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 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 decision-making 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.

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. Where possible, the Council will work with Voluntary sector organisations to reduce the need for multiple reporting requirements for different funding bodies.

3.3 The Council should 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.

3.4 Derby City Council will make sure that monitoring requests are sent to organisations at the agreed time.

3.5 Voluntary and Community sector organisations should comply with all agreed monitoring requirements as set out in any funding agreements.

3.6 The Voluntary and Community sector has a responsibility to return monitoring information at the times agreed within funding agreements.

4 Respect for the Voluntary and Community Sector's independence

4.1 Derby City Council undertakes not to use its influence in a way that compromises the sector's independence.

4.2 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.

4.3 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.

4.4 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 aim to 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 aim to give three months notice, to enable organisations to seek alternative sources of funding.

5.5   In order to make sure that new organisations have the opportunity to receive funding, or to fund innovation, the Council will consider setting aside some of each grant programme for this purpose.

5.6   Voluntary and Community Sector organisations are responsible for planning ahead and, where appropriate, developing strategies to support their future activities.

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 which supports 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.

8 Support for the 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 to 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 the Voluntary and Community sector that it funds.

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 does not apply to situations where the Council is procuring the supply of goods or services. 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.

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

Funding agreement/ Service level agreement: Legally binding document 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

Contract: Legally binding agreement between two or more parties

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
The Council will begin to implement the recommendations from the Community Grants Budget review.	The Council will begin to implement the recommendations from the Community Grants Budget review. This includes establishing:	2.1			Derby City Council, Chief Executive's Department
	• CGB themes for which organisations' services and activities must fit into		Ongoing	Each application must fit within a CGB theme.	
	• rigorous and effective project appraisal process for CGB grants		July 2004	Achieved	
	• a multi-year strategic grant programme		July 2004	Establish	
	• six-month monitoring and review process for all CGB funded organisations		July 2004	Achieved	
	• a review/evaluation process for multi-year funded organisations		August 2004	Create an annual review process for 3-year funded organisation	
	• an annual renewal process for			Establish a process for	

Issue to be addressed	Action	Link to the Funding Code	Timescale	Update on progress	Lead
	reporting back to the Appraisal Panel for recommendations to continue to fund multi-year funded organisations			reporting back to the appraisal panel on organisations funded for 3 years.	
Need to clarify the decision making process	• Devise and implementing a pilot 'scoring system' for Community Grant applications • Establish a 'Service Link Officer' group and agree their role in the CGB process • Continue to monitor CGB funded organisations on a quarterly basic • Establish a council-wide funding group		June 2004 May – March 2005 Feb 2005	Scoring system has been established and will be used to assess applications for 2005/06 SLO groups established and meets bi-monthly Continue to review and monitor organisation Individuals are currently being identified for this group.	Derby City Council, Chief Executive's Department All DCC Departments All DCC Departments
	Flow charts to be developed and made available to Voluntary and Community organisations, showing the decision making processes, timescales and the level of officers involved in making funding recommendations	2.1	October 2004	Draft to be completed by October	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
Need to 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.	Dec 2004	This strategy is currently being put together	Derby Social Services
	Set aside money for funding new organisations and innovation	5.5	April 2005-6	This will be part of the funding strategy	Derby City Council, Chief Executive's Department and Social Services
Information about funding streams needs to be improved	Produce 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	Sept 2004	Draft to Compact Forum for agreement	Derby City Council, Chief Executive's Department
	Grants to Voluntary and Community sector from DCC be publicised widely throughout the sector, ensuring equal access to Black and Culturally Diverse organisations and community groups.	9.1; 9.2; 7.3	June 2004	Achieved	All DCC departments

Issue to be addressed	Action	Link to the Funding Code	Timescale	Update on progress	Lead
	Use the Council's website to publicise funding opportunities for the Voluntary sector from all departments	9.1; 9.2	April 2005-6	Draft Voluntary sector website will be available	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
	Consider training needs for the Voluntary and Community sector, in the light of the above evaluation, and how these might be met. For example, training on completing application forms, monitoring and evaluation, financial management, developing policies and procedures.	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 o5	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
Funding Application Packs are out of date	Update Application Pack	9.2; 9.3	March 2005	Updating of the pack will begin in March	Derby City Council, Chief Executive's Department
	Make the updated Application Pack available electronically on the Council's website	9.2; 9.3	Oct 2004-April 2005		