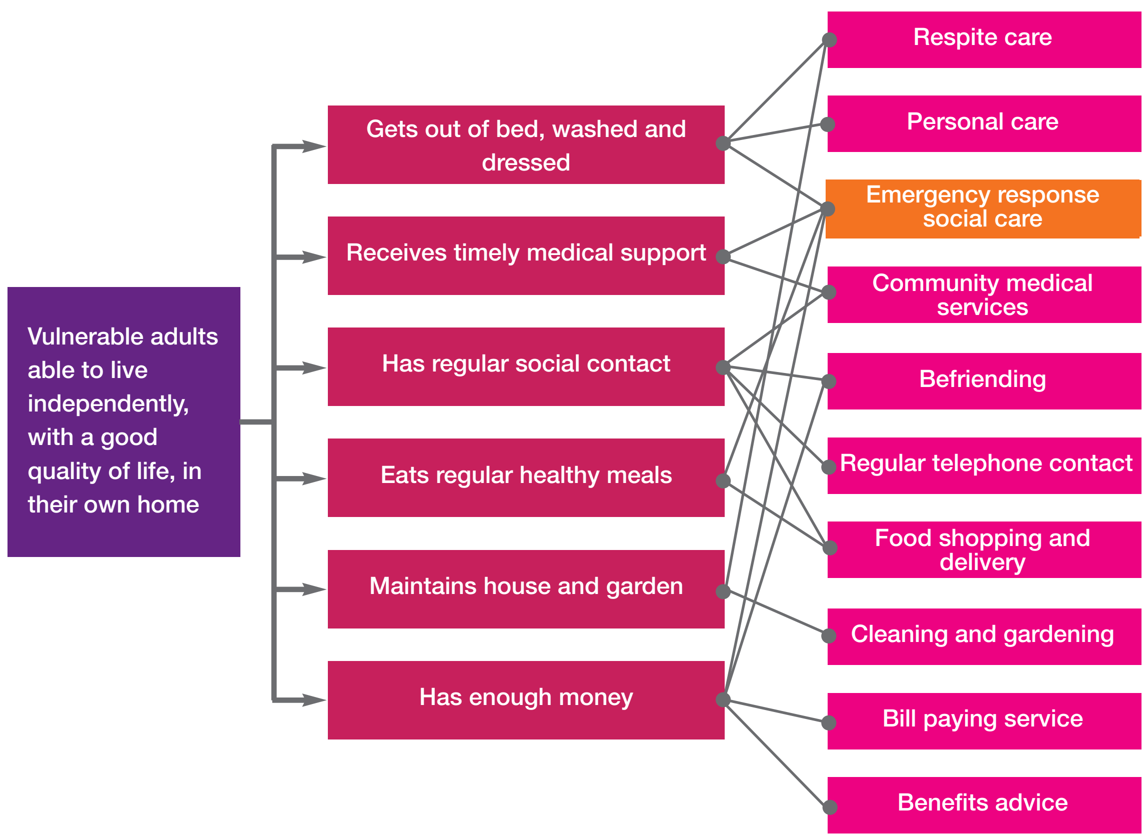
Improving outcomes for beneficiaries

Providing the best possible outcomes for beneficiaries should be at the heart of every decision a charity makes. Sometimes collaboration can be the best way to ensure the most effective end result for the people a charity exists to help. Solutions to social problems are often multi-faceted and cannot always be provided by one charity, so collaboration is then essential to finding an answer.

For example, people who are homeless often have multiple needs which all need to be addressed if a charity is to be confident that they will successfully stay off the streets. A homelessness charity could work in partnership with providers working across drug and alcohol dependence, mental health and employment, amongst others, to ensure beneficiaries do not fall between the cracks. The need to address these complex problems with fewer resources is perhaps the most compelling argument for increased collaboration in the charity sector.

In the words of one of Impetus's Investment Directors, 'We fundamentally believe that you can get more working in collaboration than you would get on your own, providing the fit is right and it's been well thought through.' We refer to the range of activities provided by different organisations leading to a positive outcome as an 'impact network' (see Box 1). The concept of an impact network is similar to that of a private sector 'value chain' – the chain of specialist organisations that

Figure 2: Impact network of Red Cross Emergency Response Care in the Home service



must work together to produce complex products. Thinking in terms of impact networks can help charities to ensure their decisions around collaboration are made with results for beneficiaries in mind. For example, this networked approach is being used by the partners in the Peterborough Social Impact Bond pilot where a number of organisations are collaborating around their work with the same group of people, helping them at different stages of their rehabilitation journey. Figure 2 is an example of an impact network for the Red Cross's Emergency Response Care in the home. It shows all the outcomes that go into allowing vulnerable adults to live independently, and how the Red Cross's Emergency Response Care is only one of a number of activities that needs to happen for a person to remain in their home.

Box 1: Impact networks

What is an impact network?

An impact network is made up of organisations performing activities which lead to the same positive outcome. This can include organisations that see themselves as distinct. For example, achieving sustained employment for an ex-offender requires cooperation between organisations providing training and advice, offering work experience placements, campaigning for access to employment, and brokering jobs. The absence of one of these activities can reduce the chance of success, while duplicating activities in the network can waste resources.

Why do impact networks matter?

Understanding impact networks can help charities improve in three ways. Firstly, organisations that understand networks can more effectively link their activities with others, and by developing common strategies can ensure beneficiaries receive services from the most suitable provider. For example, Thames Reach, a London homelessness charity, did not have any direct experience of working with Irish travellers, but recognised that they were a disadvantaged group needing help. By partnering with a small organisation working with the Irish community in Lewisham, Thames Reach improved the available services.

Secondly, organisations can identify gaps or weaknesses in a network and take action. This could involve starting up a new in-house activity, or supporting another organisation to set up a service.

Thirdly, organisations that understand networks can allocate resources effectively to avoid duplication or waste, and identify activities that could be provided more efficiently by another charity.

For more information please see NPC's report Impact networks: Charities working together to improve outcomes, available from www.thinkNPC.org

Enabling charities to grow

Where a charity is delivering social impact in a cost-effective, sustainable way, it should be enabled to grow in order to reach more people; successful interventions need to be scaled up. Impetus is dedicated to identifying and supporting ambitious organisations with the potential to grow. Charities can find growth difficult as they may lack the necessary capacity, skills or investment, or there may be diseconomies of scale. Collaboration offers one way for charities to reach more people and achieve their potential impact, without having to add large staff teams and more complex structures.

Working together in order to grow is a logical step for many charities: given the scale of many problems, one intervention may not be enough on its own, so it is sensible to join up with others where the complementary features of a collaboration can be identified and defined. There are many examples of how this can work in practice. The charity Blue Sky Development & Regeneration, a member of Impetus's investment portfolio, provides ex-offenders with training opportunities so that they can get jobs. As an ambitious organisation, the charity was eager to scale up so that it could help more people, but realised that it would not be able to do so alone. It has collaborated with other charities by franchising its model to different geographic areas.

> 'The increased collaborations we have seen has been a very positive step forward for [the borough]. We're encouraging a lot more collaboration.'
>
> Commissioner

Many charities keen to grow use collaboration to take advantage of larger contracts that they could not have won by themselves and that enable them to operate at scale. For example, when the London Borough of Islington commissioned its mental health services, it was clear that it was not prepared to offer small contracts. Four mental health charities joined together to form the Accept Partnership and won the contract. Individually they would have been unable to access that opportunity.

Other charities use collaboration as a way to build their capacity to enable them to grow organically. We heard examples of small charities joining in as partners in a collaboration to learn about commissioning and contracting practices, enabling them to bid for a contract by themselves another time. These charities learnt skills such as project management, contract negotiation, risk management and impact management from their partners.

Increasing efficiency

Some charities collaborate to reduce costs and become more efficient – for example, by collaborating on specialist areas of knowledge. This can make them more competitive for contracts.

Mental health charity Restore works in Oxfordshire to get people into employment. An important need for Restore's service users is proper access to benefits, but the benefits system is a very complex area that is continually changing. Restore could have invested money and management time into ensuring it had staff who knew the benefits system well, but felt that would be too costly, and a more efficient option was to collaborate with a specialist organisation. This has allowed Restore to continue to provide a good service, and spend money on beneficiaries rather than on management overheads. Other charities have found that working in collaboration has helped them to learn new ways of doing things, which have subsequently allowed them to cut costs.

Summary

Collaborations could have the power to remodel the charity sector – to make it better able to help people with complex problems, or to allow it to grow so that more people can be helped. There are many benefits to collaboration, including improving outcomes for beneficiaries, allowing charities to scale up and learn from their partners, and increasing efficiency through sharing resources and finding new solutions to problems. However, if collaborations are pursued only as a means to secure short-term funding rather than to achieve greater social impact, they are less likely to deliver these benefits.

Box 2: Risks of collaborating

Although many charities collaborate either informally or formally, some charities still have concerns about working in collaboration. Collaboration can be tricky to navigate; while we do not have a figure for the failure rate in the charity sector, in the private sector the failure rate is thought to be as high as 70%.[6] When collaborations fail there are huge potential downsides.

During NPC's research, the major concerns about collaboration that charities raised were:

- **High cost and drain on resources:** charities we spoke to thought it was almost inevitable that a collaboration would take longer than expected, making it even more important to only spend time on good collaborations.
- **Poor quality of work:** charities were worried that partners might deliver work that is not of good quality and beneficiaries would have been better off if the collaboration had not happened.
- **Reputation:** charities sometimes worry that tying their reputation to another organisation can put them at risk if the other organisation does something they do not approve of. This was a particular concern when partnering with private sector organisations.
- **Loss of control:** charities can be concerned about loss of control over the quality of the work, or of the relationship with commissioners. Small charities said that they sometimes feared that after the collaboration is agreed the larger partner will take advantage.
- **Fear of merger:** linked to loss of control, many charities fear they may find themselves in a situation where powerful stakeholders, like commissioners, pressure them into merging. As they feel they might not be able to resist commissioners, they would prefer not to be placed in this situation.
- **Being used as 'bid candy':** this worry is particularly true of small charities entering into collaboration with a larger player; a fear that they may just be using their name to win a tender, rather than establishing a true partnership.
- **Giving away intellectual property or private information:** even if the collaboration has been very successful, charities fear that they will give away information that might then be used by former partners to undercut them in a competitive bid.
- **Conflict:** charities fear that partners might not behave as expected and the collaboration could break down to such an extent that the conflict cannot be solved through any normal means.

Despite these risks, NPC and Impetus believe that collaboration could be transformative for the charity sector. However, given these downsides it is very important that charities only enter into collaborations that are likely to result in them having a greater impact – either directly or by allowing them to grow and reach more people. It also becomes even more important for charities to understand the critical success factors of collaboration.

'We're seeing charities coming together in anticipation of tenders being put out. Some charities are more forward thinking than others.'

Commissioner

For charities considering collaboration, the stakes can be high, given the potential benefits and risks involved if it does not work (see Box 2). Keeping in mind four critical factors can help charities ensure they are sufficiently prepared for collaboration, and therefore more likely to succeed in maximising social impact. These are:

- to keep the focus on outcomes for beneficiaries,
- to have a clear grasp of the financial implications,
- to understand and demonstrate their social impact, and
- to treat the two (or more) organisational cultures as critical to success.

It is not realistic to suggest that charities must always think through who they would want to work with, understand their finances, and prepare due diligence information for potential partners in advance of any actual collaboration getting started. Opportunities for collaboration can come up too quickly to make this practical to do in every situation. However, it is true that when opportunities for collaboration come up at short notice because funding becomes available, the risk of failure can increase if charities have not done some work in advance to become collaboration-ready. Charities should do what they can to be prepared for collaboration, including talking to commissioners about potential opportunities. It is possible, and advantageous, for charities to consider some key areas to smooth the way.

Keeping the focus on beneficiaries

Keeping beneficiaries at the heart of decisions is fundamental to any good charity's work. Charities we spoke to stressed how important it is to have a mission that is focused around improving the lives of beneficiaries and a strategy focused on achieving the mission. Two aspects of a mission-focused strategy are particularly important when considering collaboration: impact networks, and focusing on interests rather than values.

Thinking in impact networks

Understanding the needs of beneficiaries, how well they are being met and by whom, and where there are possible gaps, can help charities understand how collaboration might help them provide a better service (see Box 1 on impact networks). As one participant at our roundtable put it: *'Collaboration is about putting services around a person so that they work for them.'* Through impact networks, collaborations can help tackle some of the more intractable social problems. Charities working with troubled families or the long-term unemployed often find that beneficiaries would be better served if charities worked together more closely.

Box 3: Collaborating to build the ecosystem of the charity sector

Restore has supported people with mental health problems in Oxfordshire for 35 years. Alongside working with a range of organisations on a smaller scale, Restore has set up three main collaborations over the past five years. These include a co-finance project to support people getting back into employment in the south east; an ongoing Oxfordshire-focused collaboration that provides recovery services; and a sub-contract to deliver a well-being service, also in Oxford.

According to CEO Benedict Leigh, there are two main reasons to work in collaboration. The first is grounded in an overall desire to remain a specialist organisation. Benedict says: *'We're a small charity with only 30 staff, and we're good at what we do because we specialise.'* This involves judging whether or not another organisation can provide a better service than Restore can.

The second reason relates to whether or not a collaboration will advance Restore's beneficiaries in the long-term. For a bid to provide recovery services in Oxfordshire, Restore invited three smaller organisations to join them. For Benedict, it was important to maintain a range of different service providers across the sector: *'We made a conscious decision to collaborate with these locally focused organisations because we wanted to make sure that the voluntary sector in Oxford remains diverse, that it doesn't become a mono-culture.'* Ensuring that these smaller organisations continue to receive enough money will *'contribute to the depth and breadth of the sector,'* and make the voluntary sector more resilient. This in turn means that Restore's beneficiaries will have other sources of support if they need it.

Working in collaboration means giving up a certain amount of control during the course of negotiation: *'there is great value in this, but it is always going to take more time.'* As is often the case, *'the process can be complicated – particularly working across scale with substantially larger and smaller organisations – because things move at a different pace.'* Benedict warns that it is easy to make assumptions about how other organisations operate based on your own experiences; you need to articulate these assumptions at an early stage to avoid misunderstanding. But as he is keen to point out, *'if we weren't rubbing up against each other, if there weren't a few rough edges, then we wouldn't be doing anything interesting.'*

For trustees, it was a case of asking them to hold the charity's strategic purpose in their minds. As Benedict says, *'it's not about being bigger or having a higher turnover, but doing the job that Restore was set up to do.'* For him, understanding the charity's objectives is central to the whole process: *'You need to know what you're good at and why you're good at it. Collaboration is for achieving your charitable purpose – it's not intrinsically valuable.'*

Collaborations within a charity's impact network can be more straightforward, as it can avoid anxieties around giving information to a direct competitor. With this approach, charities may also avoid becoming drawn into arguments about the best models: *'the best collaborations I've been involved with have been where there have been similar values but different models so you are not competing. You then end up with a complete package of wraparound services.'* A charity that understands its impact network should find scanning the horizon for potential partners much easier. It is worthwhile to have conversations with potential partners early on, so that if an opportunity arises, the initial thinking has already happened. Charities should also take the time to talk to commissioners and understand what sort of services they might be contracting together. Packaging services around beneficiaries is an approach often taken in payment-by-results contracts, where a host of services are put together to ensure that outcomes are delivered.

Sometimes when charities consider their impact network, it leads to concerns about the longer-term survival of other charities that help their beneficiaries. This was a concern for Restore when its local authority released a tender that had the potential to wipe out some smaller organisations used and liked by Restore's beneficiaries (see Box 3). Restore could have bid for the contract on its own, but worried about the impact this might have on the future of the local charity ecosystem. To protect the rich variety of local help available to its users, Restore asked the smaller organisations to collaborate with it to tender for the contract.

Focusing on common interests, not values

Charities often feel that they need to work with organisations that share their values – the beliefs held by the organisation about how they should work (eg, that they should be not for profit). This is one reason why charities are often very open to collaborations with other charities, but more concerned about collaborations with the private sector. Charities which had significant experience of collaboration felt that aligning values was not as important as aligning objectives – organisations can enter collaborations for many reasons, but if everyone is working towards the same goal, success is far more likely. Having a common interest was felt to be more important than having consistent values: *'problems arise when several organisations are working together with different rationales'*. One charity we spoke to said: *'there is a danger in thinking you should only work with organisations that are similar to you. You could get a stronger offer by learning from organisations that are different to you.'*

> When considering collaborations with the private sector, there are different issues around governance and objectives. But you still need to come back to the same question of "Is this strategic?"'
>
> Roundtable participant

Some charities and commissioners felt that the most attractive partnerships were between charities and the private sector. One charity said that working with organisations that were different to itself *'allowed us to unlock our creative energy… we found that there's a lot of energy in bringing people together.'*

In fact, some charities we spoke to dismissed the notion that all charities were on the same side and all private sector providers on the other. *'Charities are often competitors with other charities, even though they have got shared values.'* They emphasised the need for charities to continually bring themselves back to their mission to help people. *'If working with the private sector is better and cheaper, then it is fine to work with them. Let's focus on outcomes not on trying to stop the private sector from taking "our work".'* Most of the charities we spoke to were open to working with the private sector (see Box 4), although there remains an instinctive suspicion of the private sector in some quarters.

Box 4: Collaboration with the private sector

St Giles Trust aims to break the cycle of offending by training prisoners through its Peer Advice Project to act as advisors to other offenders. It also runs community-based housing, education and training projects to help ex-offenders reintegrate into the community.

St Giles works with over 100 partners, including 56 statutory funding streams and approximately 50 charitable trusts and corporate funders. Although St Giles works mainly with other charities, it has been developing more partnerships with the private sector for both service delivery and funding streams. This gained momentum as a result of Impetus's investment in St Giles between 2004 and 2009. *'There are multiple dynamics to our work and we need to access a whole range of partnership organisations.'* CEO Rob Owen is proud of its relationships with its corporate partners, which include Barclays.

These successful collaborations have led St Giles to want to be part of some of the cutting-edge collaboration work going on in the charity sector. In March 2010, St Giles became a part of a multi-agency partnership, led by Social Finance, under the Social Impact Bond-funded One Service at HMP Peterborough. The charities were chosen by Social Finance to work together with the aim of reducing re-offending by 7.5% over six years. Rob believes that one of the reasons St Giles passed the rigorous selection process was because of evidence it had built up of its impact. In particular, an evaluation of its 'Through the Gate' project in London, conducted by Frontier Economics and Pro Bono Economics, allowed it to measure the economic impact of its work, and the savings to the state.

St Giles's positive experiences of collaboration have also made it more open to collaborating with the private sector. It recently collaborated with the private sector company G4S on a bid to tackle re-offending rates and improve the rehabilitation of offenders. Although G4S did not win the contract, the bidding process produced highly detailed plans, which provide insight into the experience of working with a large private sector organisation. The model was based on a "whole prison approach", working both within prisons and through-the-gate to train currently serving prisoners to a NVQ Level 3 in Information, Advice and Guidance, and provide advice around housing, employment and finance for those that have recently been released. A large, multi-site, payment-by-results contract involves a high level of risk, which St Giles was keen to limit. *'G4S allowed us to agree on a capped amount of liability in terms of financial loss'.* This gave trustees the confidence they needed to go ahead with the collaboration. Rob adds: *'G4S understood that it had to be a genuine partnership – there was no point in us being a bit of bid candy – and that our model of using ex-offenders is a very effective way of delivering at a much larger scale.'*

Rob would be keen to partner with other private sector organisations if he felt it would benefit his service users. As he says, *'charities should have a single, clearly-defined raison d'etre, and everything else needs to fit around that'.*

Understanding the financial implications

Costs

Finances affect what a charity is able to do, and therefore what impact it can have. Collaborations involve a lot of unknowns around finances, which can pose a risk to the organisations involved. Therefore, charities need to understand the costs of their services, and what they should be charging for them.

If a charity enters a collaboration without a complete understanding of the costs of its service, it will be in a weak negotiating position and risk inadvertently taking on loss-making work that has to be subsidised from elsewhere. Our research suggests it is not unusual for charities to lack clarity about their financial situation.

It is essential for charities to work on a full cost recovery basis – that is, to take into account the full management costs of their work. If they do decide to subsidise a particular service, they need to be fully aware that they are doing this and have a compelling rationale related to long-term growth or impact. Unfortunately, charities often struggle to identify their full costs, either because they have relatively little experience of contracts, or because they are used to subsidising work with fundraised income. It can be particularly difficult to know how a project's share of management costs changes when project work shrinks or grows. Not understanding costs properly can lead to difficulties if one party in a collaboration does not price work correctly. If one partner has costed its work accurately and others have not, the partnership will come under strain.

'You need to start with Full Cost Recovery, but then collaboration gets you thinking about what you could do differently. It starts you innovating which changes your costs.'

Roundtable participant

Additionally, a thorough understanding of costs is important because an exciting collaboration often sparks new ideas about how to change and improve services – meaning charities need to be able to cost a service that is slightly different to what they are used to. *'You need to start with Full Cost Recovery, but then collaboration gets you thinking about what you could do differently. It starts you innovating, which changes your costs.'*

It can be very difficult to know exactly how much working in collaboration itself will cost. Sometimes there may be efficiencies and economies of scale, but often there may not. There are likely to be costs involved in putting the partnership together, duplication of meetings between organisations, and duplication of overheads. When Impetus has helped charities work in consortia, it has found them not always commercially astute about the costs involved. 'It can sometimes be quite basic things. Charities say *"We are not having to employ anyone extra so there are no costs involved." And you have to talk them through "what would they have been doing otherwise?"'*

Charities need to try to work out how much time will be involved in managing the collaboration, and whether the funding for the work will support that. Subsidising collaborations can be the right thing to do if a charity feels this will lead to a better result for beneficiaries, or long-term growth. From our conversations with commissioners, it is clear that there are currently many collaborations designed to shift costs of managing multiple relationships from commissioners to charities, which charities are expected to accept.

Charities taking part in collaborations as part of the Work Programme have cited cashflow as a problem. Many sub-contractors in this prime-sub model have found it difficult to pay to put infrastructure in place up front, whilst not receiving payments until work is done. As payment-by-results contracts become more common, more charities will face this problem. Charities usually work on very tight cash balances, and find it difficult to access credit in the way that a private company can. If a charity understands its cashflow position and what payment terms they need before entering into a collaboration, this can make the payment aspect of the collaboration much smoother during the collaboration.

Pricing

An important theme of our roundtable on collaboration was the difference between costs and pricing. There are some circumstances in which a charity should charge more or less than a service costs.

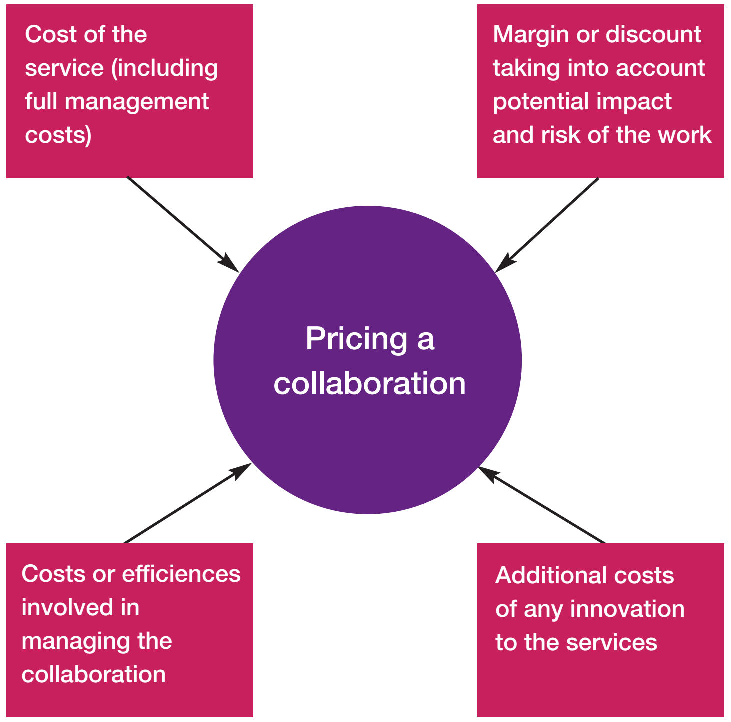
Once they understand the costs of a service, charities need to decide where they would be prepared to subsidise these costs, and where they would not. This comes back to understanding the reasons for bidding for a contract – is it to get funding or to do work which will have impact? There is a case for subsiding work that is high-impact but will not provide sufficient funding, but the question of how to pay for it remains. Charities can stumble into difficult situations because they do not make these decisions consciously. As one charity we spoke to said, *'there is a real temptation for trustees to say, "We can just do it", and you need to point out to them that we will burn all our muscle doing that.'*

'Collaborations can be extremely time-consuming. But there are much bigger costs if it doesn't happen.'

Roundtable participant

There may also be circumstances where charities should be charging more than the cost of the work. When deciding what to charge, charities need to think about what the impact of the work will be, how likely they are to win the work, and what their funding situation is more generally. Charities should be able to charge a reasonable margin so that they build reserves for investment, resilience and growth. Although charging more than a service costs can be seen as controversial, without doing this charities that rely on public sector contracts cannot grow and become resilient. Charging services only at cost keeps charities small and unable to survive shocks. It is considered normal for private sector providers to make a margin on public sector contracts, so it seems reasonable for charities to do the same.

Figure 3: Elements of pricing a collaboration



Demonstrating impact

Many charities worry about quality when thinking about collaboration. If a charity has good evidence of impact to show potential partners, it can answer any questions they might have about quality. Evidence of strong quality assurance procedures is also reassuring. Concerns about quality were a key barrier to collaboration cited by our interviewees, particularly the worry that they would be at the mercy of the weakest partner in a consortium.

Impact measurement takes time to show results, so needs to be put in place well before a collaboration is discussed. Impetus portfolio graduate, St Giles Trust told us that it was chosen to take part in the government's flagship Peterborough pilot Social Impact Bond because of its ability to demonstrate its impact, thanks to evaluation work conducted by Pro Bono Economics. Without this evidence, St Giles would not have been able to show partners the quality outcomes it could deliver.

Statutory commissioning is increasingly based on outcomes. Payment-by-results contracts, for example, encourage charities to collaborate along their impact network to get the best possible outcome for beneficiaries. To take part in any outcomes-based commissioning, charities need to have a thorough measurement system in place that not only demonstrates their impact, but also allows them to have an idea of the attribution for that impact – ie, how much of the impact is due to the charity's involvement and how much to other factors. Charities involved in outcomes-based contracts also need to be able to show the added value of working together, for which they need evidence of the results they were achieving alone for comparison purposes.

To embark on payment-by-results contracts, charities also need to think about risk. For outcomes-based commissioning, and payment by results, charities are paid based on how many positive outcomes they achieve. To understand what they are taking on, they need to look at the risks around achieving these outcomes. Is the number of positive outcomes they achieve steady year on year? Or does it depend on the type of people they work with, external factors such as the economic environment, or the availability of other help? For payment by results contracts, charities need to put in a bit of work to understand the risk around their outcomes, and therefore what sort of price they need to put on their work to ensure they still get some compensation even if the worst outcome happens.

Thinking about culture

Culture is intangible: you will not find it written down in an organisation's policies and procedures, and it is difficult for traditional due diligence processes to clearly identify and describe it. Nonetheless, culture, the product of unwritten assumptions, norms and behaviour, is a crucial element in making charity collaborations work (see Figure 4).

'Conflict is inevitable. You only need one person in the room to get conflict, so it is inevitable in a collaboration. You need to have the conversation early about how you are going to handle it.'

Roundtable participant

Attitudes towards collaboration

There are some fairly common beliefs in the voluntary sector that can pose a barrier to collaboration. Although by no means universal, there is a certain world view that sees other charities as a threat, is convinced of its own uniqueness, and is very concerned to make sure that credit is correctly apportioned for the difficult work each organisation does. It is not surprising that charities that are proud of what they do sometimes have a competitive outlook, and the genuinely competitive environment in which many operate only serves to reinforce it. However, charities we spoke to thought that these attitudes contributed to a voluntary sector in which there is fragmentation and duplication that is not in the interests of beneficiaries. There can exist a culture of fiercely defending sovereignty and independence, even where this does nothing to create a positive social impact, and may indeed undermine it.

Concentrating on achieving the maximum social impact for beneficiaries is the best way charities said they had found for cutting through concerns over credit, competition and sovereignty. As we argued earlier, difficult social problems often require collaborative solutions, and organisations that are serious about doing the best for their beneficiaries are likely to care more about achieving an impact than who takes credit for it. Where cultural beliefs are not consistent across key stakeholder groups, it is prudent to try to bring differences into the open, to reduce the risk of clashing but unspoken assumptions tripping up a potential collaboration further down the line.

Behaviour when collaborating

Once a collaboration is under way there are certain behaviours and norms which can help ensure success. A commitment to achieving impact, openness and honesty, and a willingness to compromise will help joint working, and hinder it if they are lacking. A further element of collaboration culture, much talked about but often misunderstood, that is vital to achieving success, is trust.

> 'The most important thing is trust, and trust takes time. That trust is easier to forge when you are not in the middle of responding to a tender. The trust needs to be built earlier. It goes beyond just talking about a specific service.'
>
> Marie Curie in response to NPC's commissioning survey

There is arguably an implicit view held by many that trust is the product of everyone being nice to each other, preserving the warm feelings partners have towards one another in the initial honeymoon phase of the partnership. Where this culture persists in a collaboration, difficult discussions and issues are often avoided in the interests of maintaining superficially happy relations.

This can be a dangerous way to proceed, and can result in partnership failure that could have been avoided. A degree of conflict is inherent in collaborative working, and so attempts to avoid it are doomed to fail. As one charity participant in our roundtable commented, *'you only need one person in a room to have conflict.'* Even where objectives are broadly aligned there will be some areas where the interests of the organisations involved diverge, and there are differences of opinion in how to approach things.

Negotiating these issues can be awkward and tense, but successful collaboration requires them to be dealt with. Excessive concern to avoid difficult conversations and issues will only delay the inevitable conflict, which ironically is often easier to deal with early on when there is substantial goodwill. Charities we spoke to said successfully working through difficult issues – having conversations where people are willing to constructively disagree and then arriving at compromises – is what builds genuine trust. That trust helps future difficulties to be resolved successfully.

Of course, it may be that airing differences at an early stage makes it clear that they are serious enough to threaten a successful collaboration, and that can feel like a failure. But it is not – processes which identify weak collaborations early on should be encouraged. Given that collaboration is unlikely to succeed in those circumstances anyway, it is better to know from the outset and avoid wasted time and energy.

Figure 4: Elements of culture important for collaboration

A mature approach to collaboration acknowledges upfront that conflict is inevitable, and agrees on some ground rules about how to deal with it. All parties should be willing to listen to each other, honest about their interests and, where they perceive a disagreement, willing to negotiate and compromise. They must always keep in mind the objective of achieving the best outcomes for beneficiaries. For large and complex collaborations it may also be sensible to agree a formal governance process covering how to deal with conflicts and to whom they should be escalated for resolution, be that chief executives, chairs, or even independent arbiters.

Box 5: Other critical success factors

As well as the key steps to collaborating for impact mentioned in the body of this report, charities mentioned several other critical success factors to getting a collaboration right. Many of these are discussed extensively in other guides, so we have not explored them in detail.

- **Have a mission-focused strategy.** Charities we spoke to said that in order to collaborate for impact, it needs to be very clear what partners are trying to achieve. *'The best collaborations are those with naturally aligned objectives. Whereas collaborations for funding bids can feel a bit more crowbarred in.'*
- **Be clear about things that are off-limits.** Our interviewees said that it can be very useful to work out lines in the sand before talks around collaboration get too far. Charities we spoke to had various conditions, including not running services at a loss, or not doing particular types of work.
- **Define the aim of the collaboration.** Once a specific collaboration is being discussed, it is important to define and agree its aims. This allows the partnership to keep referring to the aim as plans and circumstances change throughout the life of the collaboration, and to see whether it is still likely to deliver that aim.
- **Make sure the risks of the collaboration are understood by all parties.** Lead partners can sometimes assume everyone is happy with their level of risk tolerance. Charities need to be open about what needs to be worked on, and can make themselves more attractive to partners by thinking in advance about potential risks.
- **Make sure the right people are in the room to get agreement.** This can be more difficult for collaborations of different-sized organisations, where sign-off processes will differ.
- **Make sure the legal and due diligence frameworks are in place.** This will vary depending on the type of collaboration and contract. NCVO has some helpful guidance on this. If partners decide not to go through the whole due diligence process, the following questions must be answered:

  What are the overall objectives of the partnership?

  What are partners trying to achieve from the partnership?

  How much are partners willing to invest in the collaboration?

  What is the financial situation of partners?

  How will partners ensure that a quality service or product is delivered?
- **Work through the expectations of the work.** Charities stressed the importance of unpicking the assumptions entailed in the project, as this could often be a stumbling block later on.

Summary

Charities that wish to collaborate in order to achieve a social impact need to make sure they consider and implement four key principles:

- **Put beneficiaries first:** understand the range of services necessary to meet beneficiaries' needs and seek collaborations that can deliver them; think in terms of impact networks to keep the focus on the outcomes for people helped by the charity.
- **Understand the financial implications:** without an understanding of the true costs of a service it is impossible to price contracts correctly, which affects the entire charity.
- **Measure impact:** a good system for measuring impact is becoming an essential price of entry to effective collaborations.
- **Take culture seriously:** attitudes towards working with others and dealing with conflict can make or break collaborations.

Charities can help themselves by starting to work on some of these things before a collaboration is being seriously considered, so that they are collaboration-ready.

ISSUES FOR COMMISSIONERS

Commissioners play a fundamental role in incentivising and enabling successful collaborations. Good commissioning can encourage collaboration and help it succeed, while poor commissioning practice makes successful collaborations almost impossible. In the following section we highlight issues from our research that commissioners should consider when developing commissioning strategy and working out the practicalities of commissioning process.

Strategic issues

Encouraging collaboration

All the commissioners NPC talked to for this research said that they were encouraging collaboration amongst charities. Sometimes this was informal, and sometimes it was written into tender documents for which only bids from consortia would be accepted. The reasons for this encouragement were varied. Some felt collaboration would give charities an opportunity to learn from more 'professional' organisations; some felt it would result in a better outcome for beneficiaries; and some thought it was a way to cut costs. Each of these reasons is quite different and will incentivise different behaviour among charities.

The most important consideration when commissioning public sector services is whether an approach is the best way to help beneficiaries given the money available. Collaboration can be an effective way to organise services so that they best meet the needs of people with complex problems. Collaboration also has the potential to generate spin-off benefits that may be helpful to commissioners, such as building a charity's capacity or reducing costs. But achieving these additional benefits is not automatic – if they are amongst commissioners' objectives,they need to be properly considered and incorporated as part of a contract.

Collaboration to build capacity

Collaborations can be an innovative approach to building the capacity of the charity sector. One commissioner we spoke to said that she designed a funding stream to force charities to work with the private sector and get some informal capacity building from their partners, an initiative she felt had worked well. However, if capacity building forms part of the aim of a programme, this should be spelt out in the tender so that everyone involved is aware of the expectations. In Impetus's experience, private sector companies are not generous with their time if they are not being compensated for it, or doing it on a clearly pro-bono basis, so initiatives like this do not always realise the benefits commissioners hope for. To really work, the capacity-building element of a programme needs to be funded. Otherwise commissioners risk making it more costly for providers to deliver work; they may respond by not delivering to the quality expected.

Collaboration to cut costs

Collaboration can cut costs by leading to the redesign and rationalisation of services, or through promoting innovation. However, costs will not be cut through the act of collaboration alone – in fact, collaborations often add costs. Commissioners need to be realistic about the costs of collaboration and not assume they will be absorbed by charities. Charities can be suspicious that commissioners are trying to move costs from themselves to charities, sometimes with good reason. This transference of costs must be paid for somehow, either by charities providing a reduced service, or subsidising the contract from elsewhere.

Practical issues

Bring together charities

Commissioners have a role to help the charity sector overcome barriers to collaboration. They have a good oversight of local charities working in similar areas, so can facilitate charities coming together to talk about collaboration. This can happen in advance of a tender document. One commissioner told us what she had said to charities working in her local area: 'the funding environment is changing, and we cannot afford to fund all of you, so we are expecting you to find ways to work together.' In ideal circumstances, this warning would come a long time before the competitive commissioning stage, giving charities the time to get ready for collaboration, rather than having to scramble to form collaborations within the usually tight tender timescales. Once the commissioning stage is underway, commissioners can also let charities know about possible collaboration opportunities.

However, it is important that commissioners do not take their facilitation role too far. The decision about which organisations are and are not in a collaboration should be down to those involved. Although a commissioner may feel that a group of charities will be a good fit, in practice only the charities can decide this.

Provide a tendering process that helps collaboration

Some commissioning processes make it very difficult for good collaborations to happen. Short tendering periods hinder charities from putting together collaborations that they can be sure will work, with the right partners and enough consideration of the detail. If charities have to scramble to put together a collaboration that then does not perform, the result may be significant damage to the charity and its beneficiaries, and future collaboration may be discouraged. Commissioners can help charities by providing a tendering process that spans a long enough period of time for charities to be sure they have the right partners for the collaboration and work through all the steps to ensure success. They can also facilitate the identification of partners through transparent pre-competition dialogue and bidders events. This clearly has benefits for commissioners, and public service users, as well as charities.

Build in margins for sustainability

Commissioners can help charities manage the risks involved in collaboration if they are open to charities charging a price for their services that allows them to make a reasonable surplus. Many charities do not have reserves or cashflow that can help them be resilient in the face of unexpected events, or allow them to finance set-up costs for new contracts – yet as we have seen there are many unknowns and potential downsides to collaboration that place a financial burden on charities.

Whilst commissioners are generally happy for private sector contractors to price a margin on their work, and see that as normal practice, they can question the right of charities to do the same. It is only by making reasonable levels of surplus, just as a prudent business makes a reasonable level of profit, that charities will be sustainable. Commissioners urging sustainability but not accepting the need for charities to make a surplus from their contracts pursue a self-defeating strategy that reduces the number of options open to commissioners in the medium- and long-term, and one that treats charities less fairly than companies. They are also implicitly expecting charities to subsidise their contracts from elsewhere, whether that is their intention or not. We would advise charities to only pursue such a commission where there are pressing non-financial reasons for doing so.

Summary

Charities need structures and processes to support effective collaborations for public service delivery. Commissioners can help by encouraging charities to collaborate for impact, ensuring that tendering processes allow enough time for good partnerships to be put together, and that collaborations are properly funded. But commissioners also need to be clear and transparent about what they are trying to achieve, and their motivations for encouraging charities to collaborate.

CONCLUSION

Collaborations in the charity sector to deliver public services are happening more and more. But they are not always happening for the right reasons. When done with social impact in mind, collaborations can help a charity grow, become more efficient, and provide a better service for beneficiaries. However, if they are not done well they can become a resource drain, or even damage a charity's reputation.

NPC and Impetus have seen many collaborations work well, as well as many that have been derailed. While there are practical guides to help people through steps such as due diligence, in our experience there are four main areas that are not so well understood and are key to a successful collaboration.

- Collaboration must be centred on the needs of beneficiaries. Partners need to ensure that the interests of service users come first, and that they have worked out the best people to collaborate with to ensure the desired outcome for service users.
- Charities must thoroughly understand the costs and pricing of a service, so that finances do not derail the collaboration, and if possible, the collaboration can be used to build reserves and ensure resilience.
- Charities must have good evidence of impact, so that there are no concerns about the quality of partners, and so that the added value of the collaboration is understood.
- Charities must understand how organisational culture can help or hinder collaboration, and think about what can be done to prepare a constructive atmosphere ready for collaboration.

Working through these issues will help ensure that charities not only become collaboration-ready but enter collaborations for the right reasons, and maximise the social impact for the people the charity exists to help.

For further information on this research, please contact

Jenny North, Impetus Trust – jenny@impetus.org.uk

Angela Kail, NPC – angela.kail@thinknpc.org

REFERENCES

1 Joy, I and Hedley S. (2012) When the going gets tough: charities' experience of public service commissioning. New Philanthropy Capital

2 http://www.ncvo-vol.org.uk/advice-support/collaborative-working/information-and-tools

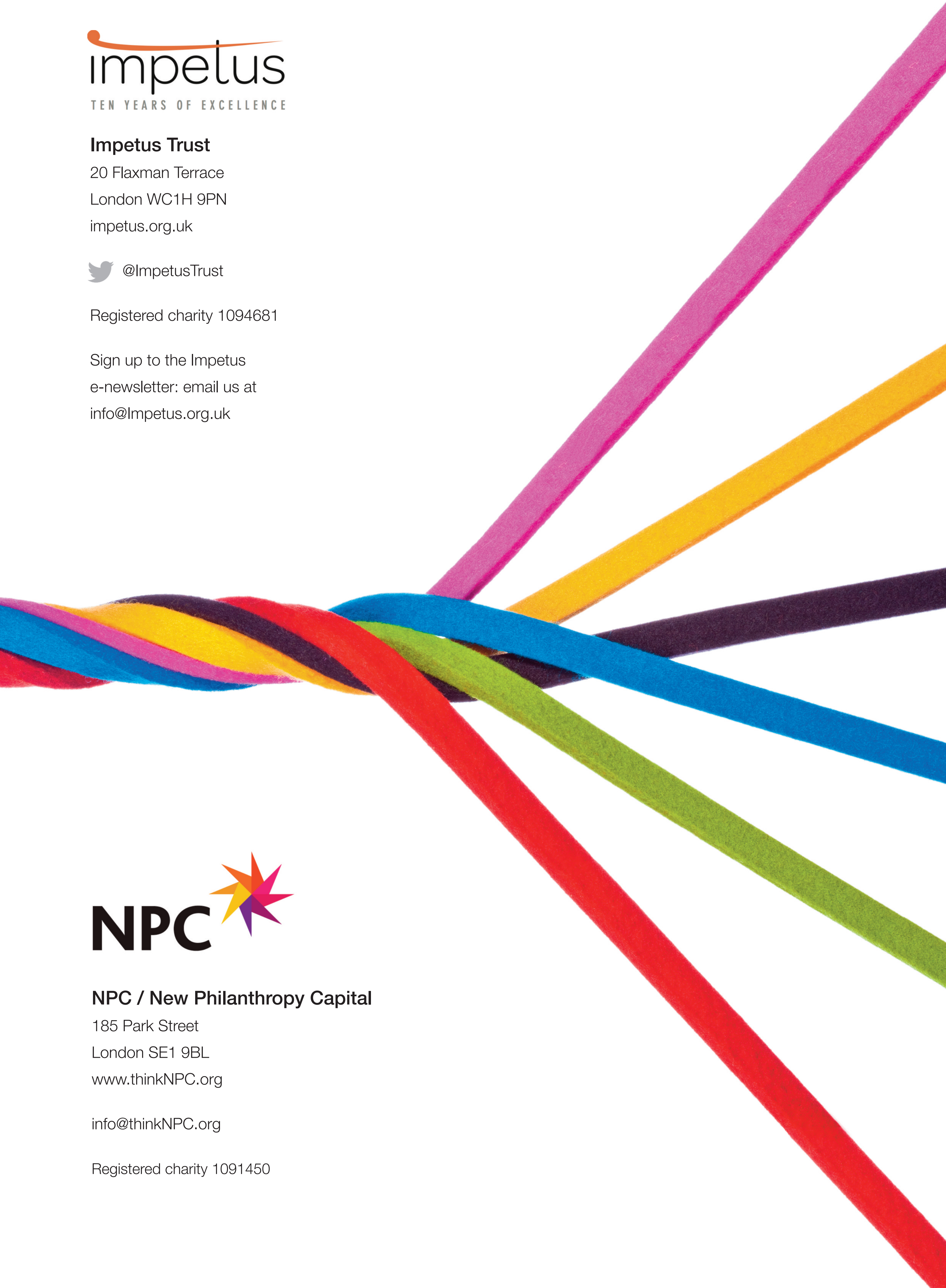
3 Charity Commission (2009) Choosing to collaborate: Helping you succeed

4 ACEVO (2010) Collaborative working models for winning public service contracts

5 Joy, I and Hedley S. (2012) When the going gets tough: charities' experience of public service commissioning. New Philanthropy Capital

6 Abercrombie, R., McDowall, A. and Bailey, S. (2008) Audit Commission Procuring through Partnerships: Final report, RSe Consulting

NPC impetus Turning around more lives



Impetus Trust
20 Flaxman Terrace
London WC1H 9PN
impetus.org.uk

@ImpetusTrust

Registered charity 1094681

Sign up to the Impetus
e-newsletter: email us at
info@Impetus.org.uk

NPC / New Philanthropy Capital
185 Park Street
London SE1 9BL
www.thinkNPC.org

info@thinkNPC.org

Registered charity 1091450