



Surrey Compact

The Surrey Compact is a commitment to continually improve relationships between the public, voluntary, community and faith sector and organisations representing service users and carers.

Reviewed
Funding and Procurement
Code

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1. Who is this code for?

This code is for everyone within Surrey involved in public funding whether distributing, applying for or receiving funding. This includes a growing role for joint work with the private sector. It is recognised that needs of small and medium enterprises are often similar to the VCFS.

2. What the Funding Code is for?

- To set out a framework for financial relationships.
- To set out the undertakings of both sides based on what each can expect from the other.

2.1 This code is consistent with the funding bodies' duty to achieve value for money, principles in accounting and European Union procurement law. Its principles apply to both grants and contracts.

3. The Principles of the Financial Relationships

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

- 3.1 **Timeliness** – allow time for planning and codesign with the VCFS users and carers, allowing informed decisions about spending priorities to be made and enabling both funding bodies and the sector to learn from previous work.
- 3.2 **Transparency and accountability** – create a plan with a clear timescale of when contracts or grants will end and what notification is required.
- 3.3 **Simplicity and proportionality** – processes should be as simple as possible at each stage, in proportion to the amount of money involved and should not create unnecessary bureaucratic barriers that disadvantage competent providers from applying.
- 3.4 **Focus on outcomes** – the achievement of outcomes should be used as a key indicator to the success of the funding.
- 3.5 **Dialogue** – this helps build trust and can identify and overcome problems before they impact on the delivery of outcomes.
- 3.6 **Best Value** – authorities are under the 'Duty of Best Value', and therefore, should consider overall value, including economic, environmental and social value, when reviewing service provision.
- 3.7 **Social Value** – social value is seeking to maximise the additional benefit that can be created by procuring or commissioning goods and services, above and beyond the benefit of merely the goods and services themselves.

3.8 Living Wage – it is acknowledged that employees on the lowest level of pay will be paid the Living Wage.

4 Summary of Joint Undertakings –

All sectors have shared responsibility and together will;

- 4.1** when consulted on developing specification design, respect confidentiality and be clear about who you are representing. Understand what your interests are and any conflicts of interest.
- 4.2** ensure that funding documents make clear the eligibility criteria for those applying.
- 4.3** have clear lines of accountability and responsibility with joint bids.
- 4.4** ensure a risk assessment is in place for any funding agreement and ensure all risks are actively managed and fairly apportioned.
- 4.5** plan in good time for different situations to reduce any potential negative impact on both beneficiaries and the organisation if funding ends.
- 4.6** explore sustainability of any contracted service as part of initial negotiations.
- 4.7** apply the standard model of payment (30 days in arrears), but consider other payment models if appropriate.
- 4.8** ensure criteria for awarding funding opportunities and contracts are clear, fair, timely and widely publicised.
- 4.9** ensure organisations that can deliver excellent outcomes and value for money are able to compete, whatever their size.
- 4.10** be open and transparent about the various funding streams available, the criteria for each programme and the processes being taken to award funds.
- 4.11** agree a proportionate monitoring process at the beginning of any contract or grants focusing on outcomes.
- 4.12** to discuss with partners, a minimum of 6 months prior to the end of a contract or grant, what future plans are and any proposed restriction or changes to the funding or service provision.
- 4.13** discuss any restrictions or changes to future resources, to explore the potential implications as early as possible allow a minimum of three months or a longer lead in time for any changes in budgetary planning to be discussed with the funded partners to allow for better service provision. Respect each other's expertise before a final decision is made.

- 4.14** assess the impact on beneficiaries, service users and volunteers before deciding to reduce or end funding or service delivery.

5. Agreeing Monitoring and Reporting

- 5.1** Effective monitoring focuses on outcomes, is proportionate and not burdensome, and ensures transparency about the use of funds and what they have achieved. This should be by jointly agreeing both the monitoring and reporting activities. Details should be in the contract specification or outlined in the grant negotiations.
- 5.2** The voluntary, community and faith sector undertakes to be honest and transparent in reporting. The sector recognises that public accountability inevitably requires some level of reporting and will comply with monitoring requirements. The sector will give early notice of budget and delivery progress (for example, if there are likely to be underspends in grants).
- 5.3** The funding body undertakes to be proportionate (to size of funding, size of provider and perceived risk) in monitoring requirements and to focus on outcomes.
- 5.4** The funding bodies will consider joining-up or standardising monitoring requirements so organisations that receive funding from a number of sources, and funders themselves, are not overburdened. Monitoring should only include information that is needed or will be used to assess performance. Before the grant agreement or contract is signed, the funding body will discuss with the provider the information that will be required. Discussion will also help in agreeing how to monitor outcomes, what to do if there is likely to be failure to meet delivery targets and how intended outcomes might be met in other ways.

6. Concluding a Financial Relationship

- 6.1** The voluntary, community and faith sector recognises that funding is for a set time and that priorities change. If outcomes are not delivered funding may have to be reimbursed. The sector undertakes to plan in good time for different situations to reduce any potential negative impact at the end of a contract or grant on both beneficiaries and the organisation.
- 6.2** The funding bodies undertake to give a minimum of three months notice of any changes in budgetary planning and the end of grants or contracts. A longer timescale will allow for better service provision and help voluntary, community and faith organisations fulfil their duties as good employers and prepare alternative plans. Notices will give the reasons for the end of the funding agreement or contract and allow the provider organisation to respond to proposals to change or end an arrangement.

- 6.3** If a voluntary, community and faith organisation is not meeting targets, the funding body should first discuss with the organisation what action can be taken to improve delivery (for example, the possibility of a revised action plan). Should performance not improve and the effective use of public funding remain at risk, it is legitimate for funding to be withdrawn or the contract terminated early.
- 6.4 Voluntary, community and faith organisation should plan at the beginning of any funding how they are prepared for the cessation of the funding and how if required the provision will become self sustaining. They will work with commissioners to help with transition to alternative services.

Glossary

Best value - <https://www.gov.uk/government/publications/best-value-statutory-guidance--4>

Compact – A Compact is an agreement that builds relationships that change how partners behave, engage and work at all levels. www.surreycompact.org

Living Wage - <http://www.livingwage.org.uk/what-living-wage>

Surrey County Council Grant Criteria and Funding Opportunities Guide

VCFS – Voluntary Community Faith Sectors

www.surreycompact.org