

Routes2 Sustainability



**FINDING YOUR WAY
WITH COMMISSIONING**

TRAINING PACK



Contents

Introduction	4
Understanding Commissioning	6
Commissioning from a standing-start: the 6 step process	10
Step 1: Find the tender	11
Step 2: Know the terrain	13
Step 3: Why us? (The monopoly question)	15
Step 4: Prepare your portfolio	17
Step 5: Commit and plan	18
Step 6: Establish a working relationship	19
Conclusion	19
Appendix	20
Good Practice Self Assessment	21
SWOT Template	22
Identifying your USP	23
Tender Evidence Checklist	24
Prioritising your tender evidence	25
Planning your response to the tender specification	26
How will your tender be assessed?	28
Ten (actually 21) essential strategic questions that every trustee should ask ... on commissioning	29
Bibliography	31
Notes	30

Introduction

The funding landscape is changing and Third Sector Organisations (TSOs) need to make informed – and strategic – choices about how to fund their activities in the future. Commissioning is just one route that your organisation can take on the road towards ‘destination sustainable funding’.

The way in which statutory funders (such as Local Authorities and NHS Trusts) transfer financial resources to TSOs has been changing for some time, with contracts clearly being favoured over grants:

Contract income to TSOs has increased by £5.1 billion in 7 years, and it now stands at £9.1 billion (2007/08)

Grant income to TSOs has decreased by £400 million in 7 years, and it now stands at £3.7 billion (2007/08)

Source: The UK Civil Society Almanac 2010 (NCVO)

Third Sector leaders have been talking about the 2011 ‘cliff’. In April 2011, the current round of public spending will come to an end, so it’s the ‘crunch year’ for contracts. TSOs need to ensure that they are in a position to respond to a funding culture of commissioning, outcomes-based funding, community-driven initiatives, collaboration and consortia, and a business-like approach to fundraising and organisational management. In short, you need to position your organisation as one which is ‘fundable’.

A sustainable fundraising strategy – of which commissioning should form a part – begins with planning. It involves diversifying your income streams, so that you spread the risk if one source comes to an end. It also includes a mix of both restricted and unrestricted funds – offering you a greater freedom of action.

Getting to the heart of the matter

Engaging with the local commissioning process is about the journey, not just the end destination. Every organisation’s journey will be individual. The journey will help you to get known by commissioners, ensure that you have the essential policies and practices in place that funders are looking for, secure the delivery of fit-for-purpose services that your beneficiaries need, and give you a ‘track record’ to build into future funding strategies and projects. When you’ve been through the commissioning process once, it will be ‘plainer sailing’ after that. And, aside from providing the impetus to help your organisation work smarter, why is it so important? Because funders are expecting more ‘bang for their buck’ – and working through what’s needed to be commission-ready will help you to give funders more ‘bang’.

However, if you’re going to engage with commissioning, you need to embrace it. You can’t do it half-heartedly as it will involve a lot of work. That’s the reality. It has to be an informed choice. This training pack, will help you to make that informed choice.

In order to make an informed choice about commissioning, you will need to ensure that you fully understand the process and what will be asked of you. There is a bibliography of some useful resources at the back of this guide, which will help you to gain a more in-depth understanding of commissioning.

Getting the backing of trustees should be your first step, and you may find the Ten Essential Strategic Questions that every trustee should ask on commissioning, useful. Additionally, make sure that you speak to other TSOs who have been through the commissioning process, and will be able to give you the 'insiders' account.

Before you proceed on your commissioning journey – wherever it may take you – you need to open your mind to the possibilities and be prepared to start doing things differently and doing different things!

Income sources

The table below offers just one way of classifying income sources. A sustainable fundraising strategy should incorporate all 5 areas.

Type	Description	Where to look
Community fundraising and individual giving	Unrestricted donations	Fundraising events; sponsored events by individuals; legacies; gift aid
Corporate support	Unrestricted donations or grants	Payroll Giving scheme; corporate sponsorship (publications, events, projects, equipment); supermarket charity of the year; grants for a specific local project
Grants	Subsidies for specific activities	From charitable trusts; the Lottery; Heritage Lottery Fund; EU funding; grass-roots grants and Local Authority Small Grants schemes; or through the commissioning process
Contracts	Contracts, often to deliver public services	Through the Local Authority; Central Government (and other government agencies); the NHS; key public services (eg police)
Trading / earned income	Unrestricted funds, either through the charity or a trading subsidiary	Earning income through selling your product; transferring your skills; or through unrelated income generators, such as charity xmas cards. Make sure you know the rules first! The Charity Commission website is a good place to start

Understanding Commissioning

What is commissioning?

Commissioning is the entire process of assessing the needs of a community or client group (having consulted with organisations and individuals), working out how best to fulfil those needs, and subsequently designing (a 'specification') and securing (through the procurement process) the provision of that service to the client group or community.

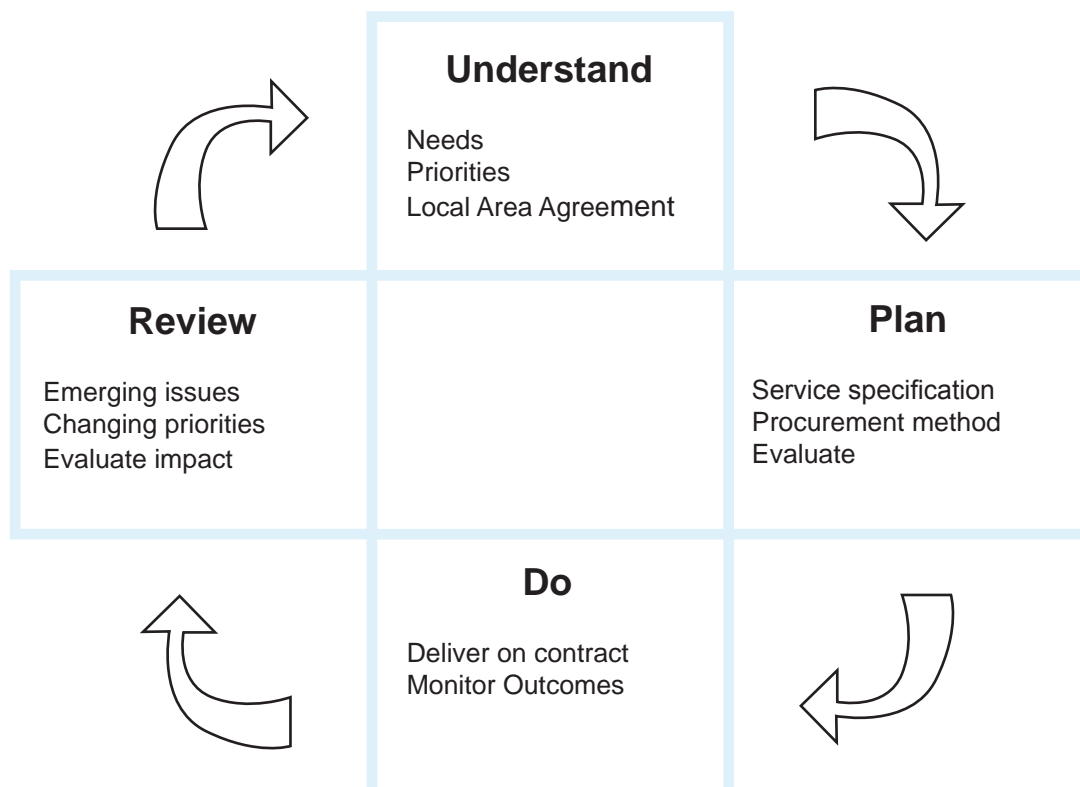
The commissioning cycle involves:

1. Assessment (or reassessment) of need;
2. Identifying resources
3. Planning how to use resources
4. Arranging service delivery through a procurement process (a contract or a grant, for example)
5. Monitoring and reviewing service delivery

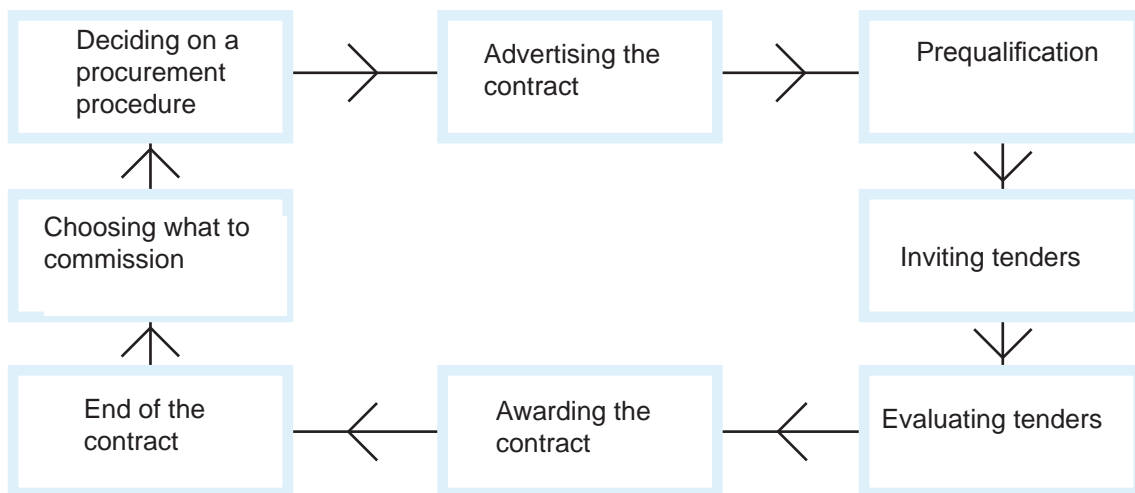
Source: Race on the Agenda: Policy Briefing (issue 24)

Put even simpler, commissioning is a cycle of **Understand – Plan – Do – Review**

The commissioning cycle in a nutshell



The stages of a 'typical' procurement process



Source: 'Pathways through the Maze' (NAVCA and NCVO)

There are four different ways to carry out the tendering process (if the funding agency decides that this is the best procurement option):

- 1. Open:** The tender is open to anyone who expresses an interest
- 2. Restricted:** Organisations interested in applying will first need to complete a Pre-qualification Questionnaire (PQQ). Only those meeting the commissioner's criteria will be invited to tender (minimum of 5)
- 3. Competitive dialogue:** This works in the same way as the restricted process, but allows for a dialogue phase during which the potential service provider can discuss aspects of the contract with the commissioner
- 4. Negotiated:** This is used when the commissioner is unable to provide a precise specification and where there is scope to negotiate with organisations about what services they can provide (but not the price!)

Most contracts are awarded using the restricted procedure, under which:

- ▶ A notice is placed in the Official Journal of the European Union (OJEU) advertising the contract
- ▶ Bidders fill out the PQQ, which the authority uses to find out who meets all the requirements in order to be able to deliver
- ▶ The contracting authority selects which bidders will be invited to tender for the contract (based on the PQQ) and issues an Invitation to Tender (ITT) to those organisations
- ▶ Tenders are returned, clarified and evaluated
- ▶ The contract is awarded, unsuccessful tenders debriefed and the contract is signed

Getting involved

A 'fit for purpose' commissioning process relies on the 'involvement' of the Third Sector in feeding in information on the needs of beneficiaries in order to inform what actually gets put out to tender. Getting involved with commissioning is not just about waiting for tenders to be advertised and then submitting a response. Organisations need to be proactively involved at the Understand and Plan stage.

How can you influence the commissioning process?

- ▶ The securing of tenders should be viewed as part of a long-term relationship with commissioners. Devise a strategy for how you will engage with commissioners
- ▶ Get known by the commissioners by contributing your knowledge of local needs
- ▶ Market and communicate your successes. Invite commissioners along to event that you run, and contribute 'good news stories' to the local press and the Wigan Council website
- ▶ Whenever possible (and relevant), respond to Council strategy papers and consultations
- ▶ Attend events – such as 'meet the commissioner' events – with the intention of getting to know commissioners and what tendering opportunities are on the horizon
- ▶ Consider forming a consortium of other TSOs, in order to speak with a stronger voice

Fact or Fiction?

Here are some of the commonly-held misunderstandings about commissioning (and some of the facts):

Fiction!

Commissioning is a separate process to providing grants

Although commissioning is generally used for choosing contracts, it is actually an overarching process for designing the delivery of services. If needs would be best met by securing the provision of a service through providing a grant, then this is what can be offered.

Fact!

A grant is a lump sum of money that is essentially a gift. It does not have a legally binding status

The funder can set out terms and conditions – but a grant does not give rise to a legal relationship between two parties. With a contract, the relationship between the two parties (the funder and the provider) is defined by contractual law.

Fact!

Failure to meet the contract can result in a claim for damages worth more than the contract itself

It is very important that you read and understand the conditions of the contract, as once you have submitted a tender, you will be bound by them. You will also need to consider the structure of your charity. If you are an unincorporated company, then your trustees will face personal risks. In order to limit your liabilities if something goes wrong, you may need to look at becoming a Charitable Incorporated Organisation (CIO) or incorporated as a company limited by guarantee.

Fiction!

Public bodies are allowed to give priority to local providers

This goes against the one of the EU Treaty Principles that all contracts must adhere to: that of free movement and non-discrimination. It is difficult for a contracting authority to specify a need for local knowledge without also being discriminatory – as this would potentially favour local providers unfairly. However, although 'local knowledge' can not be requested or required, TSOs may well be in the best position to demonstrate an in-depth knowledge of users' needs. This is part of their 'added value'. For reference, the other three EU Principles are: fairness, transparency, proportionality.

¹ Please note that the launch of the charitable incorporated organisation (CIO) - a new legal form for charities - has been delayed. It is now not expected to become available until late this year or early 2011. For more information, see: www.charity-commission.gov.uk/Start_up_a_charity/Do_I_need_to_register/Charitable_Incorporated_Organisations_index.aspx

Fiction!

In 2008, Wigan Council procured goods, works and services to the value of £21 million

This figure actually stands at £210 million, as taken from the Council's Corporate Procurement Strategy.

Fiction!

Any potential bidder is allowed to submit a tender to carry out the work advertised

There are four different procedures which local authorities (and other public bodies) can choose between in tendering contracts. Whilst the 'open procedure' allows any potential bidder to express an interest, ask for the contract documents and bid (and the authority then evaluates all the bids it receives); the 'restricted procedure' requires organisations to submit a Pre-Qualification Questionnaire (PQQ). Only those that meet the requirements and are short-listed are then able to submit a tender.

Fact!

Methods for monitoring performance and Quality Assurance schemes are required in order to pre-qualify for submitting a tender

The Invitation to Tender (ITT) document provided by the funding body will set out what is required. In the vast majority of cases, performance monitoring and quality assurance schemes will be required - along with other policies, referees, three years audited accounts and CVs of staff carrying out the work.

Fiction!

Tenders will always be evaluated according to who can offer the cheapest price for service delivery

Under the EU procurement rules, contracts can be awarded to the bidder that offers either the lowest price or the most economically advantageous tender (known as MEAT). This can take into account price, quality and environmental and social criteria. Evaluation criteria and weightings must be set out clearly in the Invitation to Tender, and used consistently throughout the tender evaluation.

Fact!

TSOs can influence the commissioning process

Third Sector Organisations can help the public body decide what needs to be commissioned, by feeding in information (and evidence) on user needs. TSOs can also attend events the public body hosts with the intention of getting to know the marketplace. This all depends on establishing a good dialogue with the Local Authority or other public body.

Fact!

The commissioning agency has a right to insist on the transfer of staff from the current service provider into that of the successful bidder

The Transfer of Undertakings (Protection of Employment) Regulations 2006 – TUPE – is essentially a piece of legislation protecting the right of employees, currently delivering the service for the commissioning body. This means that if TUPE is being applied to a specific contract then you will have to take into account that staff will be transferred across, and this will clearly have an impact on how you cost service delivery. You will need to consider pension arrangements and how staff can be integrated into your organisation. If TUPE is being applied to a contract then it should be implicit in the tendering process – but you may well need to seek appropriate professional advice.

Fact!

You will need to consider your carbon footprint when submitting a tender

National targets to reduce CO2 emissions by 26% by 2020 and total greenhouse gas emissions by 80% by 2050 are being passed on to Local Authorities and government departments, so TSOs delivering services should begin to consider their carbon footprint.

Fiction!

Charities are allowed to apply for funding to deliver services that are outside their objects and powers

However tempting it might be to follow the funding opportunity, the decision whether to engage in public service delivery should always be governed by your charity's mission, objects and powers. Trustees have a responsibility to ensure that the charity is solvent and well-run and delivers the charitable outcomes for the benefit of the public for which it was set up. Changing the charity's objects is a legal process. Beware of mission drift!

Commissioning from a standing start: the 6 step process

At first glance, getting involved with the commissioning process can seem a messy process and somewhat daunting. If you're getting involved with commissioning for the first time, this six-step process is intended to provide a pathway through the maze. It is important to remember that underpinning this six-step process should be a relationship with the commissioner and Local Authority departments - and the backing of your Board of Trustees.

1. Find the tender.

It is important to have something to aim for. In order to 'find the tender', you need to know where to look (in terms of websites and publications), but also where to be (in terms of networks and relationships).

2. Know the terrain.

Get to the bottom of why the tender is being commissioned. What is the problem that the funder is looking for the (innovative) solution for? Research local plans and priorities, and know your National Indicators.

3. Why us?

This is the million dollar question – if you can't answer it, then proceed no further. What added value can you bring? What track record do you have? What outcomes can you deliver on? What are the risks and opportunities? Who are your competitors?

4. Prepare your portfolio.

Know what you need to have in place in order to be commission-ready. This will include insurance policies, audited accounts, referees, a risk strategy and staff CVs. Remember that, if successful, you will be signing a legally-binding contract. Can you really deliver?

5. Commit and plan.

Get a team together to work on your tender submission, ensuring that you have set aside enough time to do yourself justice. Use a critical friend to read through your tender. Be a SMARTIE in your response! (See page 18.)

6. Establish a working relationship.

A signed (successful) contract to deliver is just the beginning. A 'working relationship' with commissioners is one that 'works' for both parties and that 'works through' sticking-points as they arise through open dialogue with each other. This just be the start of a 'beautiful relationship' and further funding opportunities.

Step 1: Find the tender

Where do you start? Your first step has to be to find something to aim for and to go for! This will help commissioning to feel 'real' to you, and will enable you to see first-hand what's expected in order to become commission-ready.

There are two strategies to find out what tendering opportunities are out there:

- ▶ **Knowing where to look**
- ▶ **Knowing where to be**

Knowing where to look

- ▶ Wigan Council website pages. The Working Neighbourhoods Fund includes a page for 'Open Commissions':
www.wigan.gov.uk/Services/BusinessRegeneration/RegenerationInitiatives/Worklessness/OpenCommissions.htm
- ▶ Look through the Local Area Agreement and corresponding Action Plans to get a feel for what might be commissioned to meet targets. You will find all the key documents related to the worklessness agenda for Wigan borough here:
www.wigan.gov.uk/Services/BusinessRegeneration/RegenerationInitiatives/Worklessness/KeyDocuments.htm
- ▶ The government's supply2gov website is deemed as the "first portal of call" for low value contract opportunities:
www.supply2.gov.uk
- ▶ Funding Central is a free website highlighting thousands of funding and finance opportunities for Third Sector Organisations. Even if you do nothing else, register for this FREE website and search facility:
www.fundingcentral.org.uk
- ▶ All contracts with a value exceeding EU financial thresholds must be published in the Official Journal of the European Union. You can access and search for tenders through Tenders Direct, a specialised tender information service:
www.tendersdirect.co.uk

Knowing where to be

- ▶ Become a member of Wigan and Leigh CVS:
www.cvswl.org
- ▶ Get to know the lead commissioners within the Council departments. A good place to start is by accessing a recent or open commission, and seeing who the lead contact is for the commission

- ▶ Make contact with a member of the Local Strategic Partnership Board (LSPB). The Board has the responsibility of the overall performance of the Sustainable Community Strategy and the Local Area Agreement. You may find it useful to scan through minutes of previous meetings: www.wiganlife.com/Partnerships/PartnershipWorking/LSPB/
- ▶ Township forums are non-political local strategic groups, who contribute to the development and delivery of the Sustainable Community Strategy and Local Area Agreement. Find out more: www.wiganlife.com/Townships/
- ▶ Community Networks ensure that the voice of local communities is heard and provide an opportunity for community knowledge and experience to be valued and listened to: www.enwal.org/
- ▶ As part of the Worklessness Strategy for Wigan, Pauline Birchall is the Community Outreach Engagement Coordinator. Her role is to coordinate activity, develop referral mechanisms, and develop new ideas and approaches for engaging individuals and communities: Pauline.birchall@wigan.gov.uk
- ▶ Network, network, network at events within the borough. See the box on 'influencing the commissioning process' on page 8 for more ideas
- ▶ Keep in touch with the Building Trading Capacity Project: www.routes2sustainability.org

Step 2: Know the terrain

Knowing the terrain involves:

1. Researching
2. Questioning
3. Consulting

Researching

Having identified the tender you wish to go for, you need to familiarise yourself with the local landscape. This will include knowing:

► The National Indicators that the tender impacts upon. The tender specification will more than likely list these National Indicators (such as % 16 to 18 year olds who are not in education, training or employment – NEET). However, it's a good idea to familiarise yourself with the Local Area Agreement, which sets out the local priorities agreed with central government:
www.wiganlife.com/Partnerships/PartnershipWorking/LocalAreaAgreement

► It will score you extra 'brownie points' if you can link your planned activities to not just the targets directly affected by your activities (primary targets) but other National Indicators which may improve as a knock-on effect.

► You should find everything you need on the Wigan Life website. This includes the Local Area Agreement; information (and minutes) of the key Partnership meetings; the Compact; and the local information system (which gives easy access to local statistics):
www.wiganlife.com

► The Township Forum pages provide invaluable information on the health profile of the township; performance relating to key indicators; and results of local surveys. For an example, see
www.wiganlife.com/Townships/Leigh

► Read up on the 'What makes Wigan work?' Action Plan and Commissioning strategy, available from:
www.wigan.gov.uk/Services/BusinessRegeneration/RegenerationInitiatives/Worklessness/KeyDocuments.htm

► The Council's Corporate Procurement Strategy defines the role of procurement in delivering the vision set out in the Wigan Community Plan:
www.wigan.gov.uk/Services/BusinessRegeneration/CouncilProcurement/procurement-strategy.htm

Knowing your National Indicators is essential as these are the OUTCOMES that you need to help achieve through the work that you do in the borough.

Questioning

Commissioning top tip! Look beyond what the Invitation to Tender sets out in terms of the project specification. Look at what is being tendered for and rephrase this specification as a problem for which the commissioner is looking for an innovative solution. Your tender submission should then focus on setting out how you will solve this problem.

Innovation is essential! Try to find ways of doing different things and doing things differently. You can't do things differently until you see things differently.

Consulting

Central to the success of your tender response will be how you involve beneficiaries in the design and delivery of your offer. Your services should be co-created in partnership with your service-users. This is important for a number of reasons:

- ▶ Service-users are often the best sources of innovation
- ▶ The funder will be reassured that what you are offering is fit-for-purpose since the users themselves have had a hand in shaping it
- ▶ There is more of a guarantee that you will meet your outcomes since the very people who have helped shape your offer (and who, therefore, feel some ownership of it) can be used to 'recruit' their peers
- ▶ The days of a 'one size fits all' and 'top-down' service are long gone! Instead, personalisation and co-production are the order of the day. (See box below.)

Personalisation means ensuring that services fit the person, rather than the person fitting the service. It's about being user-focused rather than resource-led. The underlying principle is the development of a culture and the tools to enable people to take greater control of their lives and the support they receive. For more information, see:

www.ncvo-vol.org.uk/advice-support/public-service-delivery-network/papers-and-articles

Co-production is the process whereby service users work alongside professionals as partners in the delivery of services. It's about recognising people as 'assets' and building on their existing capabilities and establishing mutual responsibilities between professionals and the public. For more information, see

www.nesta.org.uk/home/assets/features/public_services_inside_out

Step 3: Why us? (The monopoly question)

Why us? If you can't answer this question, then you should not be passing "go" and you will not, therefore, collect your £200!

The most fundamental part of this question is: what difference will winning the tender make to our beneficiaries? Since this is the very reason that your organisation exists, isn't it? However, in seeking a definitive answer to this question, you will also need to consider:

- ▶ **Who are our competitors?** Who else might be submitting a tender and what can we offer that's different?
- ▶ **What are our strengths, weaknesses, opportunities and threats (SWOT analysis)** – not only in terms of the tender submission (what you could offer in response) but in terms of the commissioning process itself?
- ▶ **What added value can we bring to the tender?** What do we have that goes above and beyond simply meeting the tender requirements?
- ▶ **What's our track record like in this area?** Can we prove that we are the organisation 'for the job' and convince the funder / commissioner that we are a low-risk investment?
- ▶ **What outcomes do we know we can confidently meet** (because of the trusted relationship that we have with our beneficiaries)?
- ▶ **Is there another partner** (or partners) who can help us to 'reach the parts that we cannot reach'?

Answering these questions will not only help you decide if you should proceed, but you will be able to use this essential 'groundwork' in your tender submission. For example, you will need to include a risk strategy, as well as set out your track record and the added value that your organisation can bring.

Conducting a SWOT analysis

A SWOT analysis is used by organisations to help establish Strengths, Weaknesses, Opportunities and Threats. It will provide a framework to help you make a strategic response to the Invitation to Tender. Note that Strengths and Weaknesses are internal factors which are controllable by the organisation (such as a strong brand name or a lack of experience); whereas opportunities and threats are external factors which are largely uncontrollable by the organisation (such as a growing market or changes in government policy).

Added value

Here is a 'starter for ten' to get you thinking about the 'added value' that your organisation might bring to the tender:

- ▶ Existing trusted relationships with the client group and within the Super Output Area (SOA) neighbourhoods
- ▶ Considerable local knowledge
- ▶ The ability to harness volunteering resources
- ▶ A role to play in enhancing community cohesion and facilitating bonding within communities
- ▶ Local circulation of money and community resilience in the face of the recession
- ▶ A low carbon / sustainable approach to delivery, minimising waste and measuring carbon footprint

Finding your USP?

USP is your unique selling point. It is what sets you apart from the competition. It can be an actual fact or a perceived difference or speciality. Every organisation needs one. Your USP may be expressed as a summary of what you do and how you do it better or differently than others. It can often be summed up in just a few words that become your 'catch-phrase'. No matter how you express it, your USP should focus on how it benefits your beneficiaries.

Developing a risk register

Bassac have developed a template risk register to help you identify all the risks associated with a project. You can download it from:
www.bassac.org.uk/system/files/dms/.../10/Developing_Risk_Register.pdf

Step 4: Prepare your portfolio

In order to pre-qualify for the submitting a tender, you will need to have a number of policies and procedures in place. Although this may seem a very daunting and time-consuming prospect, it should be seen as an opportunity to improve the efficiency and effectiveness of your organisation.

A full list of what you need is listed in the appendix. The Invitation to Tender will set out what exactly it is you need to produce evidence of, but it's likely to include:

- ▶ Details of similar works and referees
- ▶ Copies of staff CVs
- ▶ Last three years audited accounts
- ▶ Proposed method to monitor performance
- ▶ Information about environmental good practice
- ▶ Risk strategy
- ▶ Details of any Quality Assurance schemes
- ▶ Equality and Diversity Policy
- ▶ Health and Safety Policy
- ▶ Insurance requirements

In your journey to become commission-ready, you will need to prioritise what to take on first. Don't forget that there are many templates on the web that you can adapt.

Step 5: Commit and plan

When you know that you are ready, willing and able to submit a response to an Invitation to Tender, it is time to develop your innovative solution to the core problem that you identified as part of the 'Know your terrain' stage (Step 2).

Do not forget what has come before! Show that you:

- ▶ Know your terrain by referencing National Indicators, area statistics, key policy documents – and include 'stories' of the beneficiaries you will be targeting
- ▶ Know 'why us?' by setting out your track record, added value, unique selling point, outcomes and the partners (and referral pathways) you will work with
- ▶ Know what is required in terms of management systems, quality standards, risk strategies, insurance and other policies

Make sure that you are also aware of the evaluation criteria that is being used to assess your bid! The appendix includes a tender assessment criteria which you may find useful.

The appendix includes a 'Planning your response' document, which will help you to set out your tender submission. In working through this document, ensure that you have the support of:

- ▶ Your beneficiaries
- ▶ Your Board
- ▶ A 'critical friend' who can read through your bid

Be a SMARTIE!

Following the SMARTIE approach will ensure that you are specific and realistic in your tender submission.

Specific and concrete about what you are offering

Measurable to 'guarantee' that you will meet performance standards

Achievable and not stretching your capacity to the detriment of other work. Remember that you will have to deliver what you promise!

Realistic – given the nature of the work and who you will be working with

Time-bound within the timeframe of the funding – but working towards being mainstreamed after the funding has ended

Innovative – doing things differently and doing different things

Engaging in terms of the 'language' used to engage commissioners (the response reader) and in terms of engaging service-users in the design and deliver of your tender submissions

Step 6: Establish a working relationship

A signed contract is the beginning, not the end! At the tender submission stage, you need to be aware of the contract requirements that will be placed upon you and the monitoring arrangements that you will have to adhere to. It is beyond the scope of this training pack to go into details, but it is likely to include:

- ▶ How claims are made. You will usually be paid quarterly in arrears
- ▶ The financial evidence and the written progress report you must provide, and when
- ▶ How to make any changes to the project delivery plan set out in the contract. Before you do anything differently, you will have to 'reprofile' your activities and this has to be signed off by the relevant Partnership
- ▶ Details on Project Performance Reviews
- ▶ How long prime documents must be kept for – usually 10 years!
- ▶ What happens if you are in breach of contract

You will need to consider how you will ensure an effective working relationship with the commissioners as you continue your journey through the delivery of the project.

Conclusion

You should see the first time you go through the commissioning process – the six steps – as the central cog which will then turn further, future opportunities. Having been through the process, you will truly understand commissioning; you will know (and believe in) your USP; you will have your policies and procedures in place; you will have a track record – along with a relationship with commissioners and a positive reputation ... all ready for the next opportunity!

Appendix

Contents

Good Practice Self Assessment

SWOT Template

Identifying your USP

Tender Evidence Checklist

Prioritising your tender evidence

Planning your response to the tender specification

How will your tender be assessed?

Ten (actually 21) essential strategic questions that every trustee should ask ... on commissioning

GOOD PRACTICE SELF ASSESSMENT

Emergent	Intermediate	Advanced
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Where do you think your organisation is in terms of good practice in commissioning and preparation for competitive tendering? Decide if you strongly agree (score yourself an A), agree (score a B) or disagree (score a C).

Statement	Strongly Agree A	Agree B	Disagree C
Our organisation has a working knowledge of procurement and commissioning process for most statutory organisations in Wigan.			
We have organisational systems in place that research, profile and evidence the needs of our service users.			
We have open transparent discussions with the appropriate commissioners who would like to purchase services from our organisation.			
We have ensured we have appropriate policies and procedures in place in advance of tendering for contracts			
As an organisation, we are very clear about our strategic aims and match them to current tender opportunities.			
We promote our strategic aims to the appropriate commissioning organisations so that they are aware of the services we provide.			
We have an awareness of the strategic aims of each of the appropriate commissioning agencies that we can provide services to			
We have skills, resources and systems in place to monitor and evaluate projects			
As an organisation we invest time in quality assurance. We have/ are working towards Investors in People or PQASSO			
We have strong/ proactive links and existing partnerships with similar organisations working in our field of expertise.			

SWOT TEMPALTE

STRENGTHS (INTERNAL)	WEAKNESSNESS (INTERNAL)
OPPORTUNITIES (EXTERNAL)	THREATS (EXTERNAL)

IDENTIFYING YOUR USP: WHAT'S UNIQUE ABOUT YOU

What do you do? Do you have a broad offering or do you offer one or two key services that are most in demand? List your specialities or niche areas

How do you do 'business'? Is there something special, unusual or significant about the way you do business? Do you co-create services with service-users, for example?

Who are your 'customers' or beneficiaries? Look at the demographics and where they come from. Who is your target group? Do you work with the 'harder to reach'?

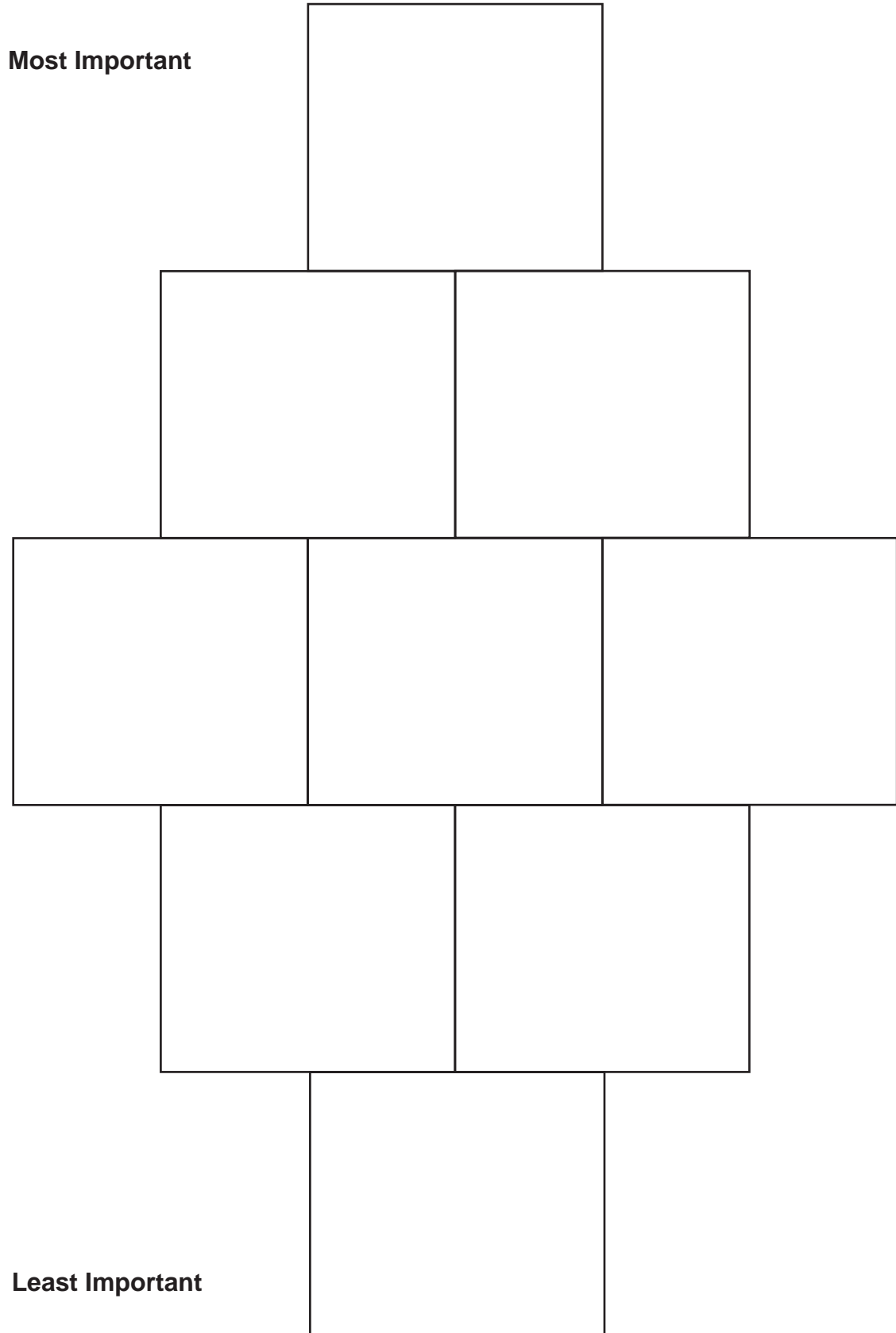
What do your 'customers' (beneficiaries) want? List the benefits that your beneficiaries get from you. Where would they be without you?

Therefore ... what is your USP?

TENDER EVIDENCE CHECKLIST

	Evidence	Notes
Standards and Policies	<ul style="list-style-type: none"> • Governing documents • Equality and Diversity Policy • Health and Safety Policy • Environmental Sustainability Policy (sustainable purchasing, waste, recycling, etc) • Safeguarding Children Policy 	
Financial	<ul style="list-style-type: none"> • Last 3 years audited accounts • Current Business Plan • Fundraising Strategy 	
Insurance	<ul style="list-style-type: none"> • Public Liability • Employer's Liability • Professional Indemnity 	
Quality	<ul style="list-style-type: none"> • Quality Standards (eg, PQASSO, IIP, ISO 9000, Matrix) • Quality Management system • Membership of professional bodies or associations • Referees 	
Human Resources	<ul style="list-style-type: none"> • Curriculum Vitae of staff 	
Management	<ul style="list-style-type: none"> • Method for managing performance • Risk Management system – eg Risk Register 	

PRIORITISING YOUR TENDER EVIDENCE



PLANNING YOUR RESPONSE TO THE TENDER SPECIFICATION

<p>What are the factors / drivers that influence this tender?</p>	<ul style="list-style-type: none"> • What, do you think, is the 'problem' that is looking to be solved? • Why is this service needed? How do you know that it is needed? What evidence do you have? • What are the gaps in the current service? • What is the local, regional and national policy context for this service? • How does this link in with the Local Area Agreement, National Indicators and other Council Strategies? Be specific! • What are the demographics? How many people in the area could reasonably be assumed to need the service? • What other 'influencers' are there which are driving the tender specification?
<p>Why is your organisation best placed to deliver what's needed?</p>	<ul style="list-style-type: none"> • Who else might submit a tender? What is the competition like? • What is your experience of the client group involved? • What else have you done that's similar to give you a 'track record'? • What is your unique selling point (USP)? • What 'added value' can you bring – including community cohesion, volunteering resources and local knowledge? • How can the service be linked in with what you are already offering? • How can you be innovative – doing things differently, and doing different things? • Would a consortium bid with other organisations be favourable?
<p>How will you solve the problem? What will you actually do?</p>	<ul style="list-style-type: none"> • How will you meet the requirements set out in the tender specification? • How can you empower the client group to get involved in design and delivery? • How can you 'personalise' the approach to meet the varying needs of the client group? • Is there a 'referral pathway' / client journey that they will go through? • Where and how will you reach your client group? • How will you incorporate innovative uses of technology and social networks? • What are the risks involved with delivery and how will you overcome these?

<p>What will the service cost?</p>	<ul style="list-style-type: none"> • What is the full cost of delivery? • Are there any benchmarks or data from previous projects that can inform your costings? • Is there any additional funding that you could draw in from other sources? • Are you aware of the budget headings that the Council uses to help you plan your costings?
<p>What are the outcomes?</p>	<ul style="list-style-type: none"> • How many individuals will you reach and what will be the effect on these individuals (ie what will change as a result of your service / intervention)? • How will your outcomes explicitly contribute to addressing National Indicators and primary and secondary local targets? • What will be the outcome for the wider community (including the impact on community cohesion)? • What will be the ripple effect on other services beyond those explicitly involved with your service? • How will you know if you have succeeded in meeting outcome targets and making a difference?
<p>Who else should be involved?</p>	<ul style="list-style-type: none"> • Which other organisations or networks should you seek to involve and at what stage? • At what level should they be involved – for example as a delivery partner or ‘critical friend’? • What is the most appropriate model for collaboration?
<p>Is this achievable?</p>	<ul style="list-style-type: none"> • Will you need to employ additional staff to meet the contract? • What skills will staff need? Are these skills available locally? Would it be more effective to work with another partner organisation who already has these skills?
<p>How can this be mainstreamed?</p>	<ul style="list-style-type: none"> • What sustainable ‘legacy’ will the service create • What will happen when the funding comes to an end? How will you then ensure that the service continues if it is still needed?

HOW WILL YOUR TENDER BE ASSESSED?

Working Neighbourhoods Fund commissioned activity will be assessed against the following criteria:

- ▶ **Strategy** – Have you linked your tender submission to local targets, priorities and outcomes?
- ▶ **Analysis** – Have you taken an analytical approach to solving an identified problem?
- ▶ **Good practice** – Is your tender based on good practice and a sound track record?
- ▶ **Impact** – Does your tender submission target specific disadvantaged communities and will it compliment existing activity?
- ▶ **Measurement** – Are the outcomes and outputs you have stated challenging, realistic and achievable?
- ▶ **Management** – Have you demonstrated that you have the skills and capacity to deliver, as well as the appropriate management and quality systems in place?
- ▶ **Value** – Have you demonstrated value for money (in terms of economy, efficiency and effectiveness) and the 'added value' that your organisation can bring?
- ▶ **Partnership working** – Are taking a partnership approach to meet the complex needs of beneficiaries?
- ▶ **Funding** – Have you considered other funding sources (Including match funding) to bring maximum benefit
- ▶ **Involvement of service users** – Will local people be involved in the design of your project idea, as well as in the delivery?
- ▶ **Risk** – Have you identified and established ways of managing risk?
- ▶ **Exit strategy** – Is there a clear exit strategy to ensure sustainability and mainstreaming of your project?
- ▶ **MEAT (The Most Economically Advantageous Tender)** – Have you considered both quality and price in the costing of your service? Make sure you are aware of the criteria that is being used to evaluate tenders and award contracts
- ▶ **Sustainability** – Have you considered reduction of waste, recycling, sustainable purchasing and sustainable transport?

TEN (actually 21) ESSENTIAL, STRATEGIC QUESTIONS THAT EVERY TRUSTEE SHOULD ASK... ON COMMISSIONING

- 1. Core values:** Is responding to a commission in the interests of our beneficiaries? How will it meet their needs?
- 2. Objectives of our organisation:** Is the service we are tendering for within the charity's objects and powers? Is there a risk of mission drift? Does it fit in with any specific aims or objectives within our current business plan?
- 3. Cost recovery & financial implications:** Can we accurately identify – and cover - the full costs (both direct and indirect) of this service? Will the payment terms cause potential cash flow problems? Is the duration of funding right for the organisation? Does the contract amount to more than 25% of our turnover? Can we properly cost the service, whilst remaining competitive?
- 4. Skills, capacity and resources to tender:** Do we have the time to complete the tender – and an identified person to take the lead? What are the 'opportunity costs' involved in completing the tender?
- 5. Skills, capacity and resources to deliver:** Are we being realistic about our capacity to deliver on this tender? Can we meet the targets – without compromising service quality - bearing in mind that there may be penalties for non-delivery? Can we take on board the additional administrative burden and monitoring arrangements?
- 6. Duty of care:** Is the decision to tender in line with trustees' duty of care and prudence (in that it won't compromise the solvency of the charity and that the funds will be used only in the furtherance of the charity's objects)?
- 7. Risk – implications of delivering/ not delivering the requirements of the tender:** Is there a risk that undertaking the tender will harm the reputation and/or independence of the charity? Is there a reputational risk in not delivering a service, if that was contrary to the expectations of the beneficiaries and other stakeholders?
- 8. Risk - identifying all potential risks:** Have we fully assessed the risks and taken steps to mitigate them? For example, incorporating the charity, taking out public liability insurance and considered collaboration. Do we need to get external professional advice before making a decision?
- 9. Added value provision/ unique services:** What is the 'added value' that the charity will bring to the tender? For example, local knowledge, volunteering resources, innovative approaches and community cohesion.
- 10. Other benefits:** Will the tender act as a springboard to other opportunities, improve the charity's track record or lead to future commissions and sustainable funding?

Definitions:

Commissioning: The process by which local authorities and other public bodies decide how best to spend their money to get the best possible service for local people. The term covers the entire cycle of assessing the needs of people in a local area, designing services and then securing them by putting them out to 'tender'

Tender: A written offer to 'contract' to provide the goods or services, as set out in the tender documents. The organisation will then submit their response to the tender to the public body. Successful tenders result in the award of a contract to deliver the goods or services specified.

Opportunity Cost: The cost of passing up the next best choice when making a decision. For example, if an asset such as capital is used for one purpose, the opportunity cost is the value of the next best purpose the asset could have been used for.

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Notes





For more information on the Building Trading Capacity project and for more resources on commissioning, please visit our website: www.routes2sustainability.org

This training pack has been developed by the Building Trading Capacity project, funded through the Communities and Local Government's Working Neighbourhood Fund, which is administered by Wigan Borough Partnership.

