

NHS South of Tyne and Wear Third Sector Commissioning: Defining Contracts and Grants

1 Background

- a) For existing third sector services, in a number of cases, it remains unclear as to whether the original funding vehicle was via a grant or contract arrangement and records may be limited in some cases.
- b) In such cases, to ensure equity, there is a need to have a mechanism by which the PCT will agree, through discussion with the third sector provider, whether its services will sit within grant funded or contract arrangements.
- c) The contracting vehicle will be the national contract for community services, with a proportionate approach to the content of schedules and performance management arrangements. Grant funded arrangements will need to have a set of Grant Terms and Conditions put in place. This ensures that the PCT is compliant with legal and audit requirements. Contract and grant agreements will be put in place for 3 year periods.
- d) The Third Sector Steering Group has previously carried out work to identify the key features of a grant and contract and these definitions have been used, along other advice, to create a toolkit which can be used by the Community Commissioning team to assess (for services where there is a lack of clarity) whether existing third sector services should sit within grant funded or contracted arrangements. There are 12 number of such services in Gateshead, 4 in South Tyneside and 5 in Sunderland.
- e) This tool is to be trialled and its use evaluated, after which it will be possible for other commissioning teams in the PCT to also use the tool should they wish to do so. This exercise does not apply to third sector services which already have in place the national contract for community services or a previous contract type.
- f) Discussions are planned with relevant providers around whether the grant or contract vehicle will apply. Once this has been done, an exercise will follow, to be carried out in partnership with the provider, to establish whether the organisation has the required policies in place to meet contract or the grant agreement requirements. This will also help the PCT to better understand the sector's capacity and capability development needs particularly in relation to contracts, and will inform future work of this nature. Commissioners would intend to adopt a supportive stance in working with providers who need help in getting particular policies in place and in such cases constructive action plans will be drawn up.

g) For grant agreements, the policies which are deemed necessary have been set through the group's work on the grant process (ie which policies would be required from organisations with whom we are entering into a grant funded agreement). These are as follows:

- Equality and Diversity
- Children and Young People
- Adults Safeguarding
- Complaints and Representation
- Public Liability Insurance Certificate

- Audited or independently examined accounts
- Quality policy document

Additionally, for grant funded services which are delivered directly to patients, some consideration may be given by commissioners, through discussion with providers, around the potential implementation of the PCT's Incident and Risk Reporting processes. However, the need to be proportionate for grant funded arrangements around this requirement is recognised.

h) For contract arrangements, the following requirements are driven by the contract:

- Essential services business continuity plan
- System to ensure staff has access to specialist professional advice
- Staff training, supervision and appraisal processes and procedures
- Policy on serious untoward incidents
- Policy on patient safety incidents
- Written service guides or equivalent policies
- Business continuity plan
- Service user consent policy

i) Attached at Appendix 1 is the Grant \ Contract definition toolkit.

i) Attached at Appendix 2 is a flow chart defining the overall process which is described in this document.

2 Action needed

The comments of Third Sector Steering Group members are sought are the activities outlined within, however, members are additionally asked to bear in mind that the activities described need to be carried out for corporate purposes. Commissioners are very keen that group members remain updated around these activities and will take into account feedback received in the further planning and in the implementation of these activities.

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Head of Commissioning for Community & Joint Services

APPENDIX 1 – GRANT\CONTRACT DETERMINATION TOOLKIT

NHS South of Tyne and Wear – Community and Joint Services Commissioning Defining Contracts and Grants – Decision Support Tool

Contract Manager	
Date	

Contract Manager Recommendation	Tick
Grant	
Contract	

Decision Support Grid

Provider Name	Address	Dates and Funding Duration
Date of funding request:	Reason for Funding (provide Brief Description)	Geographical areas covered

Key Criteria for Definition as a Grant			Comments
Key Criteria	Yes	No	
1. Is the funding required to support the running or infrastructure costs of a service, project or an organisation?			
2. Provider is a Voluntary or Third Sector organisation			If no the service can only be offered under contract.
2. Funding is required to provide a			

service which is not a clinical, or Core NHS Service			
4. Has the voluntary sector provider specified the service to be delivered either through an application, business case or draft service specification?			This fits with the features of grant funding situations. In contract situations the commissioner designs the specification.
5. The provider has identified to outcomes /priorities and how the service/project will be evaluated			This fits with the features of grant funding situations. In contract situations the commissioner designs the specification.
6. The value of the application is below £15,000 per annum			If yes the service is likely to sit under grant funding arrangement. Links with SFIs
7. The value of the application is below £80,000 per annum			If yes the service can be considered for grant funding but subject to consideration regarding how the service meets other Grant criteria along with assessment of financial risk. Links with SFIs.

Section B

Key Criteria for Definition as a Contract			Comments
Key Criteria	Yes	No	
1. The service has been secured through procurement process			If yes the service has to be a contract.
2. Provider is a Private registered Company, or Sole Trader			If yes the service can only be offered under contract.
3. The services can be defined as core NHS services/ clinical or statutory services, providing direct patient care?			If yes the service can only be offered under contract.
4. The PCT has clearly specified the service to be delivered including service model, and specification with defined service levels, performance indicators or other targets?			If yes the service can only be offered under contract.
5. Has the Voluntary sector provider specified the service to be delivered either through an application, business case or draft Service specification?			If yes this fits better with grant features
6. The PCT has identified targets, activity levels and performance Management arrangements?			If yes, this better fits with contracted features.
7. The value of the application is above £80,000 per annum			If yes the service should be provided under contract unless it complies fully with the Grant Criteria set out in section A

Appendix 2 – Flow chart depicting process

CONTRACT AND GRANT DETERMINATIONS

FLOW CHART

