



The Basis Project  
Building and sustaining success

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# COMMISSIONING, PROCUREMENT & TENDERING

Reading –14<sup>th</sup> OCTOBER 2010

# OBJECTIVES



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## Some definitions

## The strategic importance of commissioning

## The risks

# Commissioning



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What is Commissioning?

‘Commissioning is the cycle of assessing the needs of people in an area and designing and then securing an appropriate service to meet those needs.’

*What does this mean?*

Commissioning is the process a public body goes through to identify what services it is going to deliver. It is where public sector bodies decide what services they require to meet their priorities.

# Procurement



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What is Procurement?

Procurement is the actual purchasing of a service provided by a charity, social enterprise, business or public agent.

Procurement involves a 'tendering' process and is implemented around commissioning requirements.

# Tendering



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What is Tendering?

Tendering is the process an organisation goes through to win the contract to provide a service

# Commissioning



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## Commissioning involves:

- Assessment (or reassessment) of need
- Identification of resources
- Planning how to use the resources
- Arranging service delivery through a procurement process
- Monitoring and reviewing service delivery

## Commissioning is a Strategic Process

# Procurement



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## Procurement involves:

- Purchasing - the process of securing or buying the services
- Contracting - the means by which the process is made legally binding

## Procurement is a Practical Process

# Tendering



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## The Tendering Process

Tendering is the process by which contracts are awarded

Organisations need to demonstrate they meet the required standards in order to compete for the contract

Contracts are awarded against a scoring system

# Commissioning



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## Who commissions?

All public bodies

- The Local Authority
- The PCT
- The NHS

# IMPORTANT!



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## Commissioning is a strategic process

*Its possible for an organisation to be involved in commissioning without tendering for contracts*

# Risks of Commissioning – Charities Commission CC37



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- Financial
- Governance
- Service Related
- Reputational

# Financial Risks



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- Under-funding
- Inappropriate duration of funding
  - Block or spot-funding
- Late funding (payment in arrears)
- Funding linked to quality of service:
  - Clawback
  - Statutory obligations

# Governance Risks



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- Objects and mission-related risk
  - Loss of independence

# Service-Related Risks



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- Contractual/litigation risks
- Inappropriate levels of monitoring
  - Public authority duty
  - Sense of obligation
- Risks to delivery or service quality

# Reputational Risks



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- Entering into contractual relationships with a public authority, and in particular using donated income to fund the delivery of a service, could weaken the confidence donors have in an individual charity, unless the charity clearly explains its approach
- Unwillingness to exercise independence or to challenge funders might also affect a charity's reputation
- Poor service quality could also harm a charity's reputation.

# Wider Organisational Concerns and Issues



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- Tendering to provide services is very time-consuming
- It can be costly
- It requires an up-to-date business plan
- Approved policies & procedures
- Effective financial management
- Effective planning processes