

# **DRAFT FUNDING CODE OF PRACTICE**

## **INTRODUCTION**

The Derby Code of Good Practice on Funding has been produced by the Compact Funding Sub-Group, which involves representatives from the Voluntary and Community Sector and Derby City Council.

The Code aims to promote strong and effective partnerships between The Council and the Voluntary and Community Sector. It acknowledges the importance of statutory funding and the added value which voluntary sector funding can deliver. The Code recognises that the continued development of a vibrant and diverse Voluntary and Community Sector, which is responsive to the needs of all our Service Users, is dependent upon establishing and maintaining best practice in our funding relationships.

This Code includes an Action Plan, which will continue to be developed and updated to ensure the practical implementation of our shared objectives.

## **JOINT COMMITMENTS FOR AN EFFECTIVE FUNDING RELATIONSHIP**

### **1. Funding decisions should be based on principles of Best Value**

- 1.1. This means that funding decisions should take into account the quality and effectiveness of services delivered, not just the cost.
- 1.2. It is recognised that quality assurance standards may be made a requirement of funding, where appropriate, for example, the Community Legal Service Quality Mark for organisations providing legal information and advice.

### **2. Clarity, consistency and transparency of the decision making process**

- 2.1. Clear eligibility criteria should form the basis of all funding decisions. These criteria should be available to any potential applicant.
- 2.2. The decision making process should be clear, consistent and transparent across all Council Departments.
- 2.3. Feedback should be provided on funding applications, to assist voluntary and community organisations with future funding bids. The provision of feedback can be valuable both to applicants and to The Council, as it can help The Council to improve the design of its funding programmes.

### **3. Accountability for the use of public funds**

- 3.1. Recognition both by the Council and the Voluntary Sector of the need to be accountable for the use of public funds.
- 3.2. Monitoring and evaluation requirements should be clear, in proportion to the level of funding and, if possible, avoid duplication with other funding bodies' monitoring requirements.

3.3. The Council should aim to send funding agreements on time, to ensure that voluntary organisations are aware of the basis on which funds are paid, and to enable voluntary organisations to raise any queries before payments become due.

#### **4. Respect for the Voluntary and Community Sector's independence**

4.1. Derby City Council undertakes not to use its influence in a way which compromises the sector's independence.

4.2. The right of the Voluntary and Community Sector to campaign and carry out policy work is upheld.

4.3. The right of voluntary and community sector organisations to provide independent advocacy on behalf of individual service users, and to assist service users to challenge the Council, is supported.

4.4. It is acknowledged that voluntary and community sector organisations can strengthen their independence by developing a broad funding base. The voluntary and community sector recognise that over-reliance upon the Council as the sole or main funding body may not support the future growth of a strong and independent Voluntary and Community Sector.

#### **5. Improved sustainability and support for longer term planning**

5.1. The Council will aim to develop a more strategic approach to the way it funds voluntary and community groups.

5.2. The Council will aim to continue providing multi-year funding agreements, as this helps to improve the stability of voluntary and community groups, by enabling them to plan for the longer term.

5.3. Multi-year funding agreements will be subject to strategic priorities, the availability of funding, value for money, a mutually agreed framework for monitoring and evaluation, and a formal review process.

- 5.4. Organisations in receipt of multi-year funding should be consulted prior to, and given the reasons for, any reduction in their funding.
- 5.5. In order to ensure that new organisations have the opportunity to receive funding, or to fund innovation, the Council will consider setting aside some of each grant programme for this purpose.
- 5.6. Funded voluntary and community sector organisations recognised they are responsible for planning ahead and, where appropriate, developing realistic exit strategies for projects.

## **6. Recognition of core costs and the different ways these can be met**

- 6.1. 'Core costs' are the basic costs of running an organisation. They may include management, personnel and administration functions, rent, insurance and other necessary costs, which enable the organisation to operate effectively.
- 6.2. The Council recognises that most sources of funding are for short-term projects and that voluntary and community organisations often experience difficulty in securing funding to meet their core costs. The Council acknowledges that it has an important role to play in assisting organisations with meeting their core costs.
- 6.3. However, it is also acknowledged that the Council is not in a position to meet all the core costs of all the voluntary and community organisations providing services in the City.
- 6.4. The Council will consider where appropriate contribution towards core costs in any bids for project funding.
- 6.5. Voluntary and community organisations making funding applications are responsible for costing their proposed services realistically.
- 6.6. The Council will aim to maximise the effectiveness of its funding, so as to promote the stability and growth of the voluntary and

community sector, for example, through multi-year strategic funding and funding which supports the development needs of organisations.

## **7. Meeting the needs of Black and Minority Ethnic groups**

- 7.1. The Council will aim to ensure that Black and Minority Ethnic organisations are consulted on the design and evaluation of its funding programmes
- 7.2. The Council undertakes to provide support for Black and Minority Ethnic communities and 'Black led' voluntary and community organisations.
- 7.3. The Council will aim to ensure the Black and Minority Ethnic groups have equal access to available resources.

## **8. Support for the Voluntary and Community Sector's infrastructure**

- 8.1. The Council recognises the need to support the development of the voluntary and community sector's infrastructure at a local level.
- 8.2. Infrastructure organisations, both generalist and specialist, are important in promoting partnership between voluntary and community organisations and the statutory sector. They are a channel for communication with their members and provide the capacity building support for organisations delivering services to their communities.

## **9. Clear information on the different funding streams available to ensure equal access to funds**

- 9.1. The Council is committed to the promotion of fair access to the funds it has available to voluntary and community organisations across the City. Particular effort will be made to ensure that Black and Culturally Diverse organisations, and community groups, have equal access to funding.

9.2. The Council will ensure that local voluntary and community organisations receive clear, accurate and timely information about the grants and funding streams it has on offer.

9.3. The Council undertakes to make funding application packs available in appropriate formats.

## **10. Improved co-operation and consistency between Council Departments**

10.1. The Council will seek to develop a corporate approach to the voluntary and community sector that it funds

10.2. The Council will ensure that there is a single point of contact for each funding stream, to enable voluntary and community sector organisations to access advice and information.

10.3. The Council will aim to ensure consistency in information and reporting requirements, except where flexibility is needed to help voluntary and community organisations to reduce duplication of reporting requirements for different funding bodies.

## **11. Funding agreements should be based on principles of clarity and fairness**

11.1. The conditions of any voluntary sector funding agreement, whether a grant, Service Level Agreement or contract, should be reasonable, and realistic.

11.2. Funding agreements may be standardised to ensure consistency and fairness and to reduce bureaucracy. However, funding agreements should also allow for some flexibility (for example, to avoid unnecessary duplication of monitoring and reporting requirements for different funding bodies).

- 11.3. Monitoring requirements should be relevant and appropriate to the size and nature of the funding provided and the organisation in receipt of funds.
- 11.4. Funding agreements should clearly set out the roles and responsibilities of both parties and should not undermine the stability of voluntary and community groups by involving them in unnecessary risks or burdens.