

Voluntary Sector Funding Code

Who the code is for?

The Code is for those voluntary organisations receiving funding or who would seek to be funded by Pembrokeshire County Council (the 'Council'), including monitoring and evaluation requirements that accompany such funding. We are working with Pembrokeshire Local Health Board on extending the Code to Health Board voluntary sector funding and to agree a common approach to funding organisations.

Objectives

The funding code of practice has the following objectives:-

- Clarify how voluntary sector organisations can apply for Council funding as well as how to quote or tender for Council contracts.
- Clarify the Council's expectations when it gives grants to or makes contracts with voluntary organisations.
- Achieve greater consistency across County Council for funding streams.

What is a Voluntary Organisation?

Voluntary organisations are non-statutory bodies whose activities:-

- produce public benefit the whole or part of Pembrokeshire (whether or not they also benefit any other geographic area)
- rely significantly on volunteers' goodwill and time in order to deliver services
- do not seek to maximise profits and distribute these to private shareholders but instead re-invests any profit within the business.

Voluntary Organisations are characterised by:

- Independence – they must not be directly controlled by a for-profit organisation or by a statutory sector organisation.
- Self-Governing – an organisation must have its own internal decision making process.
- Non- profit distributing.
- Volunteering – An organisation must benefit from a meaningful degree of charitable giving such as gifts in kind of time, including volunteers and non-paid trustees. For example, any organisation that has at least three trustees who give their time is considered to benefit to a meaningful level.
- Public Benefit – A voluntary organisation must be able to demonstrate that its objectives and activities benefit the wider public. Where a governing document exists, it should have a clause stating this.

Underlying Principles

- The code incorporates the principles laid down in the Pembrokeshire Voluntary Sector Compact.
- Equal Status is given to both the Voluntary Sector and to the Council and places rights and responsibilities on both partners
- The Code will ensure funding and monitoring arrangements are transparent.
- The Code will be monitored and reviewed as appropriate through the Voluntary Sector Liaison Group.

Scope

The code of practice is between the County Council and the Voluntary Sector (as defined above) and relates to funding from the Council itself. We are working with Pembrokeshire Local Health Board on extending the Code to Health Board voluntary sector funding and to agree a common approach to funding organisations. This will be in two stages with a joint small grants pot operational in 2006/07 and on-going work on joint commissioning

Sometimes the Council administers funding on behalf of another organisation. For instance, examples of Welsh Assembly Government (WAG) grants include: Cymorth, Children First & Carers Grant. If that organisation has laid down criteria on how organisations should access the funding, these criteria will be used instead of the ones in this Code. Wherever possible the Council will integrate the good practice contained in this Code with any terms and conditions attached to funding from external sources.

The funding code of practice does not cover all instances where the Council and the voluntary sector work together. It is recognised that many partnership arrangements exist between the Voluntary Sector and the Council where there is no financial award eg : Payments in kind; Access to training; multi agency groups which promote specific initiatives.

Notification of Funding Opportunities

Notification of external funding opportunities will be made available as they arise, through PAVS and other networks or systems as appropriate e.g. local press. The Council will develop a calendar that shows when it will ask for submissions for grant funding, when it will make a decision and how it will let organisations know whether they have been successful or not.

Revenue Grant funding

The Council will give revenue grant funds to organisations to support the service delivery objectives of the Council. Organisations will, in return, use this funding for the service specified by the Council. The Council will use appropriate monitoring systems to share information on what impact its funding has been. The Council intends to set up a joint small grants scheme with the Local Health Board. This is for small, one year projects or for contributions towards the running costs of small organisations. The Council also operates a small grants scheme for tenants organisations. This is paid out of a special housing budget and is outside the scope of this scheme.

Capital Grant funding

The Council operates a Capital Grant funding programme through Pembrokeshire Community Regeneration Scheme. Applications are on a rolling basis. Match funding will be required

Procurement

If the Council wishes to buy a service which is widely available the process used will be consistent with the Council's procurement strategy (details of the current strategy are on the Council's website). The precise method of procurement used will reflect the service required, its value and the number of organisations who are likely to be able to provide the service. The method that the Council uses will be open and transparent (eg advertisements for standing lists will be circulated through PAVS)

State Aid

The European Union has rules and regulations to ensure fair competition throughout the EU and this is sometimes called State Aid. State Aid rules are complex and are subject to change. They can sometimes apply where the Council funds an organisation where there has not been competition. This will be dealt with on a case-by-case basis.

Types of Agreement

Where the Council has agreed to fund (or provide 'in kind' support to) a voluntary organisation there will be a formal agreement to do so. All agreements will be drawn up in consultation with, and the involvement of the voluntary organisation. Agreements will be in the form of a:

Letter of Agreement

This letter will confirm that a voluntary organisation has received a grant. It will specify when the grant money is available from, when the money must be spent by and confirm what the grant is to be used for. It will also set out the information on performance that the Council requires. Letters of agreement will typically be used where the sum of money involved is less than £5k.

Contract

This type of agreement is used where the Council wishes to fund a voluntary organisation to provide a service through either commissioning or a procurement route. The contract will usually last for three years and will contain an annual performance review. The contract may be awarded following an open competition process to procure a service.

The Council funding for Voluntary Sector organisations carries a requirement that the voluntary sector organisation will provide a service either directly or indirectly that meets the Council's aims.

Timing of Funding

Council Funding

The overall Council Budget is set just before the start of the financial year (Feb/Mar). This can have a negative effect on Voluntary Sector service provision, recruitment and retention. For those contracts that span successive financial years, the Council will indicate whether the contract is likely to continue in December and the amount of money that is likely to be available in future financial years. The Voluntary Sector accepts that this is not guaranteed funding and that no work should be under taken until written notification of funding has been received.

External Funding administered by the Council

The published timetable of the external funder will be followed.

Access to Funding Opportunities

Where the Council makes funding available to the Voluntary Sector the following guidance will be followed:

- The Council will provide information on available funding through its planning structures and through PAVS. This will be in the form of a calendar. The Council will not be able to include all the grants it administers on behalf of other bodies.
- Notification will be timely and will be done through PAVS
- Application packs will be provided.
- The application pack will make it clear whether core or start-up funding is being offered.
- Timescales for the application process (including the time period during which applicant questions can be addressed to a named officer) and payment procedures will be made available.
- The Council will acknowledge receipt of applications and will appoint a named contact officer.
- Applications will be reviewed against the agreed and published criteria. See next section for details. Funding that is administered by the Council on behalf of a third party will follow the requirements of the funding body.
- Incomplete grant applications will be returned.
- The Council will aim to notify applicants about the outcome of their application within 12 weeks of the closing date, or as notified in the application pack.
- Feedback on the application will be available to the voluntary organisation from the named officer.

Where the Council has **contracts** with voluntary sector organisations or is considering asking an external organisation to do work on its behalf:

- The method used will depend on the expected contract value and these are specified in the Council's procurement strategy. It is not practical to develop a timetable for when contracts will be let, however, the Council will try to make the process more transparent by:
 - It will advertise for expressions of interest in types of contract (the procurement strategy calls this producing a standing list);
 - It will use standing lists to obtain quotations for work;
 - It will advertise for contracts through PAVS and through other appropriate media.

Grant funding criteria

For the joint small grants pot with health, funding bids will be scored against the following priorities:

- Fit to strategic priorities. These are included in *Health Challenge Pembrokeshire*. The application form will list the strategic priorities that the application should meet.
- Value for money. What will the project do? How many people will it help? What will it cost?
- Sustainability. How does the project make best use of resources so that impacts on future generations can be minimised?
- Promoting joint working and reducing duplication
- Equal Opportunity. How will the project deliver services to all members of the community?
- Social inclusion. The project should make a contribution to reducing inequality, reaching across age groups and tackling poverty in Pembrokeshire.
- An effective forward strategy. The applicant should show what it will do when funding comes to an end.

Quotation and tender evaluation scoring

These will be used for commissioning and for procurement. Quotation and tender evaluation will be based on the specification. It will look at both the quality and the cost of the proposal, the Council will not be bound to accept the lowest (or any of) the quotations or tenders. The specification for the quotation or tender will make it clear what services that Council would like to purchase and the sort of added value that it is prepared to pay for (for instance, delivering a service in a way which strengthens community networks).

The quotation or tender evaluation scoring will assess whether an organisation has the capacity to deliver the contract to the required standard. If organisations are expected to reach additional quality standards, this will be made clear in the specification. The Council, with PAVS, will explore using quality models for the voluntary sector. The potential for joint work with other partners will also be explored.

Length of Funding Agreement

The Council will strive for longer term funding commitments to the Voluntary Sector where possible.

Contracts for services will usually be for three years, however, contracts will be reviewed annually.

Contracts or grants will specify the amount of money that is available in any particular financial year. Voluntary organisation cannot usually swap money between financial years. (See section on overspends and underspends.)

Monitoring & Evaluation

Monitoring and evaluation of performance is essential to ensuring proper use of public funds and to identify opportunities for service development. It will vary with the level of funding though external funding administered by the Council will have to follow the requirements of the external funder. Small grants will be monitored less frequently than larger contracts, for instance they will have six-monthly rather than quarterly monitoring. However, grant funding that the Council administers, even though it is for small amounts, may require quarterly monitoring and full annual accounts

Specific requirements for monitoring and evaluation for contracts will be agreed in advance. Organisations with either a contract or a grant will be expected to submit interim written reports annually. At the end of the contract or grant they will produce a report which highlights the achieved outputs of the project, including match funding generated in cash and in-kind.

Monitoring and evaluation requirements will be set out in the contract or letter of agreement and will require a record to be kept of the progress made and work undertaken against agreed objectives, targets and indicators. Where start-up funding has been used to buy an asset (capital funding) an invoice will be required before funding is released.

Key messages from monitoring and evaluation reports will be presented to the voluntary sector liaison group in order to help assist with service development.

The Council will explore working with other partners to set up joint monitoring arrangements to simplify the burden of monitoring and of financial reporting. This work will be done in conjunction with work on evaluating quality systems.

Payment Procedures

The Council recognises that most voluntary organisations would prefer to be paid in advance, however, it is much simpler for the Council to pay in arrears. The Council will usually pay small revenue grants in advance (eg joint fund with the LHB) but our policy remains for other funding that it will usually be paid in arrears.

The Council will look, with partners, to developing consistent criteria that could be used to identify organisations *and situations* where payment in advance is appropriate. Funding in advance for contracts necessarily means that monitoring will be more complex and more onerous. The facility for advance payment may be withdrawn for organisations that regularly make late or incomplete returns.

For external funding administered by the Council, payment procedures may reflect the requirements of the funding body.

Underspends/Overspends

The Voluntary Sector recognises that if an individual organisation cannot provide the activity or service as agreed this is likely to result in an underspend on a particular year's allocated funding. If this occurs, the voluntary organisation will inform the Council of the anticipated underspend as soon as possible. This is particularly important for funding that the Council administers on behalf of WAG. The Council will not usually allow underspends to be slipped into following financial years, however, contingency arrangements may be agreed in exceptional circumstances. The Council cannot allow funding it administers on behalf of WAG to be rolled forward into a new financial year.

Overspends remain the responsibility of the voluntary organisation. The trustees must assure themselves that they have appropriate processes in place to identify potential overspends at an early stage.

Rate of Grant

The Council will award grants up to 100% of the cost of a proposal for small grants. Commissioned or procured services will reflect the cost of the service (or part of a service) that the Council has decided to fund. Capital grants, such as the Community Regeneration Scheme or Welsh Church Act funding, the Council will expect match funding.

The Council is happy for its funding to be used to match funding from other organisations, however, the Council expects that the start of a project it has funded will not be delayed because an organisation is waiting for other funding. The Council also needs to be kept informed of any decision to match fund its money with any money from the European Union (including funding which has been matched at source).

Publicity

Successful applicants will acknowledge the Pembrokeshire County Council's support on all publicity material that they produce if the publicity relates to a service or grant that the Council has funded.

Intervention when a funded organisation is in financial or other difficulty

The Code of Practice is designed to reduce the likelihood of an organisation getting into financial or other difficulty. However, where this does occur, the following guidelines should be followed:

- Where a funded voluntary organisation is in financial or other difficulty the Trustees will give the Council formal notification of their concerns. Likewise, the Council will give formal notification to a voluntary organisation should concerns be brought to their attention.
- In such circumstances the Council and the Voluntary Sector will Compact and will seek to agree a way forward.

Application of the code

The implementation of the good practice guidance in this code will be the responsibility of individual Council departments and Voluntary Sector organisations. Both the Council and Voluntary Sector organisations are expected to comply with this practise and the application of the code will be monitored by the Voluntary Sector Liaison Group.

Review of the code

The Code will be reviewed by the Voluntary Sector Liaison Group on an annual basis. This report will identify instances, if any, where the code has not been followed. It will recommend changes to the Code, as appropriate, for approval by the Council (*the LHB if they sign up*) and PAVS' board.