

Essex Compact **Funding and Procurement Code of Practice**

This Code of Practice sets out the principles and undertakings which will inform the relationship between the Statutory Sector, the Voluntary and Community Sector and other partners in relation to funding and procurement.

The Government Office of the Third Sector states that 'third sector organisations of all sizes have a contribution to make to the design of and improvement of public services'. The Statutory Sector together with the voluntary and community sector intend to realise this contribution. Through an innovative and informed grant funding and procurement process, the statutory sector will recognise the value which the voluntary and community sector (VCS) may bring to the delivery of its objectives. More than this the VCS through its independence may identify areas of need in a way which the structure of the public sector prevents it from doing.

There are two main funding mechanisms which the statutory sector may use to finance this support – grant giving and procurement. Each of these serves a different purpose and is appropriate in relevant circumstances. Traditional grant aid is generally accepted as being relevant in relation to smaller grants where there may be an element of capacity building required.

Key principles

The following key principles set out the commitment by the statutory sector and the VCS to improve the delivery of public services through more effective and appropriate grant funding and procurement practice.

1	Early involvement - Early involvement of the VCS in the grant funding and procurement processes
2	Market analysis - market analysis to be carried out to ensure a thorough understanding of how potential providers would satisfy needs
3	Grant funding and procurement - maintain and develop two separate processes for financing service provision through the VCS
4	Process simplification – Clear efforts to be made to simplify the documentation and processes associated with grant applications / allocation and procurement.
5	Risk – Consideration to be given on specifying requirements around the sharing of risk to ensure that risk is not loaded on to the provider.
6	Evaluation – Evaluation of the grant and procurement process to be appropriate to the value and risk requirement.
7	Monitoring – Key Performance Indicators to be proportionate to value of the grant or contract and be relevant and effective.
8.	Full cost recovery – the statutory sector to fund the full cost of services / activities grant funded or purchased from VCS
9.	Sustainable funding - Grants or Contracts to be awarded for 3 or 5 years whenever appropriate

The Statutory and Voluntary and Community Sector undertake to:

- recognise the value of funding the Voluntary and Community sector
- recognise the added value that the Sector can bring to all areas of work
- recognise the overriding requirement to deliver best value for money of the Statutory Sector from all its spend
- respect the roles and responsibilities of both sectors, and utilise the skills and expertise within each;
- adopt good practice and take account of national guidance with regard to all funding and procurement arrangements;
- respect confidentiality;
- build capacity and understanding between the statutory and the voluntary sector to facilitate successfully tendering.

The Statutory Sector undertakes to:

- maintain a programme for funding the VCS that includes both grants and contracts;
- ensure adequate lead in time is available for VCS to respond
- ensure that market analysis is undertaken when a need is identified to ensure all relevant parties are consulted and that views are incorporated into service design;
- ensure that the process and level of information requested is appropriate for the level of grant available or the contract to be awarded; develop simplified processes to increase efficiency and reduce paperwork;
- ensure that information and guidance on funding and procurement opportunities are publicised widely and made available in appropriate formats;
- increase awareness of particular needs of voluntary and community sector in grant funding and procurement
- build capacity within the statutory sector to enable it to successfully tender with the voluntary sector
- ensure that the procurement and commissioning process is appropriate to the value and type of contract
- ensure risks are fully identified and apportioned fairly
- recognise the independence of the voluntary and community sector in managing its organisation and making its own decisions for the benefit of the service users;
- agree longer-term funding and contracting agreements - 3 years wherever possible;
- operate an open and transparent process around how funding and procurement decisions are made;
- recognise the importance of full cost recovery to the long term stability of the VCS;

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 about service design
- meet the published deadlines for admission of applications and monitoring criteria;

- have clear lines of accountability
- have good financial management and monitoring systems in place to manage finances and account for expenditure;
- be honest and transparent in reporting on activity
- build capacity within the voluntary sector to enable it to successfully compete in tendering process

Glossary

Procurement process - the start to finish process of understanding a need, developing a method of satisfying that need, awarding a contract for that requirement and then managing the results of the contract against original need

Market analysis – the method for consulting a market to consider options for satisfying a need or the suitability of options already developed

Grant funding – a bidding process against identified criteria to deliver funders objectives; traditional grant aid is generally accepted as being relevant in relation to smaller grants where there may be an element of capacity building required.

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