



Funding, Commissioning & Procurement Code of Practice

coming together is a beginning

staying together is progress

working together is **SUCCESS**



What is Wolverhampton's Compact?

It is a commitment between the Statutory Sector and the Voluntary and Community Sector in Wolverhampton which aims to ensure we work better together.

The Wolverhampton Compact Partnership came together in 2004 to develop the Wolverhampton Compact it's Codes of Practice and steer their implementation. Local Compacts are based on the Compact between National Government and the Voluntary & Community Sector that was agreed in 1998.

The Wolverhampton Compact Partnership is made up of:



“The development and maintenance of strong and effective working partnerships between statutory organisations and the voluntary sector and community organisations is important in the provision of good quality services for the community. In Wolverhampton we are proud of those working relationships.

The Compact is designed to demonstrate a commitment to open and transparent partnerships. The Compact will apply to all statutory agencies and voluntary and community sector organisations operating within the City; complementing existing joint working arrangements.

By signing up to the Wolverhampton Compact organisations signal their commitment to uphold the 10 jointly developed principles that will underpin Compact working in our city”



Jon Crockett.
Chair,
Wolverhampton Partnership.

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Wolverhampton Compact Code of Practice for Funding Commissioning & Procurement

Introduction

The Wolverhampton Compact came into force in April 2005. The Compact sets out mutual undertakings and responsibilities of the partners in the statutory sector and the voluntary and community sector, with the aim of ensuring that they are able to work most effectively together for the benefit of the residents and communities they serve.

In addition to the main Compact document, Codes of Practice are being developed around certain key themes¹, which describe further how the Compact will work in practice. This Code of Practice for Funding Commissioning and Procurement should be considered with reference to these other documents.

The Government has also produced its own set of National Codes of Practice, to assist in the interpretation and implementation of Compact principles². This Code of Practice is based on the National Code; "Funding and Procurement: Compact Code of Good Practice", but has also been developed in consultation with a range of agencies and individuals within the city to ensure that it reflects local perspectives and priorities.

Wolverhampton is proud of the strong relationship that has existed between the statutory and voluntary and community sectors for many years. Both sectors have an important role to play in promoting equality and diversity; improving people's quality of life; and empowering people to reduce and escape their own social exclusion.

Getting the funding relationship right between the statutory sector and the voluntary and community sector is both an important opportunity and a critical responsibility for all.

What is the purpose of this Code of Practice?

This Code of Practice aims to impact positively on the overall relationship between the statutory sector and the voluntary and community sector in Wolverhampton by:

¹ Black and Minority Ethnic Groups; Equality and Diversity; Funding Procurement and Commissioning; Volunteering; Consultation; Community Groups;

² Black and Minority Ethnic Voluntary and Community Organisations; Community Groups; Consultation Policy and Appraisal; Funding and Procurement; Volunteering.

- Setting out minimum standards of good practice for those groups and organisations that are involved in the public funding of the voluntary and community sector.
- Clarifying the funding relationship between the sectors.
- Establishing a framework for the future development of sustainable and effective processes and procedures that support well-delivered programmes and services.

Who is this Code of Practice for?

This Code of Practice applies to all agencies and organisations who are signatories to the Wolverhampton Compact.

It applies to everyone in Wolverhampton involved in the public funding of the voluntary and community sector, whether distributing, seeking, or receiving funding.

In the statutory sector it encompasses all staff concerned with the design, development, procurement and administration of services and programmes, where voluntary and community sector agencies and organisations maybe involved in their delivery.

In the voluntary and community sector it encompasses all staff concerned with applying for public funding and the management of publicly funded programmes and services.

What kinds of funding are covered by this Code of Practice?

This Code of Practice concerns all types of funding provided by the statutory sector in Wolverhampton to the voluntary and community sector, including:

- Grants.
- Commissioned funding through both competitive and non-competitive means in support of identified needs.
- Funding to support the development of ideas and pilot services which are not necessarily current or established priorities.
- Funding to support the development of organisations to assist them to engage in the overall commissioning process.

How is this Code of Practice structured?

This Code of Practice is based on:

- A set of shared values and principles that underpin all aspects of the Code.
- A set of shared and individual sector undertakings that define how those principles will be applied in practice.

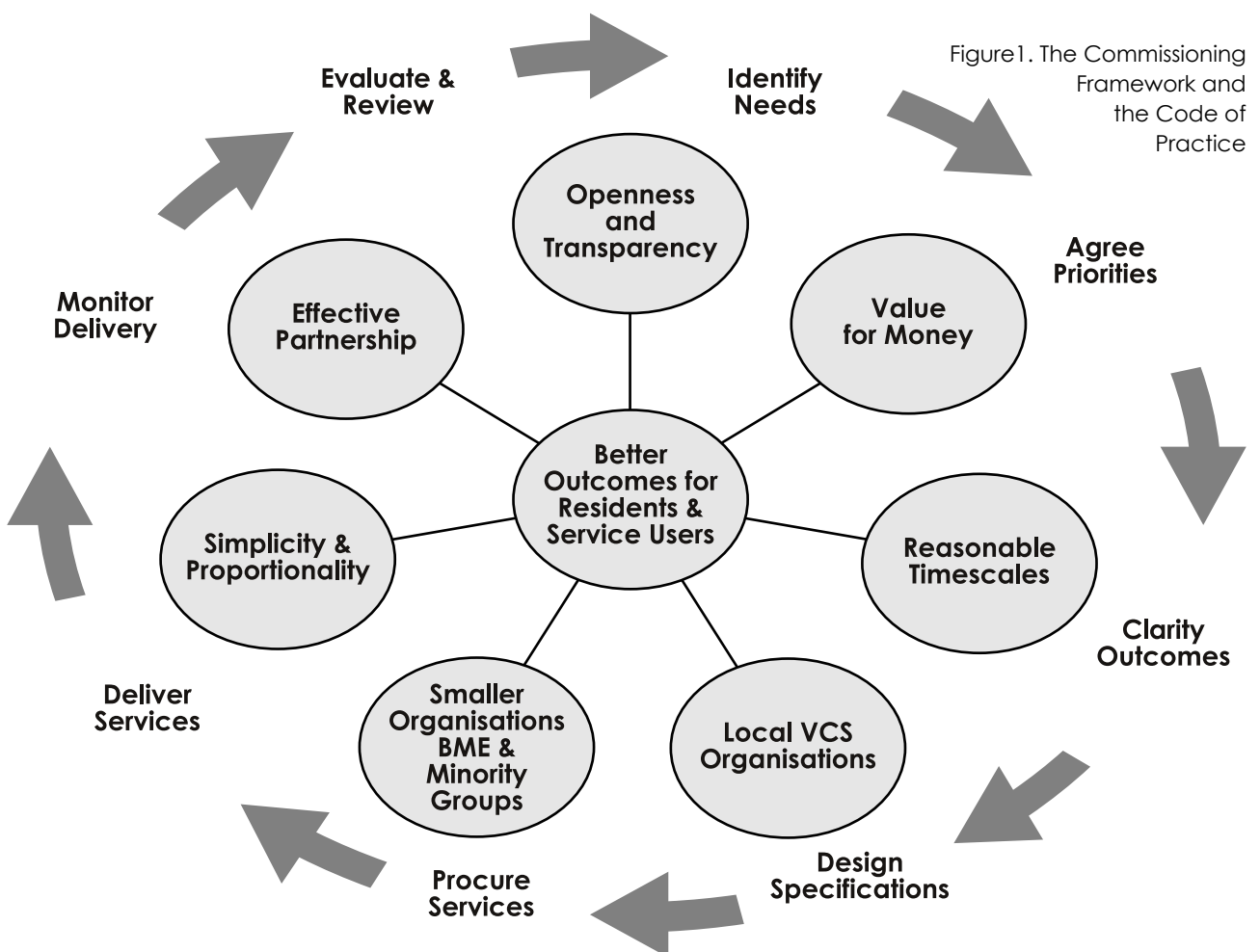
The Commissioning Framework

The Code is also structured around a model for commissioning services and programmes that has been adopted by the Wolverhampton Local Strategic Partnership on behalf of all statutory sector organisations in the city.

As the diagram of the model shows (figure1), “commissioning” is a particular type of funding activity, based on a cyclical process that defines needs and secures quality services to meet those needs. The principles and undertakings set out in this Code are intended to support the commissioning model and guide voluntary and community sector involvement in its implementation, as well as ensuring clarity and transparency in the way the process operates.

The relationship between the Code of Practice principles and the commissioning framework is also shown at figure1.

However, the core purpose of commissioning is to use public funding in a planned and strategic way to improve the lives of the relevant beneficiaries. This principle of “better outcomes” is also the primary and overriding principle of this Code of Practice and common to all funding activity it encompasses, because, **above all else**, the use of public money should result in measurable improvements to the lives of the residents, communities and service users concerned.



Shared Values and Principles

In order to secure the overall aim of better outcomes for residents, communities and service users, all aspects of the funding relationship between the statutory sector and the voluntary and community sector should be informed by the following key values and principles:

(i) Openness and Transparency - It is essential to have a culture of openness and transparency between the sectors which is linked to every aspect of the commissioning cycle. Through this the confidence of all the stakeholders as well as, ultimately, the general public, can be maintained. Application of this principle will be manifest, for example, in transparency from commissioners about how decisions on funding opportunities are made and how priorities are set.

(ii) Value for Money - Funding decisions should be driven not solely by considerations of cost, but also by the ability of the provider to deliver an effective and sustainable service for the future. However, applicants for and recipients of funding must also be able to demonstrate value for money in all aspects of their work.

(iii) Reasonable timescales - Allowing sufficient time for the consideration of all developments in funding activity is important to ensure that the widest views are represented. Whilst there will be exceptions to this aspiration, for example where timescales are externally imposed, in such circumstances, the reasons should be clearly explained and communicated and all concerns responded to in an open and transparent manner.

(iv) Local voluntary and community sector organisations - Formally recognising the added value provided by local VCS organisations, i.e. those organisations with an established base within the City of Wolverhampton, is important to the funding relationship between the sectors. Local organisations are likely to have a greater understanding of the issues and needs requiring a service response and a greater reach into relevant communities within the city. Approaches to funding the voluntary and community sector should therefore encourage the active engagement and inclusion of local organisations wherever appropriate and take into account the benefits of funding locally.

(v) Smaller organisations including those representing BME and other minority interest groups - The National Council for Voluntary Organisations (NCVO) contends that nearly 90% of all voluntary and community sector organisations have an annual income of less than £100,000 and most less than £10,000.

Despite this, nearly 70% of all income secured by the sector as a whole is paid to the 3% of organisations with annual income in excess of £1 million.

Similarly, the National Code of Practice for Black and Minority Ethnic Organisations reports that funding for BME organisations has been “significantly below” that of similar organisations in the mainstream sector.

Smaller VCS organisations, especially those representing BME and other minority interest communities tend to be at a disadvantage in relation to participating in formal funding arrangements. Whilst they may need to think about partnership and collaborative arrangements when seeking funding, to raise their profile and increase their capacity, the statutory sector should respect the fact that some organisations choose to remain at the community level and have no desire to expand.

The statutory sector should recognise the added value these smaller organisations can bring, in terms of their innovation and reach into the most disadvantaged communities. Proactive support should be made available to assist such organisations to engage in the funding processes and to become contract and commissioning “ready”. The statutory sector should monitor the levels of funding secured by BME groups in particular.

(vi) Simplicity and proportionality - It is essential that public sector agencies are able to secure appropriate information about service providers and their performance. Nevertheless, applying and accounting for public funding can be an onerous and time consuming process for voluntary and community sector organisations; sometimes more so where individual programmes or services are part-funded by a number of different public sector agencies.

It is important therefore to work towards the streamlining and rationalising of application and monitoring systems and to make them commensurate with the levels of risk associated with the funding relationship. Risk may, for example, be in terms of the amount of funding on offer and/or the relative experience and skills of the prospective provider organisation.

(vii) Effective Partnership - Better outcomes for residents, communities & service users will only result from a culture of dialogue, empathy and trust between the sectors, driven on both sides by a commitment to communication.

It is important therefore that both sectors make all efforts to understand each others needs, roles and responsibilities. Crucial to this is the need for voluntary and community sector involvement and service user involvement at the earliest point in the commissioning cycle.

Joint and Individual Undertakings

The main Wolverhampton Compact establishes the importance for the voluntary and community sector of working closely with statutory sector partners, as a key means to achieving their aims and objectives. However, it makes clear also that any closer working relationship should not compromise the independence of the voluntary and community sector and its right to campaign, to challenge and comment on policy, irrespective of any funding arrangement.

However, when considering issues of funding, commissioning and procurement in Wolverhampton, all partners commit to the following joint undertakings:

- Working to develop a comprehensive understanding of the range and nature of voluntary and community sector organisations and how identified needs can be met locally.
- Working together to attract additional funding and resources into Wolverhampton wherever possible.
- Developing mechanisms to strengthen informal and formal partnership working
- Working together to develop best practice and to disseminate that as widely as possible.
- Working together to ensure service user needs are properly represented when shaping services.
- Ongoing communication and dialogue to further the better mutual understanding of each other's roles and responsibilities.

In support of the key principles and shared values set out in this Code of Practice, the statutory and voluntary and community sectors agree to the following additional individual undertakings:

Statutory Sector Organisations Undertake to:

- 1** Accept the need to fund the full cost of commissioned services and the overhead costs relevant to that service.
- 2** Consult with the VCS on the setting of objectives and methods of need identification.
- 3** Put in place clear criteria for risk management and be open about the way in which the risks of delivery issues are assessed.
- 4** Clearly define the expectations which are placed on commissioned providers in terms of establishing adequate organisational systems, and support the voluntary sector to develop such systems.
- 5** Whenever the funding stream allows, ensure that a minimum of 12 weeks is available to VCS organisations to respond to consultation on new initiatives and funding opportunities and all such consultations are sensitive to the needs of smaller organisations and those with limited capacity.
- 6** Develop co-operative arrangements between part-funders for application and monitoring.
- 7** Provide longer term funding commitments, ideally for at least 3 years, wherever possible, and where this is consistent with value for money principles.
- 8** Negotiate a project time line including time for set up and project closure and options for completion, this will need to take into account external factors and the organisation.
- 9** Make payments on time and agree to payments in advance if at all possible.
- 10** Provide a minimum of three months notice of an intention to reduce or withdraw funding.
- 11** Proactively and widely promote opportunities for funding using a range of media appropriate to the needs and challenges of small and hard to reach organisations.
- 12** Release smaller value funding streams where possible to support work that is innovation and forward planning.
- 13** Ensure wherever possible that funding policies recognise the challenges faced by and give encouragement to those organisations that tend to have limited access to public funds, e.g. BME organisations and disability organisations.

14 Review and continue to monitor funding made available to BME organisations and those representing other minority interests and hard to reach groups to ensure that their access to funding is equitable, within relevant legislative and policy constraints.

15 Streamline approaches to procurement and commissioning wherever possible to reduce unnecessary bureaucracy including consideration of:

a Pre-qualification and preferred supplier arrangements that assist organisations to understand what is required of them to engage in funding activity.

b Limiting monitoring requirements to capture only that information which is necessary to assess performance and financial propriety.

16 Agree the monitoring requirements with providers in advance and ensure they are commensurate with the amount of funding concerned and/or an assessment of the risk presented by the provider organisation.

17 Support, wherever possible, the provision of training, advice and assistance with regard to successful bidding and tendering and how to demonstrate impact.

Voluntary and Community Sector Organisations Undertake to

- 1** Accept the requirement for accountability to the funder for performance and expenditure.
- 2** Participate fully in consultation processes designed to set the priorities and identify the needs on which commissioning decisions will be based.
- 3** Accept responsibility for ensuring their eligibility to apply for funding and their ability to deliver the outcomes agreed.
- 4** Acknowledge any contribution and support from statutory sector agencies in relevant reports and promotional information.
- 5** Give early notice of anticipated variance with budgets or expected progress.
- 6** Be clear and open in communication with the funders, particularly when reflecting the true costs of services to be provided.
- 7** Ensure that all information required in monitoring, review and evaluation documentation is provided in a timely manner.
- 8** Consider collaborative and partnership opportunities with other sector organisations, wherever possible, to avoid duplication of services.
- 9** Be honest and transparent in reporting problems and underperformance.
- 10** Make use of opportunities offered to contribute views and perspectives and to do so constructively.
- 11** Make use of opportunities provided by local umbrella and infrastructure organisations to access information training and support in terms of successfully engaging in the funding process.
- 12** Ensure the establishment of basic organisational systems that are commensurate with the size of the organisation including:
 - a** Robust governance structures.
 - b** Systems to manage finances and account for monies received.
 - c** Clear management arrangements, employment policies and operational procedures.
 - d** Systems for quality assurance and service user feedback.
 - e** Systems for planning and implementing work programmes.
 - f** Equal opportunities policies or statements.

Glossary of Terms

<p>Capacity Building</p>	<p>Helping organisations to develop the ability of their staff to carry out internal processes or serve their clients or develop these in other organisations</p>
<p>Commissioning</p>	<p>A particular type of funding activity, based on a cyclical process that defines needs and secures quality services to meet those needs</p>
<p>Compact</p>	<p>The mutually agreed rules of engagement between all public sector bodies and the voluntary and community sector. There is a National Compact describing the future relationship between Government and the Voluntary Sector and a Wolverhampton specific document</p>
<p>Contract and Commissioning "Ready"</p>	<p>The outcome of a capacity building programme for a VCS organisation, whereby they have the minimum level of knowledge, skills, policies, procedures and systems in place to enable them to tender for funding from the statutory sector</p>
<p>Governance</p>	<p>The way in which organisations run their affairs and finances including steering groups and Boards of Trustees</p>
<p>Infrastructure Organisations</p>	<p>Infrastructure organisations support their member by providing them with a range of services and by acting as a voice for the local voluntary and community sector</p>

<p>Outcomes</p>	<p>The changes, benefits learning or other effects that result from the service or programme provided by the voluntary and community sector organisation</p>
<p>Pre-Qualification Process</p>	<p>The way in which the statutory sector seeks information on organisations that wish to tender to deliver a service</p>
<p>Procurement</p>	<p>The process of acquiring goods, works and services, covering both acquisition from external and in-house providers.</p>
<p>Small, Medium and Large VCS organisations</p>	<p>There is no absolute definition of small, medium and large VCS organisations. However, for the purposes of this document they are defined as "Small" - annual income between £10,000 and £100,000, "Medium" - annual income between £100,000 and £1 million, "Large" income exceeding £1 million</p>
<p>Statutory Sector</p>	<p>Organisations such as the local authority, the police and the Learning and Skills Council who are funded in the main through local and national public funds and taxation. Their responsibilities are often enshrined in law and they are answerable to the public through elected representatives within local councils, governing authorities and national government departments</p>
<p>Voluntary and Community Sector (VCS) or Third Sector</p>	<p>Shorthand for all of the voluntary group, charities, community groups, social enterprises and other not for profit bodies who deliver services</p>

Appendix

The Improvement and Development Agency (IDeA) is managing the “National Programme for Third Sector Commissioning.” Better public outcomes for individuals and communities , which yield efficiency gains and community benefits, through smaller, more effective and innovative commissioning, and optimal involvement of the third sector in public service design, improvement, delivery and holding the public sector to account is the vision of the national Programme for Third Sector Commissioning. To make that vision a reality you can help by embedding the eight principles of good commissioning.

- Understanding the needs of users and other communities by ensuring that, alongside other consultees, you engage with the third sector organisations as advocates, to access their specialist knowledge.
- Consulting potential provider organisations, including those from the third sector and local experts, well in advance of commissioning new services, working with them to set priority outcomes for that service.
- Putting outcomes for users at the heart of the strategic planning process.
- Mapping the fullest practical range of providers with a view to understanding the contribution they could make to delivering those outcomes.
- Considering investing in the capacity of the provider base, particularly those working with hard- to-reach groups.
- Ensuring contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers, including considering sub-contracting and consortia building, where appropriate.
- Ensuring long - term contracts and risk sharing, wherever appropriate, as ways of achieving efficiency and effectiveness.
- Seeking feedback from service users, communities and providers in order to review the effectiveness of the commissioning process in meeting local needs.

To find out more about the National Programme for Third Sector Commissioning visit www.idea.gov.uk

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Copies of the Wolverhampton Compact and Codes of Practice are available from:
www.wolverhamptoncompact.co.uk

If you require this document in any other format or community language, please contact Saffi Price at the above address / telephone.