

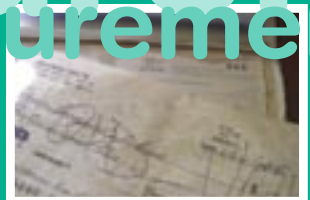
North East Lincolnshire

# Compact

working together | better together

Funding and Procurement  
Code of Good Practice

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# Funding and Procurement

## North East Lincolnshire - Compact Code of Good Practice

### Introduction

The Compact is a statement of agreement between public sector and voluntary and community sector organisations working in North East Lincolnshire. The Compact Funding and Procurement Code of Good Practice maintains the Compact principles of communication, joint working, action and trust and aims to influence financial relationships between the Public sector, partnerships commissioning at a local level such as the LSP, and the Voluntary and Community Sector (VCS).

The code does this through:

- setting a framework for the financial relationships across sectors; and
- setting out undertakings for both sides, based on what each can expect from each other.

These aims are consistent with the duty to provide quality services whilst adhering to value for money principles in accounting and procurement law.

‘Value for money is not the lowest price – it is defined as the optimum combination of whole life costs and quality to meet the user’s requirement.’

*Think smart, think voluntary sector – Home Office Active Communities Unit, June*

*2004*

## **Benefits of VCS as service deliverers**

VCS organisations can play an important role in the delivery of services and can offer benefits in the following key areas:

- Established links with the community – Voluntary and Community Organisations (VCOs) are deeply embedded in local communities with an understanding of the political and social environment in which they operate. VCOs develop skills in drawing on resources in the community and gaining local support for new projects.
- Understanding the needs of specific client groups - VCOs operate with passion, focus and commitment to a specific issue. Greater capacity to reach and earn the trust of excluded and disadvantaged groups. This is often facilitated by recruiting those with direct experience of the user perspective.
- Independence from institutional pressures – VCOs are generally not constrained by complex structures and rules. They are driven by their charitable aims which can make them enthusiastic, committed and especially flexible and responsive to customer needs.
- Innovation – the VCS is well placed to offer fresh and innovative solutions. They may be less risk averse and have a stronger motivation, through their charitable aims and objectives, to identify better ways of doing things.

It is important that financial relationships between statutory and voluntary and community sector partners are constructed in such a way that allows outcomes to be maximised. The achievement of outcomes can be supported if resources are released to frontline delivery and if organisations delivering them can continuously improve performance.

Current financial relationships do not always allow for the best possible outcomes to be achieved. This Code aims to influence behaviour in both the voluntary and community sector and public sector to achieve this vision.

The Code does this through:

- Setting a framework for the financial relationship; and
- Setting out undertakings for both sides, based on what each can expect from the other.

The Code is based on agreed principles and guidance published elsewhere. It is consistent with the public sector's duty to achieve value for money, principles in Government Accounting and European Union procurement law. Its principles and undertakings apply to both grants and contracts, but it is important to be aware that grant funding and public procurement operate under different detailed rules and the appropriate procedures should be understood and applied in each case.

The Compact builds relations that change how partners behave and work together. Programmes that are jointly designed or partnerships that are based on trust and mutual respect show a commitment to getting it right together for mutual advantage. This is a Compact way of working. For example, enabling voluntary and community sector organisations to contribute constructively to the design of programmes and focus their contribution on the needs of end users or beneficiaries.

## Principles

The following principles should apply at all stages of the financial relationship.

- **Focus on outcomes** – the achievement of outcomes should be used as a key indicator of the success of funding.
- **Simplicity and proportionality** – processes should be as simple as possible and in proportion to the amount of money and risk involved.
- **Consistency and co-ordination** – funders and purchasers should endeavour to join-up or standardise parts of the funding or procurement process to minimise burdens on organisations and ensure a focus on delivery.

- **Timeliness** – allowing time for planning, decision making and action so they have real effect.
- **Transparency and accountability** – allowing informed decisions about spending priorities to be made and for both Government and the sector to learn from previous work.
- **Discussion and dialogue** – this helps build trust and can identify and overcome problems before they impact on the delivery of outcomes.
- **Empathy** – understanding each other's needs and requirements should help avoid problems and help achieve outcomes.

## **Summary of undertakings**

The voluntary and community sector undertakes to:

- Respect confidentiality and be clear about whom they represent and how they came to their views when consulted on programme design;
- Make sure that they are eligible when applying for grants;
- Have clear lines of accountability, especially with joint bids;
- Agree terms of delivery at the outset and be aware of risks which they are responsible for;
- Have quality systems in place to manage finances and funded projects, and account for them;
- Be honest and transparent in reporting; and plan in good time for different situations to reduce any potential negative impact on both beneficiaries and the organisation if funding ends.

The public sector undertakes to:

- Provide, whenever possible, an opportunity for the voluntary and community sector to contribute to programme design;
- Ask for information on application forms which is relevant to deciding who will receive funding or be awarded the contract;
- Discuss risks up-front and place responsibility with the public sector body or voluntary and community organisation best able to manage them;
- Respect the independence of the sector;

- Recognise it is legitimate for voluntary and community organisations to include the relevant element of overhead costs in their estimates for providing a particular service;
- Avoid seeking unnecessary information about management fees and overheads;
- Make payments in advance of expenditure (where appropriate and necessary to aid cash flow);
- Implement longer term funding arrangements where these represent good value for money;
- Be proportionate in monitoring requirements and focus on outcomes;
- Consider joining-up or standardising monitoring requirements; and
- Give enough notice of the renewal or end of grants or contracts.

### **Benefits for the voluntary and community sector**

The voluntary and community sector benefits from good programme design. Programmes:

- Are more relevant to the voluntary and community sector;
- Allow organisations to effectively contribute to public policy objectives; maximise agreed outcomes; and
- Allow organisations to grow and develop and become more effective in the long-term.

### **Benefits for public sector**

The public sector benefits from good programme design by having programmes that:

- Are defined and realistic, and can be delivered;
- Are clear about the reasons why an organisation is receiving funding; and
- Strengthen the voluntary and community sector supplier base and its ability to deliver in the long-term.

## **Applications and tenders**

A well-managed application and tender process means that resources are focused on delivering outcomes rather than the process itself.

The voluntary and community sector needs to:

- Make itself aware of and disseminate opportunities;
- Understand the timescales and decision process of each application;
- Ensure they are eligible;
- Recognise that in competition, the final decision rests with the funder/project commissioner; and
- Ensure clear lines of accountability, especially with joint bids.

The public sector needs to:

- Promote opportunities widely;
- Consider pro-active approaches to encourage organisations to apply or become suppliers;
- Ensure, where possible, enough time to respond, particularly to larger pieces of work or those involving joint working;
- Ensure information and forms are clear and accessible and include all relevant information so that voluntary and community organisations can make informed decisions about whether to apply;
- Ensure the application process is proportionate to the contract value. Agencies should consider using standard questions or seek to co-ordinate application forms;
- Recognise that it is legitimate for voluntary and community organisations to include the relevant element of overhead costs in their estimates for providing a particular service; and
- Ensure applicants are kept informed of the process.



Yorkshire & Humber  
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# North East Lincolnshire Compact

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