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Partnership and Procurement

Jargon Buster

A frequent complaint from busy community/voluntary organisations concerns the amount of jargon, acronyms and other gobbledegook they have to understand. This Jargon Buster aims to clarify some of the terms you are likely to meet if you get involved in partnership and procurement.

Collaboration: see Partnership

NCVO has an excellent source of information on collaboration at: www.ncvo-vol.org.uk/advice-support/collaborative-working

Commissioner: see also Commissioning

The person/organisation responsible for initiating and co-ordinating the *commissioning cycle*. Public services are generally commissioned by statutory agencies.

Commissioning

The process of identifying and assessing the needs of a group of people (e.g. mental health service users), agreeing what service is needed to meet those needs, allocating the financial resources to meet those needs and subsequently reviewing the impact of that provision. You may see the phrase *commissioning cycle* which includes the following stages:

- what is the need, what type of service will meet it and how much will we spend? **PLAN**
- which organisation(s) will provide the service? **PROCURE**
- how effective is the service? **MONITOR**
- has the need been met? Are there ongoing or additional needs? **REVIEW**



Commissioning cycle: see Commissioning

Consortium

Forming a consortium is a popular approach to working in partnership to provide services. A consortium can be formed by creating a separate legal entity in which each partner has a share, or by one of the partners agreeing to act as the lead agency or accountable body. Community/voluntary organisations considering consortium formation are recommended to contact HAVCO for further information.

Contract: also see Grant

A legally binding agreement between two parties where one undertakes to do something which has been specified in the contract, and which is of benefit to the other. In the community/voluntary sector this usually means that an organisation provides a service to the public in return for payment from a *statutory agency*. In the event that either party fails to adhere to the contract they may be liable to pay compensation (n.b. in addition to forfeiting the contract). A written contract document (signed by both parties) normally consists of a specification (i.e. describing the services to be provided) and the terms and conditions (e.g. when it starts/finishes, how often payments will be made etc.). Value Added Tax (VAT) issues may arise where a service is provided 'under contract' rather than through grant-funding.

Grant – also see Contract

A sum of money given to a community/voluntary organisation by a statutory agency or charitable trust fund enabling them to provide services. The organisation receiving the grant is required to return any unused money to the grant-giver. Any community/voluntary organisation replacing grant-funding with a contract for services needs to fully understand the implications of the important differences between grant and contract funding. VAT issues do not arise.

Invitation to Tender (ITT)

An invitation for bidders to submit written proposals relating to how they would provide the services that are required. The ITT is likely to contain detailed information about the service that is out to tender – service specification – as well as important ancillary information such as terms of contract details etc.

Merger

This is the process when two or more organisations come together to operate as a single entity. Merger may follow a period of close collaboration/partnership but is not inevitable. Any community/voluntary organisation considering a merger should check with the Charity Commission and its governance document (i.e. does it give the trustees the power to merge). Merger is a significant step for an organisation and the trustees need to consider taking legal advice. A due diligence assessment of their merger partner(s) is essential.

Partnership

Partnerships involve working with other people who share your aims and ideas to achieve a common purpose. Grant-givers increasingly want applicants for funding to show that they are working in active collaboration with other organisations rather than in isolation. Partnerships have varying degrees of formality and many of those in the community/voluntary sector are quite informal. Organisations which want to bid in partnership for commissioned work are likely to need formal written agreements which may be legally enforceable. Whilst it is relatively easy to enter into an informal partnership, your organisation will need to take much more care before entering a formal agreement.

Procurement – see also Commissioning

The stage of commissioning where it is decided which organisation(s) will provide the service through a *procurement process* (n.b. can consist of several stages). Any organisation interested in providing a service will need to fully understand the procurement process to be followed. Procurement focuses on the buying and selling of services and goods and may be likened to shopping.

Pre Qualification Questionnaire (PQQ) – see also Invitation to Tender

In a two-stage procurement process this is used in the first stage to identify which organisations meet the basic eligibility requirements of the *commissioner*. The PQQ is intended to establish the financial capacity and management experience of an organisation. Success at the PQQ stage is followed by an *invitation to tender* but there is no guarantee that a contract will be awarded. Meeting the requirements of the PQQ may be one reason for community/voluntary organisations work in collaboration (n.b. partnerships are sometimes excluded at the PQQ so important to check!). The PQQ is a 'gateway' process – failure at this stage means that an organisation cannot bid to provide services.

Service Level Agreement (SLA)

These are often used by statutory agencies to specify what services will be provided by a community/voluntary organisation which is receiving a grant. SLAs combine elements of both grant and contract funding and it is worth asking the funder to clarify this.

Statutory agency

Statutory agencies are created by parliament and exist by law. Local councils, primary care trusts and the Police are examples. They have statutory obligations created by law and non-statutory/discretionary commitments. Statutory agencies may choose to meet their statutory obligations by commissioning services from the community/voluntary sector.

A more comprehensive glossary of terms can be found at:

www.ncvo-vol.org.uk/advice-support/public-service-delivery/glossary-of-procurement-and-commissioning-terms

This briefing is intended to facilitate engagement between the community/voluntary sector and commissioners. If it contains any errors or omissions, please let me know.

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