

Building Better Opportunities



Guide to delivering European funding

Section seven: Partners and procurement

About this guide

This is just one section in a series of fifteen guidance documents that make up the Guide to delivering European funding (the 'Guide'). Taken as a whole, this provides all of the guidelines, tools and templates needed to manage and monitor your project.

The version of the Guide replaces any and all guidance we have previously published in relation to this funding.

For the full contents visit our website [here](#)

How to contact us

- ✓ If you are a **lead organisation** involved in delivering a project, the best way to get in touch is through **your funding officer**.
- ✓ **Other organisations** should email us at esf@biglotteryfund.org.uk

We have a Building Better Opportunities support team in place who can help with understanding European Funding requirements. You should by now have a named contact to contact directly. If you are unsure who this is, please contact your funding officer.

Summary of changes

May 2017 - Lottery logo updated.

March 2017 - Delayed quarterly update, including updated logo, updating link to ESF procurement guidance in part 7.5, and clarifying the different procurement thresholds depending on whether an organisation is a public body, or a private or third sector organisation.

September 2016 - Quarterly update, with use of National Insurance number for participant ID, updated Annex K, new Annex Q and revised annexes in Oct/Nov.

June 2016 - This version of the Guide incorporates appropriate comments gained from Any changes to the Guide will be:

- ✓ communicated on our website and on the inside page of each section

- ✓ emailed to current grant holders and highlighted in our programme e-bulletin.

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7.1 Working in partnership

Most of the funding opportunities that will be available through Building Better Opportunities are better suited to partnership working.

Partnership working is encouraged because:

- ✓ one organisation working on its own is unlikely to have the breadth and depth of experience to tackle the multiple and complex issues faced by those most in need
- ✓ involving other organisations helps generate new ideas or can extend the scope or diversity of work that can be delivered within the project
- ✓ local organisations working together often have the reach and expertise to make the greatest impact
- ✓ better coordination of different types of provision within a single partnership structure can lead to more effective service delivery tailored to an individual's needs
- ✓ smaller organisations may be most effective for delivering certain types of provision, but may not have the scale to deliver the entirety of a project on their own
- ✓ partnerships have access to a wider range of skills, resources and solutions
- ✓ cross-sector partnerships may be essential for sharing information between different providers.

To work effectively, partnership working must be grounded in open and honest communication, with respect for the experience and knowledge of each particular organisation.

The lead organisation

The organisation that we award funding to will have legal responsibility and be financially accountable for any money that is distributed to partners. It will be the lead organisation's responsibility to manage the partnership in order to avoid any financial loss due to inadequate reporting or evidence not being retained (see **Section eleven: Evidence and retention**).

Lead organisations must have:

- ✓ a clear vision for responding to the priorities of the local area, backed up by appropriate expertise
- ✓ a proven track record of managing complex projects, relative to the size of the partnership and the amount of money involved
- ✓ good connections for ensuring a wide cross-section of organisations are able to get involved
- ✓ strategies for managing and coordinating the partnership throughout the planning, set-up and delivery of the project
- ✓ the resources to respond to the development needs of individual partners in the partnership's formative stages.

Organisations can be involved in more than one project, either as a lead or a partner. However, lead organisations might set their own requirements on partners' involvement in other projects.

7.2 The partnership agreement

What is a partnership agreement?

The partnership agreement sets out the responsibilities of each organisation, including how key decisions about the delivery of the project will be made.

As the lead organisation is the sole accountable body, bound by the terms and conditions it signs with the Big Lottery Fund, the partnership agreement is a way for all partners to formally agree how work, money and risk will apply to them all. This is because they will use some of the money and will therefore be obligated to provide key pieces of information and evidence to the lead organisation.

Why is the partnership agreement important?

If lead organisations are not able to provide the information and evidence we ask for throughout the delivery of the project, this could have serious financial repercussions for both them and their partners. If errors are found within this evidence, we may have to recover funding that has been paid or spent. It is therefore extremely important that partners understand and are committed to these requirements from the outset as they will be subject to the same financial risks. The partnership agreement is used to lay down these requirements in how partners will operate.

Who signs the partnership agreement?

Any organisation that will have a formal delivery role in the project must sign the partnership agreement. This includes organisations you have procured to deliver activities and services (see 7.5).

Certain organisations do not have to sign the partnership agreement, for example:

- ✓ referrers or strategic partners who will not be paid for their role in the project
- ✓ small discrete services who do not 'own' any of the targets for the overall project, such as crèche facilities providing childcare support.

Consortiums

In order for a consortium to be a lead organisation or a partner in the project, they must be a legally constituted body in their own right. Otherwise, each individual organisation that makes up the consortium will need to separately sign the partnership agreement.

Drafting the partnership agreement

The main areas a partnership agreement should cover are summarised here:

➤ Purpose or aim of the partnership

The aim of the partnership and how this links with the aims of your project.

➤ Lead organisation

Details of the lead organisation that will be responsible to us for delivering the project, reporting to us and meeting our terms and conditions of grant.

➤ Partner organisations

The names, addresses and contact details of all the organisations that are signing up to the agreement.

➤ Financial and contractual arrangements

Details of the services to be delivered by the partner organisations, how often payments will be made and how they will be managed. A statement that the lead organisation will be responsible for all funds, in accordance with the evidence requirements we will put in place. Provisions on how responsibility for any financial losses will be fairly attributed within the partnership.

➤ Roles and responsibilities

The main roles and responsibilities of each organisation in the partnership. Make clear which tasks and services each partner will be responsible for delivering and how work will be shared out. Set out the reporting structures and the performance and/or contractual management measures that will be used to make sure everyone is contributing as agreed.

➤ Policies and procedures

This should list all policies and procedures that are required by law or are relevant to the project, such as health and safety, equal opportunities, sustainable development and the protection of

children, young people and vulnerable adults and confirm that all partners will abide by them.

➤ Administration and record keeping

Explain who is responsible for setting up meetings, how often they will happen and what records will be kept. Also include details of who will keep records both during and after the project, where, and in what form.

➤ Monitoring and reporting

How monitoring information will be provided by the partner organisations to enable the lead organisation to complete regular progress reports for us, and which performance management methodologies will be used to monitor progress of the project and participants.

This should also cover the process for ensuring quality and consistency of data across the partnership, together with how participant files will be checked, monitored and stored.

➤ Finance and claims

How partners will be paid (including timescales for payments) and how evidence of expenditure will be checked, recorded and stored. How VAT will be handled.

➤ Communication

How communication within the partnership will be handled, the methods that will be used and who will be responsible for promoting the project.

➤ Branding and publicity

This must be in accordance with Big Lottery Fund and European Social Fund guidelines.

➤ Cross-cutting themes

Contributions and commitment to cross-cutting themes from partners.

➤ Duration

The agreement will need to run for at least as long as our grant agreement with the lead organisation. Include a provision for the lead organisation to terminate the agreement if for any reason we need to suspend or terminate the grant.

➤ Continuation strategy

How the benefits of the partnership will be sustained after the project end date.

➤ Signed declaration

All partners must sign the declaration. The partnership agreement must refer to, or include, our terms and conditions of grant. By signing the declaration, all partners agree that these terms and conditions will take precedence if there is conflict between ours and any others that might be included.

➤ Disputes and disagreements

This should explain how partners or lead organisations can raise concerns and how these will be resolved, including how issues may be escalated and what form this will take.

➤ Changes

How changes to the agreement will be managed.

Signing the partnership agreement

We will ask to see a draft partnership agreement as part of your stage two application. If we then award a grant, we will ask you and your partners to sign it (see **Section three: Getting started**).

7.3 Changes to your partnership

When we award a grant, it will have followed a detailed assessment of the capability, roles and experience of the partnership to deliver the project. Changes to your partners could be seen as changing the basis on which this decision was made and **must be discussed with us first**.

You must not add any new partners without talking to us first. If the new partner will receive any of the funding we award, adding them must be done through a formal procurement process. This is a stronger position than we have previously published and has been made on the basis of legal advice in order to protect both you and us from claw back by the European Commission.

You must not replace partners without procurement and this process must follow national procurement rules for ESIF (see **7.5**).

Telling us about your changes

Ideally we will have discussed any changes with you as part of the day-to-day monitoring of your project. But in order for us to confirm these changes, you must use the Changes to your project form (see **Section four: Payments and monitoring**). Use this to tell us if you want to:

- ✓ make changes to the membership of the partnership
- ✓ replace a partner with a new organisation through a procurement process
- ✓ amend the partnership agreement.

You'll need to explain what the impacts of the change will be on the partnership or management structure of the project.

Amending your partnership agreement

You will need to update your partnership agreement if a new partner comes on board or where an organisation has stepped down from the partnership.

Even though procured organisations are contractors for purposes of how they accrue and invoice for costs, they should still feature on the partnership agreement where they ‘own’ targets because they will have a role in how information and evidence is collected, retained and reported.

7.4 Paying partners

It is the responsibility of the lead organisation to establish procedures for distributing funding to other organisations in the partnership. However, this must be done in a fair and equitable manner. Since we are providing payments in advance, we would not expect to see partners left to claim their costs after delivery as they should receive a proportion of our advanced payments. Our payment model is not by results or via unit costs. It would therefore be unreasonable to hold back funding on such a basis.

Situations may arise where a partner is not providing necessary documentation, such as evidence of expenditure or details of progress towards outputs or result targets. It is perfectly permissible to mirror our own arrangements when dealing with these circumstances. For example, if a partner consistently under-performs, it would be reasonable to withhold or reduce payments until corrective action has been taken (see **Section four: Payments and monitoring**).

Your partnership agreement must cover the arrangements for distributing funding to partners.

7.5 Managing procurement

If you identify the need for small discrete services or you need to bring in new partners that you have not previously identified in your stage one application, these organisations must be procured competitively and in accordance with ESIF procurement regulations.

Given the nature of procurement law, we are unable to provide detailed advice and information. ESIF has published a guidance document (recently updated to Version 4) that you should be familiar with before considering how to proceed:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/592852/ESIF-GN-1-001_ESIF_National_Procurement_Requirements_v5.pdf

You must seek relevant procurement advice where applicable and follow the ESIF guidance to the letter. The guidance includes thresholds, reviewed by the European Commission every two years, that you’ll need to follow depending on the values of the services you are looking to procure. Different thresholds apply depending on whether your organisation is a public body, or a private or third sector organisation.

Evidencing procurement

You must retain:

- ✓ All procurement records, documents and evaluations together with any communication from us to agree your broad approach.
- ✓ Copies of all tender documents, including any quotes.
- ✓ A detailed procurement register and records of all contract management activities that have taken place.
- ✓ A clear trail of all payments and deliverables.

7.6 State Aid

Our funding is regarded as a state resource, so if it could give you or your partner organisations a competitive advantage over other organisations offering similar services, it is likely to be deemed State Aid and you will need to consider your State Aid position.

Generally speaking, we do not expect State Aid to affect most of the projects we fund. State Aid most often applies where money is being used to directly stimulate growth in an organisation. This is not something we are directly funding through Building Better Opportunities. However, State Aid could apply to your project in some cases, such as the provision of work experience staff who may be taking on roles that would usually be paid for.

There are exemptions for State Aid (e.g. de minimis) but these are applied on a case-by-case basis.

We are unable to assess the potential for State Aid without seeing your detailed plans in full, so you must seek independent State Aid advice. We recommend that you obtain a formal legal opinion in order to ensure your project is State Aid compliant. A legal opinion should set out:

- ✓ how our funding would affect your (or other organisations') competitive or financial position in relation to other organisations providing similar goods or services
- ✓ the amount of funding you've received in the last three years that was classed as State Aid.

Note that issues relating to your State Aid position may result in issues with the funding we've awarded, so if you do not seek a formal legal opinion, or our own legal advice differs from your own, this could jeopardise or delay funding.

For more information about State Aid visit www.bis.gov.uk/policies/europe/state-aid