

Gloucestershire Compact
Funding & Procurement
Code of Practice

1. Who is this Code of Practice for?

- Voluntary and community sector groups
- Public sector bodies

2. What is the Gloucestershire Compact?

The Gloucestershire Compact is an agreement between local public sector bodies and the voluntary and community sector to support and improve partnership working between the sectors. It is underpinned by Codes of Practice, based on the national Codes, which cover the following areas:

- Black and Minority Ethnic Voluntary and Community Organisations
- Community Groups
- Consultation
- Funding and Procurement
- Multi-sector Partnerships
- Volunteering

The Gloucestershire Compact and its Codes contain specific undertakings for each sector, as well as a series of joint undertakings, which aim to make a positive impact on partnership working in the county. In this context, the term “undertaking” commits partners to work towards the principle or action in question.

3. What is the aim of this Code of Practice?

This Code of Practice aims to make a positive impact on the funding relationship that exists between the public sector and the voluntary and community sector (VCS) in Gloucestershire. It is based on the national Code of Practice and embodies the key points for an effective funding framework identified by the partners of the Gloucestershire Compact.

It covers funding relationships that exist between the public sector and voluntary and community sector, whatever terms are used for these – such as grants, service level agreements or contracts.

4. What is Funding and Procurement?

The complexity of funding relationships which exist between the public sector and voluntary and community sector can be broadly explained in the following terms:

- **Purchasing:** the public body draws up a ‘shopping list’ of services it wishes to buy and where possible the VCS is encouraged to contract with the public sector to deliver these services. This process is also known as procurement

- **Investing:** the public body may wish to invest in voluntary and community organisations, through loans or other forms of funding, where these bodies assist in rolling out strategies, or where the organisations have a service worth investing in as a future potential contractor
- **Grant Aid:** the public body gives a sum of money, for a specified period of time, to voluntary and community organisations to help support projects and/or the running costs of their services

What is Full Cost Recovery?

The principle that an organisation should be able to recover the full costs associated with providing a service (or other output). This includes:-

- Direct Costs (front-line activity)
- Direct Support Costs (line management support etc)
- Indirect Support Costs (central functions e.g. payroll, finance, IT)
- Governance and Development Costs (accountability and planning)

5. Joint Undertakings

All partners to the Gloucestershire Compact are committed to working together to continually improve the effectiveness of the funding relationship and to promote a greater understanding between the sectors. To this end, we commit ourselves to work in partnership in order to:

- 5.1 Identify needs and priorities for public sector funding streams within Gloucestershire.
- 5.2 Discuss the implications of any likely funding cuts or changes to local and national funding priorities and programmes at as early a stage as possible.
- 5.3 Attract funding from external sources into Gloucestershire.
- 5.4 Apply procedures that are consistent with the principles of good regulation and the need to provide effective and proper accountability for public money.
- 5.5 Provide effective and high quality services to the people of Gloucestershire.
- 5.6 Be clear about the type and terms of the funding relationship.
- 5.7 Agree clear definitions of what we mean by 'core funding' and 'full cost recovery', and reach an agreed position on how these costs should be met.
- 5.8 Reach an agreed position on the level of reserves a voluntary or community organisation can legitimately hold when applying for funding, drawing on Charity Commission recommendations.
- 5.9 Promote and develop existing opportunities and innovative approaches for sharing mutual 'in kind' support such as training, staff secondment and premises and other resources, taking into account resource implications.
- 5.10 Work together to improve the voluntary and community sector's sustainability and ability to undertake longer term planning.
- 5.11 Disseminate regular and timely information on funding opportunities using a variety of methods and making use of voluntary sector infrastructure channels.

- 5.12 Work towards supporting a single contact point within Gloucestershire for information and guidance on accessing and managing funding from a number of sources including external bodies.

6. Public Sector Partner Undertakings

The Gloucestershire Compact public sector partners undertake to:

General

- 6.1 Respect the voluntary and community sector's independence and its right to campaign within the law and guidelines set by the Charity Commission, irrespective of any funding relationship that might exist.
- 6.2 Support investment in the voluntary and community sector's infrastructure.
- 6.3 Develop more compatible approaches for application, monitoring and evaluation procedures between funders.
- 6.4 Develop effective arrangements for co-operation between public sector partners where different agencies are funding the same organisation.
- 6.5 Strengthen and encourage partnership working.
- 6.6 Consider the effects on the VCS when selling off assets or buildings currently used by VCS organisations.
- 6.7 Ensure that all public sector funding uses clear and transparent processes for the award of SLAs, grants and contracts.

Procurement Process

- 6.8 Ensure that procurement processes follow existing guidelines, standing orders and legislation.

Grant Application Processes

- 6.9 Ensure fair access to funding opportunities for all groups.
- 6.10 Work together to explore joint funding opportunities.
- 6.11 Support the provision of funding advice for the voluntary and community sector, whilst recognising that the public body may not have the resources to directly fund this provision.
- 6.12 Work towards a period of 3 months between formal notification of a new grant funding opportunity and the deadline for receiving applications, where this is within the control of the public sector body.
- 6.13 Provide clear objectives and eligibility criteria for all funding programmes and match application requirements to the size and scope of funding being applied for.
- 6.14 Provide acknowledgement of grant applications, details of who is dealing with application and date of expected outcome.
- 6.15 Update applicants of any likely delays in processing applications.
- 6.16 Inform applicants of the decision and the reasons for it, and provide an opportunity to discuss this decision and its implications.
- 6.17 Provide formal confirmation, if funding is awarded, of what will be paid, when and any conditions.
- 6.18 Publicise list of grant recipients.

Agreeing payment terms and costings

- 6.19 Recognise that it is legitimate for voluntary and community organisations to include relevant element of overhead costs in their estimates or grant applications for providing a particular service.
- 6.20 With public procurement, deal with the voluntary sector in the same way as the private sector.
- 6.21 Recognise the need for and implement multi-year funding arrangements as well as annual funding arrangements.
- 6.22 Through negotiation, agree if multi-year funding arrangements contain inflationary increases and, if not, recognise the impact this may have on delivery.
- 6.23 Ensure payments are made to voluntary and community sector organisations in advance of expenditure, rather than in arrears, where the funding stream is within control of the public sector body.
- 6.24 Recognise and take into account the value of volunteer time when it is included within a funding bid.

Agreeing Terms of Delivery

- 6.25 Explain and agree terms of delivery with the voluntary and community organisation concerned before the contract or funding agreement is entered into. This should include the actions that will be taken if the voluntary and community sector organisation is failing to deliver.
- 6.26 Discuss risks up-front and place responsibility with the organisation best able to manage them.

Agreeing monitoring and reporting

- 6.27 To be proportionate (to the size of funding, size of provider and perceived risk) in monitoring requirements and to focus on outcomes.
- 6.28 Ensure that monitoring arrangements are agreed by all parties and that the information is used to assess the performance and delivery of services, review value for money, and consider potential opportunities for possible improvements to the way services are delivered.
- 6.29 Consider joining up or standardising monitoring requirements with other local funders.

Concluding a financial relationship

- 6.30 If a funding relationship is to terminate earlier than the agreed term, 3 months notice will be given, with reasons, where this is within the control of the public sector body.
- 6.31 Discuss with any voluntary and community organisations who are not meeting their targets what action can be taken to improve delivery. Should the performance of the organisation not improve as a result of these discussions, or should the effective use of public funding be placed at risk, it will be legitimate for funding to be withdrawn or the contract terminated early.

7. Voluntary and Community Sector Undertakings

The Gloucestershire Compact voluntary and community sector partners undertake to:

General

- 7.1 Commit to the highest standards in the use and administration of public funds.
- 7.2 Ensure effective and proportionate systems for the management, control, accountability, propriety and audit of finances.
- 7.3 Comply with relevant accounting frameworks and financial regulations.

Programme Design

- 7.4 Contribute constructively to the design of funding programmes and focus on the needs of end users or beneficiaries.

Application and Tender Processes

- 7.5 Ensure eligibility and that applications meet the aims of the programme, and that the funding requirements are understood.
- 7.6 Ensure the timescales and decision-making process are understood.
- 7.7 Have clear lines of accountability, especially with joint bids, and properly allocate costs.

Agreeing terms of delivery

- 7.8 Agree the terms of delivery at the outset and, throughout the funding term, keep the funder informed of any emerging risk associated with the delivery of outputs and outcomes.
- 7.9 Recognise that it is legitimate for grant funders to ask for public recognition of their funding in appropriate circumstances.
- 7.10 Recognise that funding may end if outcomes are not delivered.
- 7.11 Plan and implement quality work programmes.

Agreeing payment terms

- 7.12 Ensure a clear understanding of any payment terms, including the treatment of underspends and repay them if required.
- 7.13 Have robust systems in place to manage finances and funded projects, and account for the use of funds.

Agreeing monitoring and reporting

- 7.14 Monitor and evaluate activities against agreed objectives, and provide timely and accurate reports as required by funders.
- 7.15 Take the initiative in highlighting incompatible monitoring procedures to the relevant funders.
- 7.16 Make funders aware at an early stage of any changes in circumstance or difficulties that might affect the organisation's ability to deliver a service under a grant agreement, service level agreement or contract.
- 7.17 Notify the funder as early as possible of any likely underspends or shortfalls.

Concluding a financial relationship

- 7.18 Recognise that funding may end as funders' priorities change over time.
- 7.19 Plan in good time for different situations and/or to reduce any potential negative impact on both beneficiaries and the organisation.
- 7.20 Recognise that any funding arrangement is for a specified period and do not assume it will be renewed.

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Further information about the Compact can be found on the Gloucestershire

Voluntary and Community Sector website www.gloshub.org.uk

This document can also be made available in different formats or languages on request. Please contact us at the above address for more information.