

COMPACT

for HULL

Funding and Procurement: a Code of Good Practice



Compact on Relations between the
Public Sector and the Voluntary and
Community Sector in Hull

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1. Introduction

The Compact for Hull

1.1 The compact for Hull is an agreement intended to provide a framework for developing effective relationships between the public and voluntary and community sectors in the city of Hull. Its objective is to create a level playing field and ensure that services are delivered in the best way possible and to the needs of local people.

1.2 As part of that process, the Compact sets out the key principles and undertakings which will underpin the relationship between the public and voluntary and community sectors in the city of Hull.

Status of the Compact for Hull

1.3 The Compact has been drawn up in partnership, following extensive consultation between the public and voluntary and community sectors in Hull. The Compact is deliberately not exhaustive, but recognises the diversity of the voluntary and community sector and its activities. It is both a general framework and an enabling mechanism that enhances the relationship between the public and voluntary and community sectors.

1.4 The Compact is an agreement about relations between the public and voluntary and community sectors. It is an agreed statement of intent, its authority is derived from its endorsement by all parties during the process through which it was drawn up, and with their ongoing involvement in its review and development.

1.5 The Compact has been supported by five codes of practice, covering:

- Funding and procurement;
- Consultation and Policy Appraisal;
- Volunteering;
- Black and minority ethnic (BME) voluntary and community organisations;
and
- Community groups.

1.6 All of these codes, within the principle of the Compact, have a commitment to equality and diversity.

2. What is the Funding and Procurement Code of Good Practice?

Our shared principles

2.1 This Compact Code of Good Practice on Funding and Procurement reflects a shared Compact vision that acknowledges voluntary and community activity is fundamental to the development of a democratic, socially inclusive society, made up of active citizens.

2.2 This activity also makes an important, direct economic contribution to the area and the region, as some voluntary and community organisations raise and attract significant funds. The public sector also plays an important role as a funder of some voluntary and community organisations, either through grant funding or by supplying services and outcomes purchased through public procurement.

2.3 It is important to all that the financial relationship between sectors is constructed in such a way that outcomes can be maximised. Achievement of outcomes can be supported if resources are released to front line delivery, and if those delivering them can continuously improve performance. To do this also requires ongoing infrastructure support and development.

What the Funding and Procurement Code does

2.4 Current financial relationships do not always allow for the best possible outcomes to be achieved in the way the Compact envisages. The Funding and Procurement Code therefore aims to influence behaviour in both the voluntary and community sector and the public sector to achieve this. The Code does this through:

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

2.5 The Code does not cover what is funded or who should be funded, because it deliberately recognises the diversity of activity in the public sphere. It is intended to contribute to a constructive dialogue within and between partners to improve funding and procurement practice.

3. Undertakings by the Public Sector

3.1 The public sector undertakes:

- to provide whenever possible an opportunity for the voluntary and community sector to contribute to programme design;
- to ensure that funding application forms are clear and concise and only ask for information that will genuinely be used to help decide who will receive funding or be awarded contracts. In keeping with the general principles of the Compact, all relevant documentation will be made available in a range of formats and languages;
- to discuss risks up-front and place funding with the party best able to manage them;
- to respect the independence of the sector;
- to recognise that it is legitimate for providers to include full cost recovery* in their estimates for providing a given service;
- with public procurement, not to seek information about management fees and overheads;
- to establish feedback mechanisms to provide reasons for decisions on funding bids to assist voluntary and community organisations with future bids;

- to make payments in advance of expenditure where to do otherwise would risk undermining sustainable delivery and lead to a failure to achieve value for money;
- to implement longer term funding arrangements, usually three years, wherever possible where these represent good value for money;
- to be proportionate in monitoring requirements, and to focus on outcomes;
- where an organisation is funded by more than one public agency for providing similar services, monitoring should be conducted by the lead agency; and
- to give adequate notice, usually six months, of the end of grants or contracts.

4. Undertakings by the Voluntary and Community Sector

4.1 The voluntary and community sector undertakes:

- to respect confidentiality, and to be clear about whom they represent and how they came to those views when consulted on programme design;
- to ensure eligibility when applying for funds;
- to have clear lines of accountability, especially with joint bids;
- to agree terms of delivery at the outset and be aware of the risks for which they have responsibility;

- to have good systems in place to manage finances and funded projects and timely mechanisms to account for them;
- to be honest and transparent in the provision of monitoring information; and
- to plan in good time for different scenarios to minimise any potential negative impact on both service users and the organisation should funding end.
- *Full cost recovery means recovering or funding the full costs of a project or service. In addition to the costs directly associated with the project, such as staff and equipment, projects will also draw on the rest of the organisation. For example, adequate finance, human resources, management, and IT systems, are also integral components of any project or service.*
- *The full cost of any project therefore includes an element of each type of overhead cost, which should be allocated on a comprehensive, robust, and defensible basis.*

For further copies of this document please contact:

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There is a national version of the Compact (including five national codes of practice) that outlines the agreement between the Government and the voluntary and community sector to improve their relationship for the benefit of each other and the communities they serve. To view the national Compact please visit the Compact website www.thecompact.org.uk