

**Funding Code – Derby City Compact****RECOMMENDATION**

1. To approve the Funding Code of the Derby Compact Forum.

REASON FOR RECOMMENDATION

2. The Compact Forum's Funding Code has completed its planned consultation process within the Council and with the Voluntary and Community Sector. Revisions to the Code have been made by the Forum to address the issues arising from the consultation process. The final draft is attached at Appendix 2 for approval by Cabinet.

SUPPORTING INFORMATION

- 3.1 The Derby Compact Forum has been meeting quarterly since November 2003 to take forward the principles agreed in the Derby Compact document. Within the national Compact, there are five codes of practice:

- consultation and policy appraisal
- funding
- black and ethnic minority organisations
- volunteering
- community groups.

Derby Compact is working to developing local codes on each of these themes, based upon the principles of the five national codes.

- 3.2 The Derby Compact Forum drafted the Funding Code in November 2004. The Code sets out responsibilities of both the Council and the Voluntary and Community sector to improve current practice and a timetabled action plan.
- 3.3 Consultation was undertaken by the Derby Compact Forum, including a 12-week period with the Voluntary and Community sector as recommended by the national Compact agreement. The draft Code was considered by the Community Regeneration Commission in January.

OTHER OPTIONS CONSIDERED

4. None.

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Background papers: Minutes and working papers for the Derby Compact Forum on file in the Area and Neighbourhood Unit
List of appendices: Appendix 1 - Implications
Appendix 2 - Funding Code

IMPLICATIONS

Financial

1. There are no direct financial implications arising from adoption of the Funding Code. However, development of further Compact Codes, or any future development of the Funding Code, would have resource implications for both the Council and Derby CVS.

Legal

2. None.

Personnel

3. Coordination of the Council's input into the Compact is being undertaken by the Community Development and Voluntary Sector Support Team within the Community Policy Division of the Policy Directorate. Coordination of the voluntary sector's input is currently undertaken by Derby CVS.

Equalities impact

4. The Funding Code will help to improve equality of access to Council funding for the voluntary and community sector. It will also improve clarity and transparency of decision-making and monitoring processes.

Corporate objectives and priorities

- 5.1 The proposal comes under the Council's objective of **healthy, safe and independent communities**, and supports the value of **developing effective partnerships with all stakeholders**.
- 5.2 The proposal furthers the priority of **working in partnership to achieve socially cohesive communities**.

DRAFT FUNDING CODE OF PRACTICE

INTRODUCTION

The Derby Code of Good Practice on Funding has been produced by the Compact Funding Sub-Group, which involves representatives from the Voluntary and Community Sector and Derby City Council.

The Code aims to promote strong and effective partnerships between the Council and the Voluntary and Community Sector. It acknowledges the importance of statutory funding and the added value which voluntary sector funding can deliver. The Code recognises that the continued development of a vibrant and diverse Voluntary and Community sector, which is responsive to the needs of all our service users, is dependent upon establishing and maintaining best practice in our funding relationships.

This Code includes an Action Plan for developing and implementing the Code, which will continue to be developed and updated annually to ensure the practical implementation of our shared objectives.

Organisations that receive funding from the Council are required to enter into formal funding agreements. For the purposes of certainty, if there is any conflict between the provisions of this Code and the funding agreement, the wording in the funding agreement will take precedence.

JOINT COMMITMENTS FOR AN EFFECTIVE FUNDING RELATIONSHIP

1. Funding decisions should be based on principles of Best Value

- 1.1. This means that funding decisions should take into account the quality and effectiveness of services delivered, not just the cost.
- 1.2. The Council is committed to evaluating the quality of its support to the Voluntary and Community Sector.
- 1.3. Quality assurance standards may be made a requirement of funding, where appropriate, for example, the Community Legal Service Quality Mark for organisations providing legal information and advice.

2. Clarity, consistency and transparency of the process

- 2.1. Clear eligibility criteria will form the basis of all funding decisions. These criteria will be made available to all potential applicants, in appropriate formats
- 2.2. The decision making process will be clear, consistent and transparent across all Council departments. The decision making process will be made available to all potential applicants, in appropriate formats.
- 2.3. Feedback should be provided on funding applications, to assist Voluntary and Community organisations with future funding bids. The provision of feedback can be valuable both to applicants and to the Council, as it can help the Council to improve the design of its funding programmes.
- 2.4. There will be at least six weeks from the issuing of publicity, or notification to currently funded organisations, to the deadline for funding applications.

3. Accountability for the use of public funds

- 3.1. There should be recognition, both by the Council and the Voluntary Sector, of the need to be accountable for the use of public funds.
- 3.2. The Council's monitoring and evaluation requirements should be clear and in proportion to the level of funding. Voluntary organisations are expected to meet these monitoring and reporting requirements as a condition of their funding.
- 3.3. Where possible, the Council will work with Voluntary Sector organisations to reduce the need for multiple reporting requirements for different funding bodies.
- 3.4 The Council will aim to send funding agreements on time, to make sure that voluntary organisations are aware of the basis on which funds are paid, and to enable voluntary organisations to raise any queries before payments become due.
- 3.5 The Council will make sure that monitoring requests are sent to organisations at the agreed time.
- 3.6 Voluntary and Community sector organisations should comply with all agreed monitoring requirements as set out in any funding agreements.
- 3.7 The Voluntary and Community sector has a responsibility to return monitoring information at the times agreed within funding agreements.
- 3.8 Monitoring processes should assist organisations in meeting the monitoring requirements.

4 Respect for the Voluntary and Community Sector's independence

- 4.1 The right of the Voluntary and Community sector to campaign and carry out policy work is upheld but the sector must in turn recognise that there are legal constraints on the Council and its expenditure decisions. The Council is unable to fund an

organisation whose activities might lead the Council to be in breach of those constraints.

- 4.2 The right of Voluntary and Community sector organisations to provide independent advocacy on behalf of individual service users, and to assist service users to challenge the Council, is recognised.
- 4.3 Derby City Council is only one of a number of different sources of funding. The Council is keen to encourage Voluntary and Community sector organisations to strengthen their independence by developing a broad funding base.

5 Improved sustainability and support for longer term planning

- 5.1 The Council will develop a more strategic approach to the way it funds Voluntary and Community groups.
- 5.2 The Council will aim to continue providing multi-year funding agreements, as this helps to improve the stability of Voluntary and Community organisations, by enabling them to plan for the longer term.
- 5.3 Multi-year funding agreements will be subject to strategic priorities, the availability of funding, value for money, a mutually agreed framework for monitoring and evaluation, and a formal review process during their life.
- 5.4 Organisations receiving multi-year funding should be consulted prior to, and given reasons for, any reduction in or removal of their funding. Should this arise, the Council will give at least three months notice, to enable organisations to seek alternative sources of funding.
- 5.5 Council funding strategies will clarify how they address ongoing funding commitments and innovation.
- 5.6 Voluntary and Community Sector organisations are responsible for planning ahead and, where appropriate, developing strategies to support their future activities.

- 5.7 Planning of funding programmes will take account of other funding programme timeframes where possible, to take account of the need for organisations to create match funded bids where possible.
- 5.8 The Council will consult the Voluntary and Community Sector about its strategic priorities.

6 Recognition of core costs and the different ways these can be met

- 6.1 'Core costs' are the basic costs of running an organisation. They may include management, personnel and administration functions, rent, insurance and other necessary costs, which enable the organisation to operate effectively.
- 6.2 The Council recognises that most sources of funding are for short-term projects and that Voluntary and Community organisations often experience difficulty in securing funding to meet their core costs. The Council acknowledges that it has an important role to play in assisting organisations with meeting their core costs.
- 6.3 However, it is also acknowledged that the Council is not in a position to meet all the core costs of all the Voluntary and Community organisations providing services in the city.
- 6.4 The Council will allow contributions towards core costs in any bids for project funding.
- 6.5 Voluntary and Community organisations making funding applications are responsible for providing accurate costings for their proposed services.
- 6.6 The Council will aim to maximise the effectiveness of its funding, so as to promote the stability and growth of the Voluntary and Community sector, for example, through multi-year strategic funding and funding to support the development needs of organisations.

7 Meeting the needs of Black and Minority Ethnic groups

- 7.1 The Council will aim to make sure that Black and Minority Ethnic - BME - organisations are equally consulted on the design and evaluation of its funding programmes, in partnership with BME infrastructure organisations and networks.
- 7.2 The Council undertakes to support the needs of Black and Minority Ethnic communities and organisations in accessing funding.
- 7.3 The Council will aim to make sure the Black and Minority Ethnic groups have equal access to available resources, in appropriate formats.
- 7.4 Detailed information can be found in Derby Compact Forum's the Black and Minority Ethnic Code of good practice.

8 Support for Voluntary and Community sector umbrella organisations

- 8.1 The Council recognises the need to support the development of the Voluntary and Community sector umbrella organisations, who provide a service to small Voluntary and Community sector groups at a local level.
- 8.2 Umbrella organisations, who support emerging Voluntary and Community sector groups, and voluntary organisations who provide a specific service are important in promoting partnership between Voluntary and Community organisations and the Statutory sector. They are a channel for communication with their members and provide the capacity building support for organisations delivering services to their communities.

9 Clear information on the different funding streams available to ensure equal access to funds

- 9.1 The Council is committed to the promotion of fair access to the funds it has available for Voluntary and Community organisations across the city. Particular effort will be made to

make sure that Black and Minority Ethnic organisations and Community groups, have equal access to funding.

- 9.2 The Council will make sure that local Voluntary and Community organisations receive clear, accurate and timely information about the grants and funding streams it has on offer.
- 9.3 The Council undertakes to make funding application packs available in appropriate formats.

10 Improved co-operation and consistency between Council departments

- 10.1 The Council will seek to develop a corporate approach to funding of the Voluntary and Community sector.
- 10.2 The Council will make sure that there is a single point of contact for each funding stream, to enable Voluntary and Community sector organisations to access advice and information.
- 10.3 The Council will aim to ensure consistency in information and reporting requirements, except where flexibility is needed to help Voluntary and Community organisations reduce duplication of reporting requirements for different funding bodies.

11 Funding agreements should be based on principles of clarity and fairness

- 11.1 The conditions of any voluntary sector funding agreement, whether a grant, Service Level Agreement or Contract, should be reasonable, and realistic.
- 11.2 Funding agreements may be standardised to ensure consistency and fairness and to reduce bureaucracy. However, funding agreements should also allow for some flexibility, for example, to avoid unnecessary duplication of monitoring and reporting requirements for different funding bodies.

- 11.3 Monitoring requirements should be relevant and appropriate to the size and nature of the funding provided and the organisation receiving funds.
- 11.4 Funding agreements should clearly set out the roles and responsibilities of both parties and should not undermine the stability of Voluntary and Community groups by involving them in unnecessary risks or burdens.

12 Contracting and Tendering

- 12.1 This Code applies to Council grant funding rather than to situations where the Council is procuring the supply of goods or services through the contracting process. The letting of any such contract by the Council will be governed by any tender documents relating to the contract, the Council's Contract Procedure rules and any relevant external procurement rules. The Council's Contract Procedure Rules can be found in part 4 of the Council's Constitution. This can be viewed on the Council's website¹.

¹ <http://192.168.4.35/CMISWebPublic/Binary.ashx?Document=1422>

Glossary

Voluntary sector: A self-governing formally constituted organisation, run on a not for profit basis managed by volunteers often with paid staff. It may be a registered charity or a company limited by guarantee, independent of public or local authority.

Community sector: An organisation which represent and work on behalf of a particular community to pursue a common interest, often run and managed by volunteers.

Partnership: Two or more agencies coming together and working towards common goal with shared responsibilities.

Statutory sector: Public bodies.

Community Legal Service: This is the commission which ensure the public has access to good quality legal advice.

Quality Mark: The standard which demonstrate the minimum level for the quality of service that is provided to the public.

Public Funds: Monies which are granted from any public body.

Monitoring: Checking against set targets.

Evaluation: Assessment of an agreed activity.

Contract; Funding agreement; Service level agreement: Legally binding document between two or more parties with set targets.

Multi-year funding: Continued funding over more than one year.

Core cost: Meeting the cost of key personnel and essential organisation's cost.

Umbrella organisation: An organisation that brings together other small groups.

Capacity building: Developing the internal structures of an organisation in order that they may deliver a service.

Procurement: Obtain by negotiation.

Tendering: Formal offer for supply of goods or services.

FUNDING CODE OF PRACTICE - ACTION PLAN

This action plan identifies some achievable targets, up to the end of the 2005 - 6 financial year, which address key priority areas, aimed at improving the effectiveness of the Council's funding relationship with the Voluntary and Community Sector. The action plan will be revised and updated, so as to ensure continuous improvements in our funding relationship.

Issue to be addressed	Action	Link to the Funding Code	Timescale	Update on progress	Lead
Review Community Grants Budget process.	<p>The Council will continue the Community Grants Budget review. This includes:</p> <ul style="list-style-type: none"> Clarifying CGB themes for which organisations' services and activities must fit into Rigorous and effective project appraisal process for CGB grants Expanding the multi-year strategic grant programme Starting the review/evaluation process for multi-year funded organisations Reporting back to the Appraisal Panel for recommendations to continue to fund multi-year funded organisations 	2.1	<p>Ongoing</p> <p>Ongoing</p> <p>July 2005</p> <p>August 2005</p>	<p>Each application must fit within a CGB theme.</p> <p>Implement an annual review process for 3-year funded organisation</p>	Derby City Council, Chief Executive's Department

Issue to be addressed	Action	Link to the Funding Code	Timescale	Update on progress	Lead
Clarify the decision making process	<ul style="list-style-type: none"> Evaluate and amend the scoring system' for Community Grant applications Clarify the role of 'Service Link Officer' and agree their role in the CGB process Continue to monitor CGB funded organisations on a quarterly basic Establish a council-wide funding group 		<p>June 2005</p> <p>May – September 2005</p> <p>March 2005</p>	<p>Scoring system has been established and will be used to assess applications for 2005/06</p> <p>Service Link Officer group established and meets bi-monthly</p> <p>Continue to review and monitor organisation</p> <p>Representatives are being identified for this group.</p>	<p>Derby City Council, Chief Executive's Department</p> <p>All DCC Departments</p> <p>All DCC Departments</p>
	Develop flow charts showing the decision making processes, timescales and the level of officers involved in making funding recommendations and make this available to the Voluntary and Community sector	2.1	September 2005	Draft to be completed by August	Derby City Council, Chief Executive's Department and Social Services

Issue to be addressed	Action	Link to the Funding Code	Timescale	Update on progress	Lead
Support sustainability, innovation and a more strategic approach	Social Services to develop a funding strategy for the sector - to dovetail with its commissioning strategy.	1.1; 5.	August 2005	This strategy is currently being put together	Derby Social Services
	Council funding strategies will clarify how they address ongoing funding commitments and innovation.	5.5	Ongoing	This will be part of the funding strategy	Derby City Council, Chief Executive's Department and Social Services
Improve information about funding streams	Update and widely publicise an Annual Guide to Derby City Council - DCC - Grant Programmes to the Voluntary and Community sector.	9.1; 9.2; 9.3	June 2005		Derby City Council, Chief Executive's Department
	Grants to Voluntary and Community sector from DCC be publicised throughout the sector, ensuring equal access to Black and Minority Ethnic organisations and community groups.	9.1; 9.2; 7.3	June 2005		All DCC departments, working through Derby CVS and Derby Millennium Network

Issue to be addressed	Action	Link to the Funding Code	Timescale	Update on progress	Lead
	Hold Compact Forum Funding Fayre to include DCC and partners funding information – to raise awareness of the Compact Forum		September 2005		Derby City Council and Derby CVS
	Use the Council's website to publicise funding for the Voluntary sector from all departments	9.1; 9.2	April 2005-6		Derby City Council, Chief Executive's Department
	Evaluate the effectiveness of the publicity, application and scoring processes for the Community Grants Budget.	2.3; 7.1; 9.1; 9.2; 9.3; 10.2	April 2005-6	Review the process April 05	Derby City Council, Chief Executive's Department
	<p>Consider training needs for the Voluntary and Community sector, in the light of the above evaluation, and how these might be met.</p> <p>For example, training on completing application forms, monitoring and evaluation, financial management, developing policies and procedures.</p>	9.1; 9.2	April 2005-6	A series of information workshops will be organised to inform voluntary community on any changes to funding process, from April 05	Derby City Council, Chief Executive's Department, Social Services and CVS

Issue to be addressed	Action	Link to the Funding Code	Timescale	Update on progress	Lead
Out of date Funding Application Packs	Update the corporate Funding Application Pack	9.2; 9.3	July 2005	Updating of the pack will begin in April	Derby City Council, Chief Executive's Department
	Make the updated Application Pack available electronically on the Council's website	9.2; 9.3	July 2005-April 2006		