

Funding and Procurement Protocol



**‘Let’s do it smarter’
Worcestershire Compact**



INTRODUCTION

The Worcestershire Compact is a commitment to improve relationships between public and voluntary and community sector organisations, with a mutual objective of 'delivering high quality, good value services and support to the local community'. The Compact has been signed up to by members of the Worcestershire Partnership.

This protocol accompanies the general principles of partnership working as stated in the Worcestershire Compact. It is the responsibility of all partner agencies to develop and apply their own funding and procurement arrangements in accordance with these general principles of good practice.

PURPOSE OF THE PROTOCOL

This document provides a model of good practice for groups and organisations signed up to the Worcestershire Compact that either give or receive funding either in grant or contract. Although it is not a legally binding document, its impact comes from the public commitment of organisations to supporting it and using it. Where organisations do not follow this protocol, they should satisfy themselves that, if asked, they have good reasons for not doing so.

DEFINITIONS

For the purpose of this protocol, the following definitions of funding terms will be applied:

Grant

A grant is a financial contribution to an activity delivered by a voluntary and community sector organisation in its own right, but will be broadly in alignment with the funder's own objectives. A grant can be given either to contribute towards organisational costs, or to wholly or partly fund a specific piece of work. A grant is a financial contribution with an expectation of mutually agreed, clearly defined outcomes. These outcomes are specified in a grant funding letter or agreement, and monitoring arrangements are commensurate with the value of grant given.

Contract

A contract is a legally binding agreement, normally agreed through a formal and usually competitive process of procurement. A contract is used when a public sector organisation purchases a service it either has to provide by law, or could choose to provide, from an external organisation (either in the private or voluntary and community sector). The contracting process is subject to relevant partner agency Procurement Codes and Contract Standing Orders. Depending on the value of the contract, it may be subject to Public Contracts Regulations 2006. Organisations responding to an invitation to tender will set out how the contract specifications will be met.

Service Level Agreement

The use of the term 'service level agreement' as a funding arrangement will be phased out as existing agreements end, and will be replaced by either grants or contracts.

PRINCIPLES

Transparency, Consistency and Fairness

Grants programmes from statutory agencies should be efficiently managed, open, transparent and available to all relevant VCS organisations. Timetables and grants awarded should be widely publicised, and policies and procedures should be clear and easy to understand. Grant giving organisations should promote funding streams to all organisations that may qualify, and this should be made public.

Procurement arrangements and contractual expectations should be clearly and efficiently communicated to relevant potential bidders in all sectors. It should be made clear at the outset how long the contract will be for, what is expected to be delivered, the payments to be made and what arrangements will be made for final review and cessation/decommissioning. Contract performance should be regularly reviewed.

Efficiency and Proportionality

All processes relating to grants and contracts will need an appropriate level of administration to protect the interests of the purchasing or grant making body and the funding recipient, should be easy to understand and be proportionate to the risks faced by the purchasing/grant making body and the funding recipient.

Best Value (Appropriate Quality and Cost to meet Customer Need)

The outcome of all grant and contractual arrangements must be based upon best value for the residents of Worcestershire.

Accountability and Long Term Stability

Organisations receiving either a grant or a contract are accountable for the money they receive, including full compliance with relevant legislation and grant or contract conditions. Long term sustainability should be encouraged, including development by organisations of a range of funding streams.

Communication

Ongoing communication throughout a grant or contractual arrangement is essential, including identifiable lead names and contact details.

Discrimination

Funders and funding recipients should not discriminate unlawfully (whether in relation to race, gender, disability, religion, sexual orientation, age or otherwise) in employment or performance of services.

AN EFFECTIVE FUNDING FRAMEWORK

Joint Commitments

Participating public, private and voluntary and community sector organisations will aim to:

- Develop and apply procedures that are consistent with the principles of good regulation and accountability for public money
- Have effective and proportionate systems for financial management and audit
- Develop agreed objectives and systems for monitoring and evaluating activities
- Focus on and be clear about the intended outcomes of the grant or contractual arrangement
- Work together to attract grant funding for Worcestershire from other sources
- Engage in ongoing dialogue through the grant or contract term to ensure improved communication

Participating Public Sector Funder Commitments

Participating public sector funding bodies will aim to:

- Respect the role, diversity and independence of the voluntary and community sector
- Observe the right of voluntary and community sector organisations to challenge matters that affect them and their clients without fear of penalty
- Recognise the voluntary and community sector's need for financial sustainability in order to deliver high quality services and support to their customers by providing multi-year funding arrangements wherever appropriate, either in grant or contract
- Recognise the importance of funding the full cost of a contracted service – contracts should be awarded on the basis of best value to the customer
- Make monitoring requirements explicit at the start of any grant or contract period
- Develop effective processes and practices which reduce the need for repeated submission of information
- Specify a period of at least 3 months (and ideally at least 6 months) in any termination clause, unless there are exceptional circumstances

Voluntary and Community Sector Organisations Commitments

Those voluntary and community sector organisations who wish to receive grants or contracts from participating public sector organisations will aim to:

- Respect the role of the public sector
- Recognise the funding constraints faced by public sector organisations that are beyond their control
- Develop realistic prices for contracts that are based on recovering the full cost of delivering a service
- Actively comply with the agreed grant or contract conditions, including monitoring arrangements
- Alert the funder if there are any problems occurring with the delivery of any contract or grant agreement
- Publicly acknowledge the participating funding body's support
- Develop their own long term stability through exploring a range of funding options
- Apply the principles, standards and regulations of the funder when distributing funds on their behalf

PROMOTING FAIR ACCESS TO FUNDING

Participating funding bodies should demonstrate that they have taken all reasonable steps to promote fair and equal access to funding programmes, whether they be grant or contract. Funding policies and practices should be accessible and clearly understandable to all organisations, regardless of their size, and an appropriate variety of methods of communication should be used. The funding process should:

- Ensure that organisations are appropriately made aware of grant or contract funding opportunities
- Ensure that adequate time is allowed for organisations to prepare and submit tenders for contracts or applications for grants
- Include application and guidance information with sufficient detail to avoid wasting time and resources by encouraging inappropriate bids or applications

JOINT FUNDING OF VOLUNTARY AND COMMUNITY SECTOR ORGANISATIONS

Some voluntary and community sector organisations are funded by a range of participating funding bodies, often to deliver a single service. Where this is the case, participating funding bodies should work together to establish scope for joint funding, monitoring and review arrangements and a single point of contact.

THE COMMISSIONING, PROCUREMENT AND CONTRACTING PROCESS

Commissioning, procurement and contracting are interdependent elements of a cycle of planning, purchasing and reviewing, designed to develop and improve outcomes for our community.

Commissioning

Commissioning is the strategic activity of assessing needs, resources and current services and developing a strategy to make best use of available resources.

Commissioning should be based on:

- A common set of values that respect and encompass the full diversity of individuals' differences
- An understanding of the needs and preferences of present and potential future service users
- A comprehensive mapping of existing services
- A vision of how local needs may be better met
- A strategic framework for procuring all services within determined guidelines
- A bringing together of all relevant data on finance, activity and outcomes
- An ongoing dialogue with service users and service providers in all sectors
- Effective systems for implementing service changes, whether provided in-house or externally
- An evidence-based approach which continuously evaluates services with a view to achieving measurably better outcomes for service users
- An improved alignment with the way that other services are commissioned

Procurement

Procurement is the process of acquiring goods, works and services, covering both acquisition from third parties and from in-house providers. The procurement process spans the whole cycle from identification of needs through to the end of a services contract or the end of the useful life of an asset.

Worcestershire Partnership is committed to the provision of a 'mixed economy' of service provision on the basis that this is most likely to deliver best value for the citizens of Worcestershire. The basis for commissioning service providers in the public, private and voluntary and community sectors is best value to the customer.

An appropriate number of tenders (or for lower value contracts, quotations) should be sought.

All contract opportunities should be appropriately advertised and invitations to tender or submit quotations will include:

- Instructions for submission
- Specification
- Pricing mechanism
- Draft contract conditions
- Contract award criteria

Debriefing opportunities should be offered to unsuccessful bidders.

Contracting

Contracting is the process of negotiating, developing, allocating, monitoring, reviewing and ensuring compliance with written arrangements between service purchasers and providers.

THE GRANTS APPLICATION PROCESS

Participating funders wishing to provide grants schemes should develop an open, transparent and widely communicated grants application process to include as a minimum:

- Easy to use application forms and the facility to download and complete them electronically
- An assessment and evaluation procedure that makes clear the criteria against which the application will be judged
- An assessment process and evaluation panel that includes individuals with a sound knowledge of the issue to be funded, or access to essential information. Conflicts of interest should be declared and recorded
- A published schedule that sets out how and when applicants are to be notified on funding decisions, whether successful or not, and reasons for this
- A payment procedure setting out how, when and under what conditions payment may be made
- An agreed framework for monitoring and evaluating the funded activity that is proportionate to the amount of funding
- A clear appeals process in the event of dispute about how a grant has been awarded

FINANCIAL PROCEDURES RELATING TO GRANTS

Grants procedures will be developed that define:

- The financial reporting requirements
- When payments are due, and funders will endeavour to pay them promptly
- How under or over spends should be managed
- How reserves held by organisations may or may not affect applications
- Procedures that outline the process of intervention to be adopted if a funded organisation is in financial or other difficulty

DISPUTE RESOLUTION

The Engaging Worcestershire Steering Group (Task Group of the Worcestershire Partnership responsible for driving the Compact forward) is developing a robust positive disputes resolution process linked to the Compact, which can be operated in addition to established appeals processes – it will not replace them.

For more information, contact:

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