

BRIDGEND COMPACT

COMMISSIONING

(Including Funding, Procurement, Resource Allocation)

DRAFT CODE OF PRACTICE

Introduction

The Bridgend Compact is a partnership agreement which supports strategic working relations between the third sector and the public sector in Bridgend County.

It is written in a spirit of mutual respect and understanding and provides a framework for developing shared aims and objectives to improve the quality of life of people in the local community and to provide them with effective support.

The Compact Implementation Plan (to be developed following adoption of codes of practice) will set out the objectives that support continuous improvement and development relating to the Compact themes. This is one of the Codes of Practice that has been produced by the Bridgend Compact Liaison Group.

What is Commissioning

The public sector is moving towards a 'commissioning' model, by which it means that it will identify the services it wishes to buy from the third or private sector.

Commissioning has been defined by the Audit Commission as follows:

“the process of specifying, securing and monitoring services to meet people’s needs at a strategic level. This applies to all services, whether they are provided by the local authority, NHS, other public agencies or by the private or voluntary sectors”.

What is Procurement

Procurement is defined as:

“the process of acquiring goods, works and services, covering both acquisition from third parties, and from in-house providers. The procurement process

spans the whole cycle from identification of needs through to the end of a services contract or the end of the useful life of an asset”.

Funding/Resource Allocation

Funding is defined as “a sum of money or other resources set aside for a specific purpose” whilst resource allocation is “the process of allocating resources across various projects or business units”.

Who is the Code for?

It is to be used by those people in Bridgend County involved in commissioning activity of third sector organisations.

FUNDING AND RESOURCES

The statutory sector in Bridgend County recognises the third sector deliver high quality services which compliment or are additional to public services. This element of the Code seeks to strengthen relationships and improve opportunity for providers in the third sector to enhance their business models and develop the technical skills required to respond to the challenges in commissioning.

Definitions of Agreements

Almost invariably payments from statutory sector to the third sector will be made under an agreement of some kind. Terminology can differ between and within organisations but essentially the whole process is to ensure the funding is spent appropriately and within the agreed specification. For this code of practice the distinction between the two most commonly used agreements is described below:

Contracts – a legally binding agreement and is generally used in situations where services are delivered externally or through another organisation or agency.

Service Level Agreements (SLAs) – A signed agreement between two parties where a service is provided for an agreed financial contribution.

Definition of Full Cost Recovery - A method of identifying and allocating costs which ensures that price reflects the full costs of delivering the specified service or project, including a legitimate proportion of overhead costs. An element of each type of overhead cost should be included, which should be allocated on a comprehensive, robust and defensible basis. These must be

appropriate to the specific service being commissioned and take into account any existing contractual arrangements between the commissioner (or commissioning partners) and the provider.

Decommissioning - The withdrawal of funding and termination of a contract with a provider for a specified service during the life of that contract.

Commissioning Principles

Public services organisations in Bridgend aspire to work positively with each other to plan and deliver services for the benefit of citizens and communities, underpinned by the following principles:

- **Improved outcomes** for citizens based on a thorough assessment of needs;
- **Responsiveness** to changing patterns of need in local communities;
- **Engagement** with service users, families, carers and communities;
- **Accessibility** through service delivery which enhances equality and promotes inclusion;
- **Proactive approach** including a shift in focus towards prevention, early intervention, addressing social exclusion and promoting independence;
- **Value for money** based on robust business process;
- **Partnership** working to deliver the best services for citizens;
- **Innovation** in service design and delivery;
- **Sustainable service models** in economic, social and environmental terms;
- **Integration** of planning and delivery including joint commissioning and pooled budgets;
- **Accountability** through a framework that achieves clear lines of decision making and reporting;
- **Clear, consistent and transparent** commissioning processes.
- **Mixed Economy of provision** - Shape services to compliment the support and care provided by families and unpaid carers.

PRINCIPLES FOR COMMISSIONING THIRD SECTOR SERVICES

Local public sector organisations are committed to operating an effective and sustainable funding framework for the third sector based on sound decision making and effective relationships, and underpinned by the following principles:

Delivery of strategic policy objectives

Acknowledgement of the role the third sector can play in delivering these through innovative solutions and often being able to reach groups that public sector organisations cannot.

Respect for the third sector's independence

Recognition that third sector organisations have a right to exercise independence irrespective of funding. This should be in line with their governing document and based on the best interests of the organisation and the needs of its beneficiaries.

Early and constructive dialogue

All sectors should be given the opportunity to discuss proposals well in advance of the formal application deadline and early in the budget planning cycle.

Timely decisions

Wherever possible, written notification of in principle grant approvals for each financial year by 31 December of the preceding year and written confirmation of grant approvals by February following budget setting. In exceptional circumstances where this is not possible, notice should be given of an alternative timescale by 31 December.

Security of funding

Longer term commitments, subject to performance, to support a sustainable approach to funding up to 3-5 years for strategic core funding and commitment for the life of any specific projects which are funded, providing firm year one funding and clear baselines for subsequent years. A three year funding commitment will be given where possible. Third sector organisations will be provided with an explanation where this is not possible.

Fair funding levels

Levels of funding for the sector should be determined no differently than for other sectors or agencies in relation to planning for inflation and growth. Where the funding stream permits it, increases for inflation and growth should be allowed.

Full Cost Recovery

Levels of grant funding will be based on, and reflect the principles of, Full Cost Recovery; and the significance of submitting bids on the basis of Full Cost Recovery principles should be made clear to third sector organisations.

Fair Procurement

The level of required disclosure on pricing and its relation to costs must be consistent across all potential providers. All providers will be required to provide detailed costs in tenders and quotations to ensure that commissioners are able to assess suitability and see, up front, all costs that have been factored into the full cost recovery calculation. Commissioners will be aware that they are procuring a service where success is based on results and if successful, regardless of changes in cost structure, successfully tendered organisations will not be subject of claw-back.

Payment in advance

Consideration will be given to the provision of advance payment of grant where a clear financial need is demonstrated, subject to the requirements of the source funding. In order to ensure a fair distribution of risk, access to third sector financial records may be required.

Fair and reasonable treatment

Including prior discussion and reasonable notice before any policy changes or decisions that may lead to withdrawal or significant reduction of grants; reasonable timescales; and proportionate processes.

Joint approach to monitoring and evaluation

The simplest outcomes-based procedures consistent with ensuring proper use of public funds.

Robust and fair decommissioning processes

Decommissioning will take place in the context of clear commissioning plans which clearly establish a business case for decommissioning proposals. Decommissioning will be undertaken with fairness, and transparency. It will be well planned and decisions timely, with commissioner and provider working together to ensure robust risk management that ensures continuity of care to service users.

Who does what best

Commitment to identifying where the third sector might take the lead in, or contribute to, the implementation of new policies, and ensuring that appropriate funding mechanisms are in place.

Mediation and Disputes Resolution Process

A commitment to make appropriate use of the Bridgend Compact Mediation and Disputes Resolution process to resolve any disputes arising from commissioning.

Infrastructure support

Recognition of the importance of, and need to resource, a local third sector infrastructure to underpin the third sector's coordinated involvement in commissioning.

Implementation and Monitoring

This Code of Practice will be circulated to all partnerships in Bridgend County.

The Local Service Board will promote the Code and make reference to it as appropriate.

This of one of the Codes of Practice that has been produced by Bridgend's Compact Liaison Group.

Its implementation will be monitored and reviewed as part of the Compact Implementation Plan. Any issues arising from the Code that are considered through the Compact Mediation and Disputes Process will also be monitored by the Compact Liaison Group.

Supporting Documents

- The Bridgend Compact 2011
- Code of Practice on Partnership
- Code of Practice on Training
- Code of Practice on Volunteering
- Mediation and Disputes Resolution Process