

**Compact**  
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*Derby City Partnership*



# COMMISSIONING FRAMEWORK for the VOLUNTARY and COMMUNITY SECTOR

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## 1. Introduction

- 1.1 This framework aims to establish effective and transparent processes for involving the Voluntary and Community Sector (VCS) in the planning, commissioning and delivery of public services through contracts and grants.
- 1.2 This commissioning approach is needed to establish clear, transparent and accountable processes, which take into consideration existing and evolving partnership structures and governance arrangements. These processes need to be compatible with and support the change agenda across the public sector.
- 1.3 Following consultation, the term 'Voluntary and Community Sector', or VCS, is the preferred term locally and has therefore been adopted in preference to the term 'Third Sector'. For the purpose of this document, the Voluntary and Community Sector should be understood to include social enterprises

## 2. Local and National Context

### Government policy on the role of the VCS

- 2.1 There has been an increased focus by national government on the potential role played by the VCS in the delivery of public services. Voluntary and Community Organisations (VCOs) are increasingly becoming recognised as key partners in the planning, commissioning and delivery of services.

### Compact

- 2.2 Derby's local Compact with the Voluntary and Community Sector has been refreshed for 2010. It aims to improve relationships between the public sector and the VCS, for mutual advantage. This Commissioning Framework aims to support Compact implementation, by improving processes for involving the VCS in the planning, commissioning and delivery of services through contracts and grants..

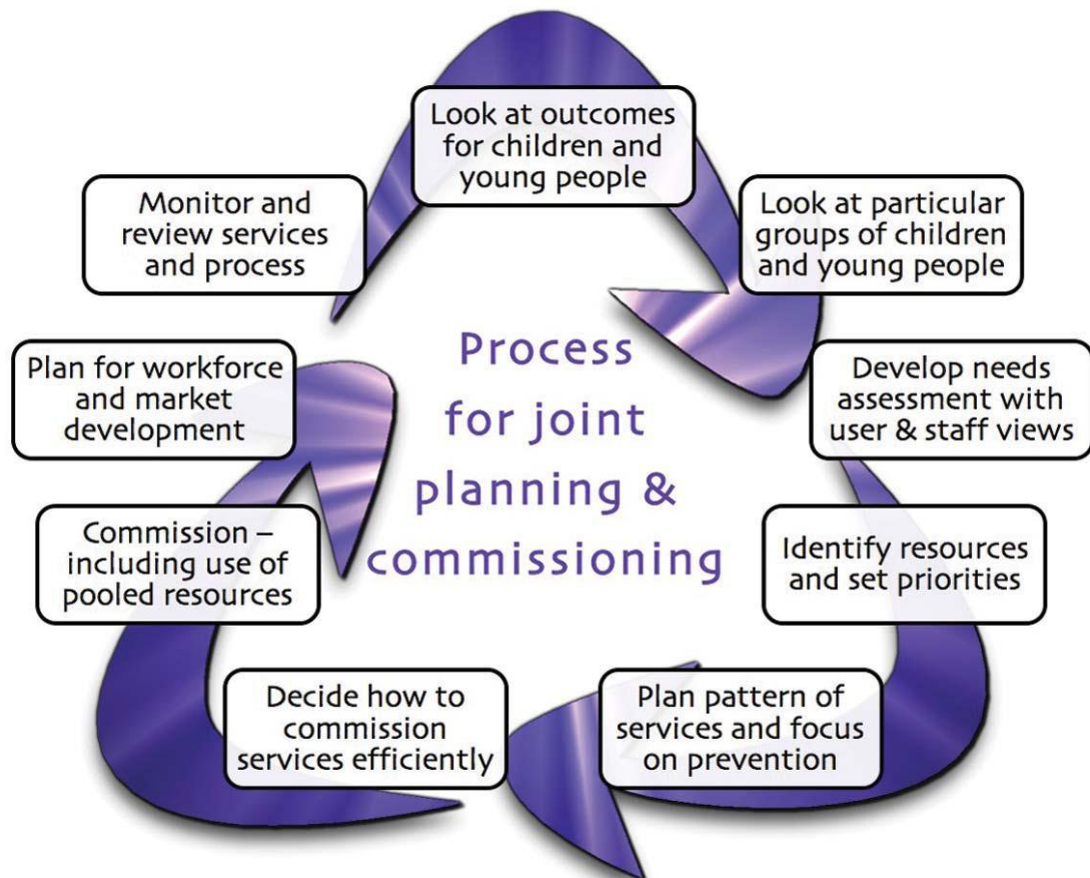
### 3. The commissioning cycle

3.1 Commissioning has been defined by the Institute of Commissioning Professionals as:

“Commissioning means securing the services that most appropriately address the wishes of the individual service user, making use of market intelligence and research and planning accordingly.”

3.2 There are different types of commissioning models illustrating the key stages for the commissioning cycle. The East Midlands Children and Young People's Commissioning Framework uses the nine stage model provided by central government within the Joint planning and commissioning framework for children, young people and maternity services (March 2006).

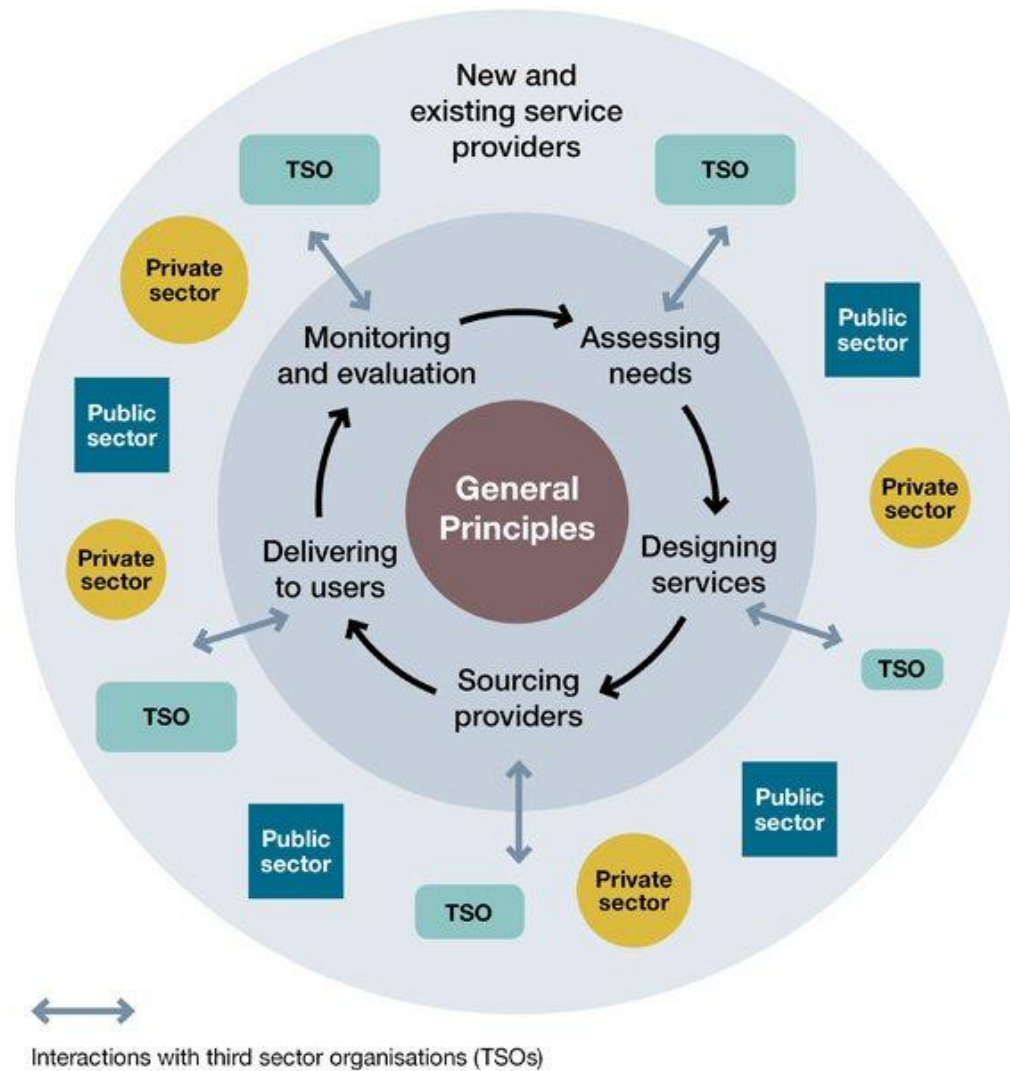
As illustrated:



- 3.3 The National Audit Office also produce the Successful Commissioning Toolkit which aims to help local commissioners in the public sector get value for money from third sector organisations. It also informs the voluntary and community sector about the commissioning process, and about what they should expect from their financial relationships with the public sector.”

Link to the Successful Commissioning Toolkit can be accessed via the National Audit Office website at:

[http://www.nao.org.uk/guidance\\_good\\_practice/third\\_sector/successful\\_commissioning/successful\\_commission\\_toolkit/toolkit\\_home.aspx](http://www.nao.org.uk/guidance_good_practice/third_sector/successful_commissioning/successful_commission_toolkit/toolkit_home.aspx)



- 3.4 The NHS Information Centre have also produced a cycle for commissioning and provides online resources which can be accessed online at <http://www.ic.nhs.uk/commissioning>



Courtesy of The NHS Information Centre for health and social care. Full diagram available at: [www.ic.nhs.uk/commissioning](http://www.ic.nhs.uk/commissioning)

- 3.5 The three examples provided set out similar key phases:

- Phase 1. Needs assessment
- Phase 2. Strategic planning
- Phase 3. Shaping and managing the market
- Phase 4. Improving performance, monitoring and evaluating.

3.6 The Compact Commissioning Guidance<sup>1</sup> identifies four key stages involved in the commissioning cycle, which is set out in the table below.

Key stage	What does this involve?
Analysis	<ul style="list-style-type: none"> <li>• Understanding and evidencing the needs of service users</li> <li>• Identifying unmet needs</li> <li>• Understanding and mapping who delivers services</li> <li>• Identifying gaps in service provision and considering how these gaps can be addressed</li> <li>• Being clear and defining outcomes to be delivered</li> </ul>
Planning	<ul style="list-style-type: none"> <li>• Consideration of how to fund those services required to meet unmet needs</li> <li>• Developing the approach required to secure the outcomes</li> </ul>
Sourcing	<ul style="list-style-type: none"> <li>• Securing the most appropriate provider(s) to deliver the outcomes</li> </ul>
Monitoring and review	<ul style="list-style-type: none"> <li>• Assessing performance against original objectives and identifying changes to inform future commissioning and outcomes</li> <li>• Capturing feedback from service users</li> <li>• Monitoring and review of performance</li> </ul>

<sup>1</sup> <http://www.thecompact.org.uk/files/103954/FileName/CommissioningGuidance.pdf>

## 4. VCS involvement in needs analysis and planning

### Background

- 4.1 VCS organisations are usually formed as a result of a recognised need and are often led and developed by people directly concerned or affected by an issue. The sector therefore encompasses a diverse range of purposes and a very large number of independently constituted organisations, ranging from the entirely voluntary to paid staff.
- 4.2 The focus on neighbourhood renewal brings to the fore localised needs. However, there is often a need for specialist provision, which may not present as a priority at a local level, but which needs to be commissioned on a city wide basis. The mechanisms for VCS involvement therefore need to take into account the complexities arising from locality based and city wide planning.
- 4.3 Existing services provided by the VCS need to be included in baseline assessments as part of the planning process, or when bidding for external funding. Any future developments in an area should build upon, existing provision. The sustainability of organisations providing current services should also be taken into consideration within the planning process.
- 4.4 To embed this ethos into the planning systems, there should be appropriate VCS participation and representation at all levels and on all key Strategic Commissioning Groups. It is not practicable for all VCS organisations with an interest to be represented on every planning group. However, the VCS should be offered at least two places at the table of any key partnership group.
- 4.5 VCS clusters or networks can be linked effectively to relevant commissioning groups. This may work differently for different service user groups, and will evolve over time, for example, the Children and Young People's Network may develop a number of sub-groups, reflecting local commissioning structures and different age groups.
- 4.6 Mechanisms for achieving VCS representation should be clear and transparent with clear selection or appointment processes within VCS networks or clusters.
- 4.7 VCS networks or Clusters are independent of the public sector, but may involve public sector representatives as observers or non-voting members, if the Cluster group determines that this is useful and appropriate.



## 5. Funding mechanisms

### Principles of Government Accounting

5.1 All public sector bodies, must endeavour to ensure accountability for public funds and to meet the three main principles of Government Accounting. These are:

- Regularity - ensuring that funds are awarded and used only for authorised purposes
- Propriety - ensuring that funds are awarded and used fairly and free from undue influence
- Value for money - the need to ensure best value for public money, defined as the optimum combination of whole life cost and quality. This does not necessarily mean that the cheapest bids / tenders will be successful.

### General principles

5.2 In addition, the following general principles should be applied to any funding process:

- Strategic / policy intent - there should be a clear link to the Sustainable Communities Strategy, or one of the key strategies under-pinning the Sustainable Communities Strategy.
- Focus on outcomes rather than just inputs or levels of activity.
- Compact compliance.
- Proportionality - effective and efficient processes, aimed at reducing transaction costs both for providers and for funders.
- Clarity & transparency concerning processes, services, standards and procedures.
- Appropriate apportionment of risk - ensuring that risks are understood and they are borne by the organisation(s) best placed to manage them.
- Good communications with prospective service providers, with a view to building strong and effective relationships.
- Partnering - aiming to replace adversarial relationships with providers with co-operative and collaborative ways of working.
- Removing barriers - for example, creating opportunities for smaller organisations, by allowing collaborative bids and sub-contracting arrangements.

## “Added Value” of Voluntary and Community Sector

5.3 There are advantages in having a strong independent Voluntary and Community Sector delivering local services. It is important to ensure that procurement and funding processes recognise, and are compatible with, these various sources of ‘added value’ and do not risk undermining them. These sources of added value include:

- Flexibility and responsiveness (closeness and accountability to communities, members, users)
- Role in building social capital (the invisible ‘glue’ that holds communities together)
- Experience and expertise in involving and developing volunteers
- Ability to reach some of the most marginalized and excluded groups in society
- High levels of trust with service users and the public
- Knowledge and expertise to address difficult social issues
- Socially driven / driven by a mission
- Independence (contribution to advocacy, social policy, campaigning, etc.)
- Ability to innovate and to bring in additional, non-statutory sources of funding
- Holistic, person-centred approaches
- Positive collaborative partnerships with other voluntary and community organisations and also with statutory agencies
- Diversity of the sector

5.3.1 Voluntary and Community Sector organisations are unique and not all will necessarily bring all of the above benefits. The levels of volunteer involvement vary, many organisations are able to attract a lot of non-statutory funding while others will be able to involve local communities or attract socially excluded groups.

## 6. Contracts versus Grant Funding

- 6.1 There has been a lack of clarity on the part of funding bodies concerning the distinction between grants and contracts. The HM Treasury Guidance<sup>2</sup> states that “a grant is a financial transfer used to fund an activity that is in broad alignment with the funder’s objectives, a contract is a legally binding document between 2 or more parties.”
- 6.2 The HM Treasury Guidance, Improving financial relationships with the third sector Guidance to funders and purchasers, and the National Audit Office’s web-based Successful Commissioning toolkit on Financial relationships with third sector organisations, helps to clarify some of the factors when deciding whether to procure services under a competitive tendering process, or whether to fund an organisation by means of a grant.
- 6.3 The HM Treasury guidance states that:
- “A grant maker is not contracting for a service that forms part of its own business. It is offering financial support in an area of work, designed and proposed by the third sector organisation, which it wishes to sponsor. The work to be carried out by the third sector organisation would be deemed to add value to a public body’s overall aims or objectives”.
- 6.4 The NAO’s Successful Commissioning Toolkit advises that, there is no hard and fast rule as to which funding channel is appropriate for any given situation, the more developed the market, and the more specific the service or project objectives, the more likely it is that a procurement process (contract) will be used. Grants are more likely to be favoured where the market is not developed and/or where there is a desire for innovative approaches, or where funding is provided for ‘development’ or ‘strategic’ purposes.
- 6.5 Distinguishing between grants and contracts can have tax implications for the public sector and for the VCS. For example, grant income is outside the scope of VAT whereas contracts are not. However, there is a VAT exemption covering welfare and health care services. Specialist legal and VAT advice may be needed.
- 6.6 If it is clear that we are outsourcing core statutory business, where a VCS organisation is delivering a service on behalf of the statutory body, this should be on a contract. Grant funded services should be regarded as complementary, enabling VCS organisations to operate in furtherance of their own missions, where these also support the objectives of the public sector.
- If a service has an open referral system, it is more likely to be grant funded: if it has a closed referral system, where services can only be accessed via a health or social care professional needs assessment, it should normally be on a contract.

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<sup>2</sup> <http://www.aasdni.gov.uk/pubs/FD/fd1506att2v2.pdf>

## Summary of Factors to consider in determining whether to grant fund or procure

6.7 The decision as to which funding mechanism to use should be based on a combination of factors. The HM Treasury Guidance states that:

“Despite the trend towards open competition and contractual relationships between funding bodies and the third sector, procurement does not necessarily always represent the optimum value for money option - there is clearly an ongoing role for strategic or development funding, most commonly channelled through grants.”

The potential implications of exposing existing grant funded voluntary sector services to competition require careful consideration, since it is by no means the case that this would necessarily result in improvements, either in terms of cost or quality.

The HM Treasury Guidance states that “the main determinant of the nature of the financial relationship is the nature of the intended outcomes”. This is summarised at **A.** below. However, a range of supplementary factors, summarised as **B** to **F**, below, should also be used to help inform the decision.

### **A. What is the nature of intended outcomes?**

#### **GRANT (Funding Agreement)**

- G1 Strategic development to build capacity in the VCS
- G2 To encourage innovation by the VCS and / or to develop and support key strategic partnerships between VCOs and statutory agencies
- G3 Services which are distinct but complement, public services and which are in broad alignment with public sector strategic objectives (e.g. to promote community well-being or to reduce social exclusion)

#### **PROCURE (Contract)**

- C1 Where the public sector is ‘shopping’ for a supplier to deliver a core service to meet an identified health / social care need
- C2 Where the public sector wish to specify closely the design and intended outcomes of the service
- C3 Where a decision has been taken to outsource a core service, which would otherwise need to be provided directly by the public sector to exercise statutory functions

**B. *The value of the agreement***

The higher the value of the agreement, the more likely it is that a procurement / contracting route will be taken.

**C. *Which funding mechanism will achieve best value for money?***

Factors to be taken into consideration include the transaction costs of the funding process, weighed against the value of the agreement, bearing in mind the need for proportionality and Roots Review efficiencies.

**D. *How competitive is the market?***

If there is only one potential provider in the market place, a grant is more likely to be used; if there are many, a contract is likely to be more appropriate.

**E. *What level of control over the agreement and outcomes is appropriate?***

This is based on the degree of risk, vulnerability of the service user group, value of the agreement, level of detail needed for the service specification, terms & conditions. The higher the level of control needed, the more likely it is that a procurement / contracting route will be taken.

**F. *How specific will the measurement of outcomes and outputs need to be?***

Both grants and contracts need to be monitored, but the level of detail of indicators used to measure outcomes will vary. The value of the agreement may again be a factor, following the principle of proportionality. The more specific the measurement of outcomes needs to be, the more likely it is that a procurement / contracting approach will be used.

## 7. Contracts/Procurement

- 7.1 Procurement is the process through which intending purchasers source a supply of services from suitable providers, make a selection on the preferred provider and then formally enter into a contracting arrangement for the provision of services. Procurement is also the process whereby open competition is normally guaranteed, with a formal process of advertising invitations to bid. There are specific rules, which need to comply with such as the European Procurement Directives.

The aim of any procurement is to achieve desired service outcomes and outputs and good Value for Money (VfM). In planning for and entering into contracts, the public sector seek to balance flexibility with VfM.

Procurement processes must involve no preferential treatment for VCS organisations. However, the sources of 'added value' which the VCS often brings can legitimately be incorporated into tendering processes, provided they are relevant to the desired outcomes of services. The Review of arrangements for efficiencies from smarter procurement in local government by Bill Roots, is the more recent examinations of procurement in the public sector. The following quote is taken from this review:

"Many that I have spoken to in undertaking this review from both the public sector and the service providers have stressed the importance of early engagement with likely suppliers to understand the market and the products offered. Effective specifications (that should always be seeking Value for Money) which are flexible depending on the market and what is being acquired and focused contract monitoring are critical to success. Local authorities should be encouraged to develop further their links with the VCS, SMEs and Social Enterprises. The special needs of these organisations need to be recognised to enable them to respond to procurement and commissioning opportunities. There is no doubt that in the appropriate circumstances they offer value for money." (The Roots Review, February 2009, Section 6.19, Page 21)

### Joint Commissioning via Procurement

- 7.2 Where there is joint commissioning by two or more public sector bodies, and procurement is the preferred route, one of the following arrangements will be used. These arrangements may involve:

- A contract between all parties to the agreement - i.e. both commissioners and provider(s) entering into a legal contract, which would be enforceable in a court of law; **or**
- Use of Section 76 or Section 256 to transfer funds from one commissioning body to the lead agency, which would then enter into a separate contractual arrangement with the provider(s); **or**
- Use of Section 75 to pool budgets.

- 7.3 For any of the above arrangements, one of the commissioning bodies will need to act as the lead agency. This will normally be the lead

commissioning body for the relevant service area, for example, the PCT for Mental Health services and the Council for Learning Disability Services. Where there is no agreed lead agency for the relevant service area, the highest contributor to the contract will normally act as the lead agency.

- 7.4 The lead agency will be responsible for the procurement process, and for drawing up the Contract and service specification, with support from, and in consultation with, the other funder(s). The Contract will describe the obligations to provide services and to pay for these services. There will be a specified term for the contract (see below for guidance on the length of contracts) and there should also be a clause describing how variations can be made to the contract, with the agreement of all parties. EU Procurement Rules will need to be followed, along with other regulations and guidance pertaining to the lead agency.

### Length of contracts

- 7.5 The HM Treasury Guidance indicates that 'Value for money must be the overriding principle that dictates whether or not a longer term arrangement is appropriate', and that 'The length of funding should be tied to the length of the objective. There should be no standard length of contract'. Multi-year contracts are often preferable, since short term contracts undermine sustainability and create a climate of uncertainty. The Gershon efficiency review also observed that 'contracts for service delivery for voluntary and community organisations (VCOs) tended to suffer from an unnecessarily short-term approach' and recommended moving to longer-term multi-year funding arrangements.

### Council procurement

- 7.6 Where the Council acts as the lead agency, the Council's Contract Procedure Rules and the internal guidelines set out in the Procurement Handbook must be followed. The total value of the contract (N.B. this is not the annual value, but the sum total over the whole term of the contract) will affect the process to be followed. In brief summary, at the time of writing, for contracts with a total value of under £5,000 there is no formal process, corporate contracts are to be used wherever possible and value is still to be taken into consideration. For contracts with a total value of over £5,000 but under £30,000 only three written quotes need be obtained. For contracts over £30,000 in value, competitive tendering applies, unless there are grounds for waiving contract procedure rules. The procedure for obtaining a waiver from the requirements of the rules is contained in the contract procedures themselves. N.B. Waivers cannot be obtained for contracts whose values exceed the thresholds detailed in the European Procurement Directives.

## NHS Derby City procurement

7.7 NHS Derby City Corporate Governance Manual sets out the PCT policies for contracting and competitive tendering. All procurement activity shall be reviewed in accordance with the Principles of Co-operation and Competition and the Department of Health PCT Procurement Guide for Health Services. Where a competitive tender has been defined as the most appropriate market intervention NHS Derby City shall be governed by its PCT Competition policy and the PCT's Standing Financial Instructions (SFI's). The SFI's require NHS Derby City to seek competitive tenders for any contract or purchase of goods or services that exceeds £20,000 in aggregation, unless a waiver has been granted in accordance with the PCT guidance on 'Waiver of Competitive Tendering Procedures'.

7.9 Quotations are required where formal tendering procedures are waived under

- (a) the estimated expenditure or income does not, or is not reasonably expected to, exceed £20,000; or
- (a) where the supply is proposed under special arrangements negotiated by the Department of Health, in which case, these special arrangements must be complied with;

where the intended expenditure or income exceeds, or is reasonably expected to exceed £5,000, at least three quotations are required from organisations / individuals.

Under the PCT scheme of delegation a waiver can be authorised by a senior manager with delegated powers.

## 8. Grant funding

8.1 Organisations are required to enter into a 'Funding Agreement' to deliver services. The Grant Funding Procedure Rules outline the process to be followed when commissioning through grants.

### Service Level Agreements

8.2 The term 'Service Level Agreement', or 'SLA', has often been applied to agreements between VCOs and statutory organisations, however these are now generally being phased out in favour of grants and contracts, particularly where procurement processes are being made clearer.

### Grant funding process for the Council

8.3 Where the Council acts as the lead agency for joint grant funding, or provides grant funding independently of the PCT or other agency, decisions on grant funding of under £25,000, which do not have a significant impact on two or more wards delegated powers process can be used, in consultation with the relevant Cabinet Member.



Where non key delegated decisions are made to award grant funding of up to £25,000, the reasons for the decision must be contained within a report and written record of both the officer decision and the consultation with the Cabinet Member.

Non-key delegated powers to award grant funding of up to £25,000 should only be used in the following circumstances:

- Where it is necessary to increase the value of an existing grant funding agreement, to ensure continuity of services and / or to maintain the viability of a voluntary sector organisation, which is known to provide good value for money services, monitored under an existing agreement.
- or**
- To award small grants or one-off capital grant expenditure or single year revenue funding, following a formal application process.

Grant funding over £25,000, which have a significant impact on two or more wards are key decisions and must be taken by Council Cabinet to ensure public accountability. The Council Cabinet Report must set out the rationale for the recommended funding and follow the prescribed template.

- 8.4 Decisions to award multi-year revenue grant funding must be taken to Council Cabinet following an application process, irrespective of the amount of funding involved.
- A closed application process should only be used where it is clear that there are no other potential providers with the necessary experience and capacity to deliver the service, for example, where there is a need for an organisation to provide specialist services for a particular client group.

## Grant funding process for the Primary Care Trust

- 8.5.1 Where the Primary Care Trust acts as the lead agency for grant funding, a Section 256 grant funding agreement will normally be used. PCTs have the power to make grants directly to voluntary and community organisations under Section 256 of the NHS Act 2006. Partnership Arrangements. A Section 256 grant to a VCS organisation is a discretionary payment.
- 8.5.2 However, there are certain directions, issued by the Secretary of State for Health, which require the PCT to be satisfied that the grant supplied under the Section 256 agreement is likely to secure a more effective use of public funds than the deployment of an equivalent amount on the provision of services under Section 3(1) of the NHS Act 2006. The PCT needs to ensure that the purpose for which grants are made fulfils the objectives set out in the Local Delivery Plan, under the Health Act 1999. When using Section 256, the PCT must also ensure that it receives an Annual Voucher in a specified format.

## 9. Full Cost Recovery

- 9.1 The public sector should not disallow relevant overhead costs in grant applications or tenders, or refuse to consider bids which have been fully costed. It is legitimate for VCOs to seek to recover an appropriate level of overhead costs associated with the provision of a particular service.
- 9.2 Where **grant funding** is concerned, the public sector should aim to assess on a proportionate and equitable basis whether VCOs have made an appropriate allowance for relevant overhead costs. This includes ensuring that VCOs do not recover the same costs more than once, for example, where grant funding is being provided to support core services, in addition to project funding. The assessment of relevant overhead costs should reflect the true costs of delivering services and should not be allocated on a fixed percentage basis.
- 9.3 Where **procurement** is concerned, in most circumstances, public sector should expect and encourage VCOs to tender on a full cost recovery basis, since it is recognised that under-funded services cannot be expected to deliver sustainable, high quality services over the longer term. However, where existing contracts have not been funded on a full cost recovery basis, and there is no additional funding available, it may be necessary to negotiate with the service provider a lower level of service. An exception to this is where a relatively large and well resourced VCO is prepared to match fund a service or project, in furtherance of its own mission.
- 9.4 Similarly, where grant funding is concerned, there may be occasions (as above) where a match funding arrangement is acceptable. An example is where a grant subsidy is being provided, to support an activity which has been set up by the VCO on its own behalf, in furtherance of its mission, which the public sector wish to support (since it is in broad alignment with public sector objectives) but where the service has not been commissioned by them.

## 10. Monitoring and review

### General principles

- 10.1 The public sectors are committed to joining up and streamlining our approaches to monitoring and evaluation, wherever possible. Monitoring arrangements aim to enable the public sector to assess whether organisations are satisfying the terms and conditions of their Contracts and Funding Agreements.

Appropriate levels and frequency of monitoring and evaluation should take place to ensure that VCS organisations are delivering effective, good quality services, that organisations are meeting their objectives and that services reflect current and changing priorities.

Review processes should also allow for a negotiated approach to service improvement and development and enable VCS organisations to seek clarity and direction from the public sector, as needed.

10.2 A number of principles underpin the framework for monitoring and evaluating services in order to ensure a cycle of continuous improvement and development, whilst also allowing a degree of flexibility to ensure the individuality of VCS organisations and services is maintained. The public sector must also ensure compliance with agreed principles, set out in the Derby Compact. Principles of monitoring and evaluation which include:

- Proportionality – the degree of information required should be in relation to the size and complexity of the service funded
- A clear, agreed monitoring framework should be established from the outset and agreed between the commissioner and the provider
- Relevant, necessary and useful information only should be collated
- The results of monitoring need to feed back into the planning process
- Duplication of monitoring requirements between funders should be avoided and other internal and external quality frameworks should be taken into consideration
- Monitoring should be outcome-focussed, linked to targets and strategic priorities
- Monitoring should be part of a continuous improvement cycle, where information is evaluated and changes / developments are implemented as a result
- Contingency planning should be undertaken, in the event that demand / activity is above or below expected.
- Additional support may be needed in the early stages and the public sector should encourage organisations to discuss any problems at an early stage.

## Appendix A: Glossary of terms and abbreviations

**Charity Commission:** the body responsible for the regulation and registration of charities

**Charitable Incorporated Organisation (CIO):** the Charities Act 2006 introduced this new legal form. CIOs are registered charities, regulated by the Charity Commission, but also have corporate status

**Commissioning:** the process of planning, specifying, purchasing and monitoring services in relation to identified needs and strategic priorities

**Community sector:** organisations which represent and work on behalf of a particular community to pursue a common interest, often run and managed by volunteers.

**Compact:** written agreement between the voluntary and community sector government, local authorities, or with other local statutory bodies, setting out shared principles for effective working relationship

**Contract:** a legally binding document between two or more parties, with agreed conditions and targets.

**Funding Agreement:** an agreement between funder and voluntary and community sector setting out the terms and conditions of a grant to voluntary sector organisations

**Grant:** a financial transfer or subsidy to undertake charitable activity, or to support a public purpose, that is in broad alignment with the funder's objectives.

**Independent Sector:** a term used to refer to all non-statutory agencies, includes the voluntary and community sector (VCS) the private sector

**Primary Care Trust (PCT):** National Health Service body responsible for commissioning local health care services

**Local Delivery Plan (LDP):** a Primary Care Trust plan outlining how it proposes to meet specified targets

**Public services:** services which are commissioned by statutory bodies.

**Procurement:** the obtaining or purchasing of goods or services, normally through competitive processes

**Service Level Agreement (SLA):** have been used to refer to funding agreements between statutory and voluntary sector organisations

**Social Enterprises:** businesses distinguished by their social aims,

**Public sector :** a general term for public bodies, such as Local Authorities and Primary Care Trusts

**Tendering:** a formal process for inviting competitive bids, for example, to deliver public services

**Third Sector:** a term used to describe all organisations which are not part of the statutory or private sectors.

**Voluntary and Community Sector (VCS):** a term used to describe organisations which are set up for charitable, social or community benefit.

**Voluntary Sector Organisation (VSO):** an organisation set up for charitable or social purposes.

## Appendix B: Index of key documents

**Derby Compact** - the Derby Compact is a framework for the way in which voluntary and community organisations and statutory agencies in Derby work together. It can be accessed via the National Compact website:

[www.thecompact.org.uk/module\\_images/Derby%202002%20.pdf](http://www.thecompact.org.uk/module_images/Derby%202002%20.pdf)

**National Compact** - the National Compact is the agreement between the Government and the voluntary and community sector to improve their relationship for the benefit of each other and the communities they serve. It can be accessed via the Compact website:

[www.thecompact.org.uk/module\\_images/COMPACT%20command%20paper.pdf](http://www.thecompact.org.uk/module_images/COMPACT%20command%20paper.pdf)

**Compact Commissioning Guidance** – this implementation guidance for commissioners was produced by the Commission for the Compact and is available from the Compact website:

<http://www.thecompact.org.uk/files/103954/FileName/CommissioningGuidance.pdf>

**Commissioning framework for health and well-being** - sets out eight steps for commissioning effectively in partnership:

[http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH\\_072604](http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_072604)

**Improving financial relationships with the VCS: guidance to funders and purchasers** – This document can be accessed through the HM Treasury website:

[www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)

**National Audit Office Decision Support Tool** – This is designed to assist public sector officers who are responsible for financial relationships with the VCS. The support tool can be accessed via the National Audit Office website:

[http://www.nao.org.uk/guidance/better\\_funding/References.htm](http://www.nao.org.uk/guidance/better_funding/References.htm)

**National Audit Office Successful Commissioning Toolkit** – This is designed to help commissioners in the public sector get better value for money from the VCS. It also aims to help VCO's become more informed about the commissioning process, and about what they should expect from financial relationships with the public sector. The toolkit can be accessed via the National Audit Office website:

[http://www.nao.org.uk/guidance\\_good\\_practice/third\\_sector/successful\\_commissioning/successful\\_commission\\_toolkit/toolkit\\_home.aspx](http://www.nao.org.uk/guidance_good_practice/third_sector/successful_commissioning/successful_commission_toolkit/toolkit_home.aspx)

**Regional Commissioning Framework** for commissioners of services for children, young people and their families, across the East Midlands:

[www.regionalcommissioning.co.uk](http://www.regionalcommissioning.co.uk)

**The Role of the Voluntary and Community Sector in Service Delivery: A Cross-Cutting Review** – This report explores how Central and Local Government could work more effectively with the voluntary and community sector to deliver high quality services. It can be accessed through the HM Treasury website:

[www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)

**The Roots Review** - Review of arrangements for efficiencies from smarter procurement in local government, February 2009.

<http://www.communities.gov.uk/documents/localgovernment/pdf/1151506.pdf>