

**Thurrock Council's Commissioning, Procurement and Grant Funding
Strategy with the Voluntary, Community and Faith Sector (VCFS)**

2014/15 – 2016/17

Our Vision

To have a transparent and consistent approach to our resourcing and funding activities supporting a sustainable and independent VCFS in Thurrock.

Version Control: FINAL– 10.08.14

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Important note

The proposals contained in this strategy are subject to any future changes including, but not limited to, budget constraints.

To account for changing policy and legislation, this strategy will be informally refreshed annually by the Joint Strategic Forum and formally reviewed bi-annually.

Thurrock Community Strategy

Our Community Strategy was approved in September 2012 following extensive consultation with our communities culminating in the following vision for Thurrock and five enabling strategic priorities (herein SP):

"Thurrock: A place of opportunity, enterprise and excellence, where individuals, communities and businesses flourish"

- SP1. Create a great place for learning and opportunity
- SP2. Encourage and promote job creation and economic prosperity
- SP3. Build pride, responsibility and respect to create safer communities
- SP4. Improve health and well-being
- SP5. Protect and promote our clean and green environment

Thurrock Council is changing and adapting to realise the Community Strategy vision and priorities, enabling and facilitating change, preparing residents for the new opportunities arising from economic investment and growth in the borough and working with our partners to achieve the best social, economic and environmental value for our communities.

Through innovative and collaborative working the voluntary and community sector in Thurrock has helped to make choice and independence for individuals a reality whilst bringing new resources into the borough and building greater resilience within our communities.

Developed with our partners from the voluntary, community and faith sector, this VCFS Commissioning and Procurement Strategy aligns to our Community Strategy priorities 2 and 3 and establishes a transparent and consistent approach to our commissioning and procurement activities. The strategy will focus on enabling high quality, cost efficient services that promote an asset-based approach, maximise social value and increase community resilience from the point of design to delivery.

Purpose

While ambitions remain high for the next three years, local government is facing a period of significant change and challenge, driven by the need for significant budget savings and rising demand for services.

The Council recognises the need to rethink the way we support and fund the wider sector. In particular we need to work with our partners to develop new ways of working to underpin the delivery of objectives aligned with our community and corporate priorities that aim to:

- Empower independence enabling job growth and helping people help themselves
- Create strong and connected communities that support each other and enable self reliance
- Transform services to be more efficient

This strategy provides a high level overview of our current and future relationship with the VCFS to support a planned and pragmatic approach to commissioning and procurement that makes the best use of our resources without losing sight of the need to achieve best value for money and positive social impact in Thurrock.

With the recent growth in social business with community interests, this strategy will also seek to engage these organisations alongside our more established VCFS partners.

Context

This strategy has been developed with our voluntary and community sector partners and sets out the council's intention to enable the sector to play a significant role in delivering more innovative, diverse and responsive public services through our commissioned activity.

We are committed to acting in a socially responsible way and to influence our partners, communities and those that we work with to reflect these principles. Our values and commitments to social responsibility are highlighted throughout this strategy and embedded through our work with the voluntary, community and faith sector through the implementation of the Thurrock Joint Compact.

Audience

This document is intended for use by officers and elected members of the council, officers of the social, health and justice sector, organisations in the voluntary, community and faith sector, organisations providing capacity building, development and support to the voluntary, community and faith sector and local business organisations and groups.

Partnership Working and the Thurrock Joint Compact

The council is committed to the continued development of our relationship with the VCFS. This strategy has therefore been written taking into account the [Thurrock Joint Compact](#) (hereon 'the Compact') which was refreshed and approved by Cabinet in November 2012.

The principles and commitments outlined in this document, its accompanying action plan and social values framework extend the commitments outlined in the Compact and provide a clear approach to the council and its partners on the need for early engagement to ensure social value and innovation are at the forefront of service design and delivery.

The Compact provides the foundation for effective partnerships between Voluntary, Community and Faith Sectors (VCFS), Thurrock Council and Partners with a view to achieving the following outcomes:

1. A strong, diverse and independent voluntary, community and faith sector in Thurrock
2. Effective and transparent design and development of policies, programmes and public services in Thurrock
3. Responsive and high-quality programmes and services for the residents of Thurrock
4. Clear arrangements for managing changes to programmes and services
5. An equal and fair society

The Compact (section 3.1-3.17) establishes the Council's commitment to a transparent approach to procurement decisions to enable improved commissioning and procurement that addresses barriers and delivers measurable social value. It also strives to ensure that procurement follows agreed outcomes for our communities defined and agreed through a process of early and open engagement to ensure that social value forms a standard consideration from the design stage to the implementation or delivery of a service or support.

Implementation of the Thurrock Joint Compact and delivery of the commitments therein are monitored by the Joint Strategic Forum, a partnership body incorporating Thurrock Council, our VCFS partners and the Social, Health and Justice sector.

Key Principles

This strategy will provide clarity around the means for developing our relationship with the voluntary and community sector in the context of future commissioning and procurement practice and is based on the following key principles:

- **Fairness:** through transparent and consistent approaches to VCFS commissioning and procurement arrangements across the council
- **Transparency:** enabling clear process and decision-making

- **Value and efficiency:** working with VCFS organisations in a consistent way which aims to be fair and equitable and ensures we maximise value for money and optimise social value gains for our communities;
- **Partnership working:** we will seek to maintain positive partnership relationships and uphold our commitments outlined in the Thurrock Joint Compact.

Our commitments

We will support and establish these principles by:

- Facilitating the engagement of local community groups, customers and service users in the commissioning process;
- Maximising social value through our commissioned activity;
- Developing a future commissioning plan to help us to establish on-going consultation and engagement opportunities with the VCFS
- Supporting the sustainable development of voluntary and community organisations by maintaining longer term funding where possible;
- Allocating funding, contracts and other resources using clear, relevant, consistent and proportionate criteria;
- Commissioning services with targeted investment and outcomes-based contracting;
- Ensuring that procurement and contracting processes are transparent and fair and continue to facilitate the involvement of the broadest range of providers;
- Recognising the principle of full-cost recovery in funding voluntary and community organisations although understanding that we cannot always fund on these premises
- Working with other public sector organisations where appropriate to consider and implement joint commissioning opportunities with the VCFS;
- Ensuring all funding and/or contracts that are awarded have clear terms of reference and are monitored in accordance with agreed funding and contract monitoring practice;
- Providing honest and timely feedback to funded organisations about successes or areas for improvement in performance in connection with routine funding and/or contract monitoring practice
- Ensuring prompt payment of small grants and contracts
- Providing timely information to voluntary and community groups about funding opportunities and decisions with at least three months notice before the end of a grant/contract period
- Complying with all legal requirements.

Commissioning, Procurement and Grants

Our focus is to ensure that, subject to European procurement rules, where relevant, all contracts and funding awarded by the council enable the delivery of our community strategy, corporate plan and social value priorities.

Commissioning

The council buys many different services from a wide range of voluntary sector and private organisations. The process of deciding what types of services are needed, purchasing them, managing their contracts and monitoring their performance to ensure both quality and value for money is called Commissioning.

Through our commissioning activity we aim to continuously improve the availability, affordability and quality of local services and ensure that citizens, service users, providers and commissioners work together as partners.

Commissioning is a broad concept and there are many definitions. The Department of Health describes commissioning as the means to secure the best value for local citizens. It is the process of translating aspirations and need, by specifying and procuring services for the local population, into services which deliver the best possible outcomes within the best use of available resources.

Commissioning is an on-going process which applies to all services, whether they are provided by the local authority, the NHS, other public agencies or the independent sector. Most definitions of commissioning describe a cycle of activities at a strategic level that involve:

- assessing the needs of a population;
- setting priorities and developing commissioning strategies to meet those needs in line with local and national targets;
- securing services from providers to meet those needs and targets;
- monitoring and evaluating outcomes; and
- the above combined with an explicit requirement to consult and involve a range of stakeholders, citizens, service users and carers in the process.

In Thurrock we add to that strength based commissioning using a community asset based approach to support communities and individuals to find solutions based within their own localities commissioning small responses and solutions found by the individual and supported by the wider economy. We recognise as such that engaging with our VCFS in the commissioning process harnesses direct advantages to support the locality approach such as effective, customer-focused services, but also provides opportunities to achieve wider local social and economic objectives such as higher levels of volunteering, increasing local employment and improved local skills, and a greater sense of community ownership of local issues.

Commissioning: current practice in Thurrock

Commissioning is central to Thurrock delivering effective, value for money and outcomes focused services. We will continue to seek new opportunities to maximise the effectiveness of our services and continually review those that are already commissioned and operational.

Individual strategies will drive commissioning activity and we will seek to involve the VCFS in the development of these strategies and therefore leading to better understanding for the council of the needs of the local community and by the VCFS of the commissioning intentions that the council has.

Commissioned services will never remain static once in place. Not only will they be rigorously monitored but they will also be reviewed to ensure needs have not changed and the current delivery model can still meet needs and evolve around those needs.

When developing new commissioning programmes, the council has always engaged with a wide range of stakeholders at the earliest stage of the process and this strategy confirms our intentions to continue and develop further this approach whilst seeking more innovative ways to ensure the largest possible audience is reached.

Commissioning Cycle

The commissioning process is a cycle of activity including supporting the contract award and monitoring. We will work closely with the provider prior to contract commencement. This will ensure that services commence at the right time, starting to deliver the desired outcomes from the outset.

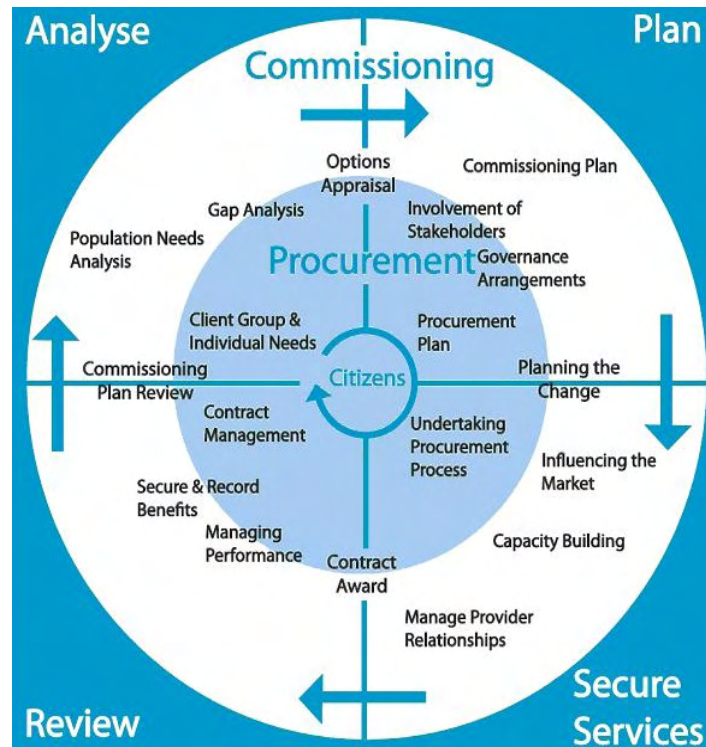
Once established we will taper our involvement with the provider to a level where they can deliver the service and the Council are comfortable that we have a sufficient level of input to monitor progress. This will be different for each contract.

We will usually ask providers to produce quarterly monitoring around outputs and outcomes key performance indicators (KPIs).

In addition periodic monitoring visits will take place to evidence outcomes through conversations with staff and more importantly, service users. These will be fully documented and made available to the provider to ensure a transparent monitoring process. The Council will ensure that providers know what information they are expected to provide in advance of any formal review.

The level of monitoring will be proportionate to the level of funding and risk in relation to each contract.

The following diagram further illustrates the commissioning model applied by the council.



Procurement

The council's Procurement Strategy 2013-15 establishes our vision for maximising the value of the £170m invested by the authority each year on services and goods from third party suppliers. It states:

"We want to commission, acquire and manage our third party expenditure so that it achieves optimum cost efficiency while actively contributing to the fulfilment of the policy aims set out in the Thurrock Community Strategy".

Procurement is the full range of activities related to purchasing goods, services and works and can range from contracting for an entire service to purchasing small assets such as office equipment.

Application and Tender

A well managed application and tender process means that applications from organisations best able to deliver will succeed.

Commissioners will determine the most appropriate mode of procurement, complying with the council's constitutional and financial procedures and also with EU procurement legislation and appropriate Treaty principles. The overriding principle will however be towards equality of treatment, non-discrimination and transparency.

There are four main tender procedures that may be followed by the council:

- restricted,
- open,
- competitive dialogue, and
- negotiated procedure.

The two most commonly used procedures are:

- Restricted Tender

Suppliers who respond to advertisements by expressing an interest in the contract are required to complete a pre-qualification questionnaire (PQQ) to show they have sufficient experience and resources to meet the needs of the contract. Only suppliers/providers who are shortlisted will be invited to submit a tender.

- Open Tender

All suppliers/providers who express interest will receive invitation to tender documents, there is no short listing or pre qualification stage, this information will be requested as part of the tender itself.

The open tender procedure is normally only used where the known market place is limited.

- Competitive Dialogue

Following an OJEU Contract Notice and a selection process the council may then enter into dialogue with potential bidders to develop one or more suitable solutions for its requirements and on which chosen bidders will be invited to tender. This procedure is more suited to complex procurements.

- Negotiated Procedure

A purchaser may select one or more potential bidders with whom to negotiate the terms of the contract. An advertisement in the OJEU is usually required but, in certain circumstances described in the Regulations, the contract does not have to be advertised in the OJEU. An example is when for technical or artistic reasons or because of the protection of exclusive rights, the contract can only be carried out by a particular bidder.

The processes above may be subject to change once the new EU Directives are implemented.

Through the application and tender process, Thurrock Council will undertake to:

- Provide reasonable notice of procurement contract opportunities to comply with UK and European Public Procurement rules.
- Publish the criteria against which applications and tenders will be assessed and make decisions in accordance with those criteria.
- Promote opportunities widely and consider proactive approaches (after publication of any contract advert or notice) to encourage organisations to bid. This is particularly important for VCFS organisations who may not have engaged in the procurement process before.

- Recognise the need to stimulate the market for VCFS providers e.g. through commissioning VCFS infrastructure agencies to provide training for capacity building in commissioning skills within the sector, particularly recognising the support needs of smaller, inexperienced groups.
- Ensure that we maximise opportunities to achieve social value in accordance with our social values framework and monitor social impact at relevant points in our contract monitoring cycles;
- Provide sufficient time, ideally a minimum of 21 days, where service requirements permit, for organisations to respond, particularly to larger pieces of work or those involving joint working.
- Provide timely notification of decisions and give adequate notice in advance of the expected date of the commencement of the contract.
- Ensure that VCFS organisations are not required to provide additional information and assurances to those required from other sectors.
- Ensure that the make-up of our panels comprise those experienced in procurement and, where possible, with experience of working with the VCFS;
- Signpost organisations to their local infrastructure providers for assistance.

Quick Call

A module within the council's e-tendering software has now been established to support officers to request quotes for low value purchases under the £10,000 to £75,000 threshold.

The council's constitution states that a minimum of three written quotes are required for this threshold and Officers should ensure that at least one Local Business/provider is invited to quote.

Providers can register on Quick Call and may then be invited to quote on low value contracts. There is no guarantee of work or automatic invitation to quote, the service will identify the requirement and work with the Procurement Team to ensure the appropriate providers/suppliers are invited to quote.

Through the application and tender processes, the VCFS will undertake to:

- Ensure their eligibility when applying to ensure that their proposal meets the requirements of the contract specification and that they understand the requirements.
- Recognise and respect that the final decision about the award of any contract rests with the procuring/commissioning body.

Terms of delivery

Effective terms of delivery will allow us to provide clear expectations of what is to be delivered and by when, so that organisations can plan and deliver effectively and so that the best possible outputs and outcomes are achieved.

This approach will also ensure that risks are recognised and placed with the body or organisation best able to manage them.

Through the process of establishing and managing terms of delivery, Thurrock Council will undertake to:

- Provide clear terms of delivery (including success and performance criteria) to the VCFS organisation before any contract is entered into.
- Agree a simple process for controlling any changes to the agreement, including the actions that will be taken if the organisation is failing to deliver and include these in plain English, i.e. intelligible and free from jargon, as part of the contract.
- Ensure that terms and conditions of the funding are directly related to the contract risks and the intended outcomes of the project.

Through the process of establishing and managing terms of delivery, the VCFS will undertake to:

- Agree terms of delivery at the outset.

Payment terms

In line with our Procurement Strategy vision, we will endeavour to fund services in the most effective way to achieve the best possible long-term outcomes for our communities. Our payment terms will allow both parties to plan and develop for the future and create positive incentives to perform.

Thurrock Council will therefore undertake to:

- Consider the timing of payments to create the right incentives for delivery.
- Where feasible, consider making payments in advance of expenditure rather than in arrears, taking into account the impact this may have on the VCFS organisation and the service.
- Make payments in compliance with agreed contractual terms.
- Obtain a clear understanding with the VCFS about payment terms for each contract.

The VCFS therein undertake to:

- Issue invoices correctly and in a timely manner to allow us to make the necessary payments.
- Notify us at the earliest opportunity, should a need for change in the way payments are made occurs.

Grants

Thurrock Council has delivered grants programmes for many years. Our primary and core funded initiative was the Voluntary Sector Grants Programme, more recently known as the Voluntary Sector Development Fund, for which the operational management and administration was taken on by Thurrock CVS from April 2014.

One of the main features of grant funding over tendering for contracts is that the funder can support a service it considers necessary, but which the recipient does not otherwise have the resources to deliver on a self-sustaining basis at the required standard.

In the last round of Thurrock's Voluntary Sector Development Fund, applications were invited against a set of outcomes agreed in consultation with the wider voluntary sector. This has helped to shift the perception of the sector from ad hoc support to local organisations delivering to achieve outcomes for local people. In addition, a review of the monitoring arrangements for current grants has helped define the additional value achieved through the grants e.g. income into the borough and volunteering.

Grants and investment funding will remain a key component of the council's funding mix however, they will be increasingly used for targeted purposes.

Through the development of this strategy and our work with partners from the VCFS, a set of key principles have been devised which will support us to recognise where grant funding is the most efficient means for bringing value to our communities.

Key principles

Through assignment and management of grant funding:

- (i) We are driven by our community strategy and corporate objectives. Our grant funding decisions will therefore be based on evidence of local knowledge and ability to meet one or more of our community strategy and corporate objectives.
- (ii) We are committed to supporting community-led solutions that enable cohesion, support participation and increase the resilience of our communities we will therefore seek to invest in opportunities that support local infrastructure development.
- (iii) We will target grant funding in areas of geographical significance and with communities where evidence of the positive impact to be achieved through investment is greatest.

- (iv) We will implement an outcomes-based approach to our grant investment opportunities and use our social values framework as a means for establishing the community priorities that will be met through our investment.
- (v) We will seek to invest and build capacity in the VCFS so that it is in a position to meaningfully engage in all or parts of the commissioning cycle (this could include the development and support of commercial skills).
- (vi) We will only consider grant funding to non-statutory organisations that are formally constituted, are committed to equality and supporting diversity, operate in the not for profit sector, are able to deliver benefit to the community within the funding period and to sustain their activities.
- (vii) We will ensure that our appraisal and decision making processes are proportionate and appropriate to the scale of our grant funding investment.
- (viii) Evidence of no alternative means for funding will be expected before we will consider grant investment.
- (ix) All grant applications will be considered in accordance with the Equality Act 2010. It is our duty to ensure that anyone can use our services regardless of age, gender, disability, race, sexual orientation and religion or belief. We oppose all forms of prejudice and discrimination and promote diversity and tolerance in Thurrock that prevents harassment and victimization of our residents, service users and employees.

We share a commitment to improving outcomes for all residents of Thurrock in a time of severe financial constraint. [Thurrock Joint Compact](#) will achieve a meaningful framework to support and inform joint working across sectors for the benefit of residents and communities in Thurrock. Applicants to our grant funding programmes will be expected to understand the Thurrock Joint Compact.

In accordance with our commitments outlined in the Thurrock Joint Compact, we will administer our grant opportunities in accordance with best practice and apply the following operational principles:

- (i) We recognise that organisations often need to discuss a bid with their trustees and need time to prepare a quality bid. Dates/deadlines will therefore be on the front sheet of our grant forms and a reasonable window of opportunity to apply provided.
- (ii) We will ensure that applicants are aware that permissions need to be sought if necessary (i.e. from group, landowner) and ensure applicants are aware that licences etc. may have to be sought which could incur a cost.
- (iii) We will always let applicants know that acknowledgment will be provided within 36 hours of receipt so they know to contact the council if they have not received this.
- (iv) We will provide notice of our decisions to applicants within reasonable timescales proportionate to the scale of the grant opportunity and volume of applications received.

Social Value

We have developed a social values framework conceived from the council's response to the Public Services (Social Value) Act 2012 which places a duty on all public authorities to have regard to social, economic and environmental wellbeing in connection with public service contracts to which the Public Contracts Regulations 2006 (as amended) apply. The Council will, also, apply the social values-based approach to contracts to which the Public Contracts Regulations do not apply.

Our social values framework has been designed to provide a simple template of priority outcomes that we wish to achieve through our procurement, commissioning and grant funded activity.

This social values-based approach reflects many of the principles of public service reform, as it is focused on using the collective resources of the council and the organisations that we work with in new and different ways to improve both outcomes and value.

The social values framework intends to build on and expand our existing commissioning and procurement practice to:

1. ensure that we have a systematic, consistent and coherent approach to social value across each and every contract that the council lets,
2. encompass a broader range of social value considerations in what we do, and
3. implement a more outcome-focused approach with clearer links to our broader strategic priorities and overarching organisational objectives.

Additional information on the most current outcomes that we have prioritised for our social values framework can be found on www.thurrock.gov.uk

Social Values Framework in Action

To enable our social values framework to produce both meaningful and measurable results we have designed an approach to enable its implementation through our commissioning, procurement and grant funding exercises.

- For each procurement and grant funding exercise, we will identify which of the outcomes in the social values framework are appropriate for inclusion.
- Appropriate outcomes will be identified from the social values framework on the basis of what is relevant and proportionate for each contract.
- This means that our approach to social value is a bespoke approach, tailored for each and every contract.
- Every tendering exercise will include at least one of the outcomes listed in the social values framework.
- Suppliers will be scored on their responses to the question about how they will deliver against these outcomes*,
- Suppliers will also be scored on their responses to an accompanying question about how this will be measured and verified**,
- The responses of the winning bidder will be incorporated into the contract and the ensuing contract management and monitoring process.

*where it is possible to link the outcome(s) to the subject matter of the contract
** in those cases where it is possible to link the outcome(s) to the subject matter of the contract.

Our social, economic and environmental ambitions for Thurrock are more likely to be achieved if we marshal our resources explicitly in the pursuit of the priority outcomes contained in our social values framework. Following the approach outlined in this strategy will mean that our commissioning and procurement processes are geared explicitly towards achieving those wider strategic aspirations, not just the specific goods or services which are being procured.

Capacity building

We acknowledge that some VCFS organisations, especially very small ones, continue to experience significant barriers to engagement in the process. In order to address these barriers the council supports capacity building within the VCFS and we will develop learning opportunities related to commissioning and funding opportunities to support the sector.

We are committed to developing an approach to feedback to our stakeholders that builds on our commissioning, procurement and grant funding activity. We will therefore endeavour to make available information relating to the impact of commissioning, procurement and grant funding at relevant stages in both our general performance and contract monitoring cycles.

Delivering this strategy

In January 2013, Thurrock CVS commissioned independent researchers to assess opportunities associated with maximising public services in an increasingly challenging financial environment. Recommendations from this report have been prioritised locally by the JSF and are now noted as follows:

- **Recommendation 1:** Thurrock commissioning for outcome development programme, including joint development programme for commissioners and the voluntary sector to advise commissioning that is informed by social value and works towards social enterprise development.
- **Recommendation 2:** Transformation e.g. where services delivered in house are to be outsourced go through voluntary organisations with the support of established social enterprises around the borough working in similar areas.
- **Additional Recommendation 2:** Development of council spin outs – e.g. mutual, co-operatives and community interest companies. These should not conflict with those voluntary organisations currently delivering a similar service.

This strategy provides a high level overview of our current and planned future relationship with the VCFS. We will prioritise the advance of a three year forward plan for commissioning as we appreciate the valuable role that this document plays, its influence on our future relationship and ability to plan engagement with the sector and the attainment of our social value targets.

A supplementary action plan will developed by the Joint Strategic Forum to align the delivery of our commissioning and procurement activities with the principles outlined in the opening section of this document. The priorities derived from the ¹Thurrock CVS Maximising Public Services, March 2013 report will inform the steps that will be taken to deliver this strategy.

Monitoring and Review

Progress associated with the delivery of this strategy, its supplementary action plan and social values framework will be monitored by the Joint Strategic Forum and reported by the Chief Executive of TCVS representing the VCFS and Director for Commissioning, Adults and Health representing the council at bi-annual intervals.

Monitoring reports will be informed by information from a wide number of sources including data from the TCVS Annual Health Check and will additionally be presented to TCVS Managed Networks Group via the Chief Executive of TCVS and the council's Corporate Overview and Scrutiny at bi-annual intervals with an annual report to the council's Cabinet detailing delivery and evidence of VCFS and wider community impact.

Interim health checks may also be undertaken with the VCFS to assess:

- The VCFS feeling of involvement in the commissioning and grant funding process on an equal footing.
- Increases in involvement and engagement of the VCFS in council commissioning.
- Impact and opportunities for capacity building within the sector to increase the sustainability of the VCFS.

The first annual review of this strategy will however ensure that implications arising from the revised EU Procurement Directive are considered.

Legal duties

Further information and guidance relevant to the legal duties that will be applied through the application of this strategy can be found in Appendix 1.

References

¹Thurrock CVS Maximising Public Services, A Can-Do Place Preparing for A Very Different Future, BBW Consulting, March 2013.

² Thurrock Council, Transforming Commissioning and Procurement: Procurement Strategy (2013-2015).

Additional resources

National Council for Voluntary Organisations: Pathways through the maze: a guide to procurement law - 2nd edition (Oct 2010) www.navca.org.uk/publications/maze

National Audit Office – Principles of Good Commissioning and Applying the General Principles www.nao.org.uk/successful-commissioning/general-principles/principles-of-good-commissioning/

Thurrock Council's Social Values Framework, on www.thurrock.gov.uk

Appendices

Appendix 1: Legal Duties

Glossary of Terms

Commissioning	Commissioning is the process of identifying needs within the population and developing policy direction/service models and the market to meet those needs in the most appropriate and cost- effective way.
Community Interest Company (CIC)	The primary features of any company holding CIC status are two fold; Assets owned by the company are held in an asset lock which secures those assets to applications for the good use of community and limitations applied to dividend and interest payments made to shareholders and financiers ensure a profit can be made, but the primary focus remains on achieving benefit for the community.
Contracts	A contract is a formal, legally enforceable agreement with another party by which each party commits to deliver something in return for something else - usually a service in return for payment.
Grants	A grant is an award of money given by an organisation (usually a public sector organisation or a grant-giving trust) to another organisation (usually a voluntary or community sector organisation) to support its work. The grant may partially or wholly support the work of the recipient organisation, or may be tied to a particular purpose such as running a project or delivering a service.
Joint Commissioning	This is when two or more organisations work together and pool their resources to co-ordinate and implement a common strategy for commissioning services. An example of this could be the health and social care commissioning a place to meet a child's holistic needs.
Outcomes	The benefits or other effects that are realised as a result of services and activities provided by an organisation. Outcomes can be defined in advance of a project and measured to demonstrate the success of the activity.
Procurement	Procurement is a specific part of the commissioning cycle. It focuses on the process of buying services or goods from initial advertising through to appropriate contract or grant arrangements. The rules and process will be dependent upon the value and nature of the contract.
Payment by Results	A mechanism to incentivise providers to ensure that the services they offer support positive outcomes.

Social Value

Under the Public Services (Social Value) Act 2012, all public bodies in England and Wales are required to consider how the services they commission and procure might improve the economic, social and environmental well-being of the area. This means that whilst value for money will be secured this will be considered alongside other benefits. Social value asks the question: 'If £1 is spent on the delivery of services, can that same £1 be used, to also produce a wider benefit to the community?'

Social Enterprise

Social enterprises are businesses that trade to tackle social problems, improve communities, people's life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community.

Appendix 1: Legal duties

European procurement rules: the European procurement rules apply to any service contract with a value above a certain threshold. The current threshold (with effect from 1st January 2014) is £172,514 (207,000 euros).

Where the rules apply, the Council must comply with the rules, in identifying and selecting a contractor to provide a, particular, service to the Council. The rules require the Council, amongst other things to: advertise that it requires a service provider; to follow a, particular, procurement process to identify and select a service provider; and to comply with the rules on exclusion and selection of contractors.

This Strategy will be applied, subject to the European procurement rules.

State Aid Rules: The rules on state aid prohibit aid being given by the 'State' or through 'State Resources', without the permission of the European Commission unless the aid in question is 'de minimis' or it falls within an exemption (General Block Exemption Regulation ("GBER")).

'State Aid' is aid to a business which:

- (i) is granted by the State or through State resources
- (ii) favours certain undertakings or production of certain goods
- (iii) distorts or threatens to distort competition; and
- (iv) affects trade between Member States, including potential effect on trade between Member States.

The application of this Strategy will be subject to the rules on 'State Aid'.

S17 Local Government Act 1988: Section 17 prevents Local authorities from taking 'non-commercial' matters into consideration in a procurement process.

'Non-commercial matters' are:

- a. Employment terms and conditions, training and opportunities for workforces
- b. Whether sub-contractor terms are for self-employed persons only
- c. Involvement in industrial disputes
- d. County of origin of supplies/location of business
- e. Political, industrial or secretarian affiliations
- f. Financial support for an organization the authority withholds support from
- g. Building regulations approvals

The Local Government Best Value (Exclusion of Non-Commercial Considerations)

Order 2001: This Order provides an exception to section 17 LGA 1988 (above) and permits Local Authorities to take 'non-commercial' matters into consideration:

- (a) to the extent that they are relevant to the achievement of best value; and
- (b) in circumstances where they are relevant for the purposes of a TUPE transfer

Public Services (Social Value) Act 2012 (“the Social Value Act”): The Social Value Act provides a further exception to the prohibition contained in section 17 of the Local Government Act 1988. On the basis of this exception, the Council may take ‘non-commercial’ matters into consideration for the purpose of compliance with the Public Social Value Act.

The Social Value Act imposes, upon local authorities, a duty - where the European procurement regulations apply to the contract in question – to consider, before starting the procurement process (i.e. at pre-procurement stage):

- (a) how what is proposed to be procured might improve the economic, social and environmental well-being of the Council’s area; and
- (b) how, in conducting the process of the procurement, it might act with a view to securing that improvement.

The Council may only take social, environmental and economic matters into account to the extent that those matters are directly relevant to the subject matter of the contract.

The Council will apply this strategy to contracts below the European threshold as well as to contracts which are above the, relevant, European threshold, subject to the European procurement rules for contracts with values above the threshold.

Equality Act 2010:

Section 149 of the Equality Act 2010 imposes a duty (the public sector equality duty or the “PSED”) on the Council, in the exercise of its functions, to have due regard to the need to: (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristics and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. This duty extends to contractors/service providers who perform services on behalf of the Council.

The relevant ‘protected characteristics are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation. In the case of the duty to have regard to the elimination of discrimination, etc, the ‘protected characteristics’ include marriage and civil partnership.

Treaty on the Functioning of the European Union

The Council has a duty to comply with the principles contained within the Treaty on the Functioning of the European Union. The principles are: equality of treatment; transparency, proportionality (any measure chosen should be both necessary and appropriate in light of the objectives sought) and mutual recognition (acceptance of the products and services supplied by economic operators from another Member State and acceptance of the technical specifications, checks, diplomas, certificates and qualifications required in another Member State if these are recognised as equivalent).

This Strategy will be implemented, subject to the Treaty principles.