AGENDA MANAGEMENT SHEET

Name of Committee	**The Cabinet**
Date of Committee	**6 October 2005**
Report Title	**The Warwickshire Compact**
Summary	The County Council signed up to the Warwickshire Compact in 2002. The Compact has now been updated and Cabinet is asked to comment on it and confirm its continuing support.
For further information please contact:	John Lyons Community Development Coordinator Tel: 01926 746824 johnlyons@warwickshire.gov.uk
Would the recommended decision be contrary to the Budget and Policy Framework?	No.
Background papers	

CONSULTATION ALREADY UNDERTAKEN:- Details to be specified

Other Committees	☒	Adult and Community Services OSC – 6 September 2005
Local Member(s)	☐	
Other Elected Members	☒	Cllrs Richard Dodd, Marion Haywood and Sid Tooth,
Cabinet Members	☒	Cllrs Colin Hayfield and Bob Stevens
Chief Executive	☐	
Legal	☒	David Carter – Chief Officer
Finance	☐	
Other Chief Officers	☒	COMT – 5 September
District Councils	☐	
Health Authority	☐	

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Police ☐

Other Bodies/Individuals ☐

FINAL DECISION   YES

SUGGESTED NEXT STEPS: Details to be specified

Further consideration by ☐
this Committee

To Council ☐

To Cabinet ☐

To an O & S Committee ☐   ....

To an Area Committee ☐   ....

Further Consultation ☐   ....

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The Cabinet - 6 October 2005.
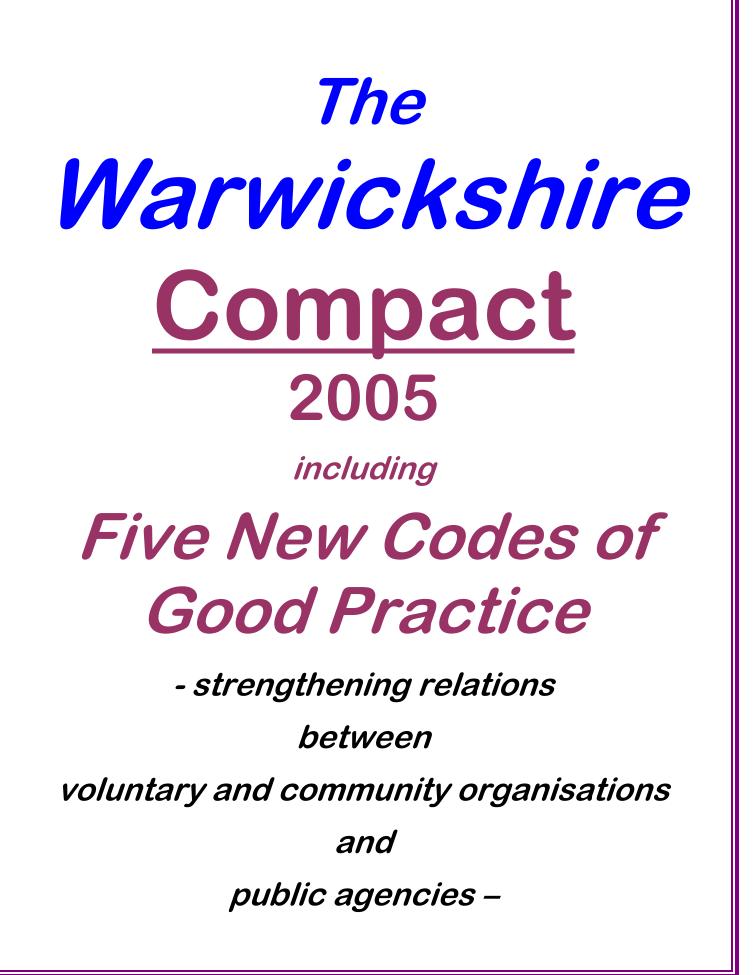
The Warwickshire Compact

Recommendation

Cabinet is asked to confirm its continuing support for the revised Warwickshire Compact and authorise the County Solicitor and Assistant Chief Executive to finalise any changes in the content and format.

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1   The Government signed up to a Compact with the Voluntary and Community Sector in 1998. It applies to all Government departments in their dealings with the sector. It is a general protocol to guide relationships and is supported by a number of more specific codes of practice, covering key areas such as funding, consultation, volunteering etc.

2   Government advocated that local government should develop similar Compacts with the sector and most areas are now covered. The County Council signed up to the Warwickshire Compact in 2002. The national Compact Working Group, in its annual report to Parliament, has commended our Compact. Some of its distinguishing features are that:

   - It was the first two tier Compact in the Country
   - It had the widest sign-up of any Compact in the Country
   - It included the concept of Compact champions within each of the public agencies signing up to it
   - It included mediation and monitoring provisions.
   - An independent Compact secretariat was established to help its development (funded by the County Council)

3   The Warwickshire Compact has now been updated and a copy is attached for Cabinet Members. *[The Compact can be viewed on the Committee Administration System and on the Warwickshire Web]*. The main difference is that the national codes of practice have been summarised and added into the document in order to give it more substance. The intention is that it should now be considered by partners with a view to being approved at the annual Warwickshire Compact meeting on 7 November (which is in national Compact Week). The Chief Executive has been invited to speak at the event.

4.   The draft was discussed at the Social Inclusion Network (on 26 July), at Chief Officers Management Team (on 5 September) and Adult and Community Services OSC (on 6 September). Their main comments are summarised below:

   - The Compact was an important document to which we need to reaffirm our support
   - The version circulated was a useful reference document but is was not a "good read". It would benefit from a "plain English" re-write and a simple two page summary should be produced for wider circulation [this is in the process of being completed].

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- Electronic versions should also be made available on CD-ROM and the County Council's website
- Concern was expressed about some of the more specific. requirements of the Compact (e.g. the 12 week standard consultation requirement) and it was felt it would be better to have appropriate arrangements that suit local circumstances.
- Other guidance (e.g. procurement) was thought to be sensible and useful.
- The OSC welcomed the document as recognition of the valuable work done by the voluntary and community sector. It was pleased with the proposal that smaller community groups will have the opportunity to sign up to it and it suggested that material be produced to make it clear how they could do so.

5   Although the work we have done on the Warwickshire Compact has received external commendations, there is still much to do to make it understood and used effectively, although:

- Departmental champions have met from time to time to coordinate progress.
- The Social Services VCS contracting review (reported to the last meeting) is using Compact as a set of principles to guide its work
- The VCS Strategy work that I am leading on (also reported to the last meeting) is seen as the way in which the Council will operationalise Compact more effectively

6   The Compact Secretariat is developing a "customer feedback" process for VCS partners to use in evaluating how well public agencies are working to Compact principles. This is still in its infancy but could be a useful document to measure progress, ensure accountability and potentially inform CPA about the strength of our relationship with the sector. My staff are currently examining the methodology of the process to ensure that it is robust

7   The effective implementation of Compact is a problem nationally. In order to tackle it, Government has recently consulted on a proposal to introduce Compact Plus, which is a shortened Compact consisting simply of a list of pledges that an organisation will sign up to, as an alternative to being in a Compact with others. Although it has the advantage of simplicity, the potential problems are that it will create a two-track system and the dialogue and partnership work needed to develop and sustain existing Compacts will be lost. Organisations will receive a Kitemark status not available under Compact. A decision on how this will be developed is expected towards the end of the year.

8   Cabinet is asked to confirm its continuing support to the Warwickshire Compact and to authorise me to suggest detailed changes in the content and layout of the final document.

DAVID CARTER
County Solicitor and Assistant Chief Executive
August 2005

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The
Warwickshire
Compact
2005
including

Five New Codes of Good Practice

- strengthening relations

between

voluntary and community organisations

and

public agencies –

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The Warwickshire <u>Compact</u>

Background

In November 1998, Central Government signed a Compact with the voluntary and community sector to provide a framework to help guide their relationships at every level. It received cross party support and applies to all Government departments in relation to their dealings with the sector.

The original Warwickshire Compact was launched in January 2002, in response to the Government encouraging the adoption of Compact principles and guidelines at a local level, where most voluntary and community sector activity takes place.

The first Warwickshire Compact was signed by the five District Councils, the County Council, Warwickshire Health Authority, the Learning and Skills Council, Warwickshire Police, the Probation Service, Connexions, the five Councils for Voluntary Service, the Association of Local Councils and the Rural Community Council. This wide level of support was recognised as a tremendous achievement.

The Warwickshire Compact has led to a number of improvements in mutual understanding and partnership working. However, there is still room for further improvement.

There are now five national Compact Codes of Good Practice and this second edition of the Warwickshire Compact seeks to incorporate the key elements of these Codes, so that organisations in both sectors can be clear about what is expected, not only of themselves, but also of their partners, when they sign up to this second edition.

It is intended that this increased level of good practice guidance will make the on-going implementation of Compact principles more straight forward for organisations in both sectors and, as a result, enable the purpose and aims of the Compact to be more easily achieved.

Purpose

The purpose of the Warwickshire Compact is to improve working relations by setting out the principles and standards which public agencies and voluntary and community organisations can expect of each other when working in partnership for the benefit of local people.

Who should be involved?

It is intended that this Compact will apply to all the public agencies operating in Warwickshire, including central Government services operating locally (such as the Probation Service, who are also subject to the National Compact), and the voluntary and community sector organisations with which they have dealings.

The voluntary and community sector comprises of a wide spectrum of organisations, ranging from formally constituted groups who employ staff, to small local community groups whose members are all volunteers.

In the original Warwickshire Compact, the Councils for Voluntary Service signed on behalf of the voluntary and community sector organisations. The public agencies signed individually on their own behalf.

For this second edition, in both sectors, it will be necessary for the responsible body of each organisation, to formally adopt the Compact and to implement its principles, good practice and guidance as signatories.

A register of all signatory organisations will be maintained.

Aims

The Warwickshire Compact's aims are:

- To increase the level of understanding of the contribution made by volunteers and the services provided by the voluntary and community sector, alongside public sector services.

- To increase the level of understanding of the interdependence between the voluntary and community sector and the public agencies.

- To increase the effectiveness of partnership working between the sectors.

- To develop a strong voluntary and community sector which is able to express and support its own needs, through sustainable community action.

- To enable better informed joint working and strategic decision making by organisations in both sectors.

Objectives

To achieve the Compact's aims all signatory organisations will seek to:

- Raise awareness of the Compact's principles and good practice guidance at all levels in their organisations.

- Promote the use of the Compact as an organisational improvement tool and good practice reference manual.

- Embed the Compact's principles, commitments and good practice guidance in the development and review of their strategies, policies and procedures.

- Resolve Compact based disputes through agreed resolution mechanisms.

- Provide the information necessary to enable monitoring, evaluation and review mechanisms to be established and to enable the effectiveness of the Compact to be assessed and improved.

Principles

The Warwickshire Compact recognises that the following principles are jointly shared by organisations in both sectors:

- Contracts, service level agreements and other formal agreements between public bodies and voluntary and community sector organisations will be drafted in accordance with the Compact's principles and good practice standards.

- An independent, robust, diverse and supported voluntary and community sector is fundamental to the well being of a democratic society.

- Successful partnership will be on the basis of equal rights and responsibilities, mutual respect, and recognition of difference, as well as similarity of purpose.

- All partners are committed to equality of opportunity for all people, regardless of race, age, disability, gender, sexual orientation or religion.

- The voluntary and community sector has both a responsibility and an entitlement to campaign and advocate, within the law.

- There are various roles that voluntary organisations may play over time. Organisations should be clear at all times which role they are playing.

- All partners are accountable for their own actions and share the need for integrity, objectivity, openness and honesty.

- Diversity of funding sources is one of the best guarantees of the continued independence of the voluntary and community sector.

- Effective partnership requires communication and collaboration between all levels in both sectors.

- Mutually developed support structures, both generalist and specialist, are necessary for a flourishing voluntary and community sector.

In addition to the jointly shared principles, the voluntary and community sector organisations will:

- Maintain high standards of governance, conduct and openness.

- Meet legal reporting and accountability obligations to funders and service users.

- Observe appropriate guidance (e.g. from the Charity Commission) on a range of issues, including political activities and campaigning.

- Develop quality standards that are relevant and appropriate to each organisation.

- Consult with service users, carers, volunteers and members of their organisation when reviewing policies and procedures and when taking part in wider consultation exercises.

- Communicate accurately the views put to them in the course of any consultation carried out on behalf of the public sector, or when presenting an issue to the public sector.

- Promote effective working relationships within the voluntary and community sector and with public agencies.

- Implement policies that promote best practice and equal rights in activities, employment, the involvement of volunteers and service provision.

- Use the good practice principles set out in this Compact and consult their public agency partners when they are reviewing any of their own plans, policies or procedures, which may significantly affect their relations and dealings with those partners.

In addition to the jointly shared principles, each public agency will:

- Actively encourage the participation of the voluntary and community sector in the development of policy and strategy and the planning of service delivery.

- Consult the voluntary and community sector on relevant issues that are likely to affect it, and/or the communities it represents.

- Develop clear guidelines and appropriate written agreements when funding support is being provided.

- Establish a co-ordinated approach to providing funding support to the voluntary and community sector.

- Respect and value the campaigning role of the voluntary and community sector, acknowledging that this may occasionally conflict with their plans and decisions.

- Respect and value the knowledge and experience of the voluntary and community sector.

Putting principles into practice - both sectors will work together to:

- Develop policies and services taking into account the experience, views, obligations and legal requirements of organisations in both sectors.

- Use their resources, including people, buildings, knowledge, skills and money, to produce the best results for the people of Warwickshire.

- Reflect the Compact's principles and good practice guidance in their working relationships.

- Update the Compact by reviewing it regularly.

- Resolve problems in a constructive and open way.

Codes of Good Practice - background

This Compact includes five Codes of Good Practice. These codes provide guidance on how the Compact's principles should be put into effect and seek to enable organisations in both sectors to improve their knowledge and understanding of each other. This will enable them to examine and review their existing policies and procedures, in the light of good practice guidance, and to help embed good practice into their day to day work.

It is intended that, when organisations become signatories to the Compact, they will undertake to review their policies and procedures to test them against the Compact's principles and the Codes of Good Practice.

The development of action plans to put in place the principles and guidance is the responsibility of organisations in both sectors.

If organisations do not follow the good practice guidance, they should be satisfied that they have good reasons for not doing so.

The Codes of Good Practice, which are part of this document, are:

1. *Consultation and Policy Appraisal*
2. *Funding and Procurement*
3. *Community Groups*
4. *Black and Minority Ethnic Voluntary and Community Groups*
5. *Volunteering*

Implementation and Review

Although the Compact is a written document, the ongoing process of implementing it and the spirit behind it are as important as the written content. Above all, it must be made to work in practice. To enable this to happen, ongoing implementation and review arrangements are needed.

The following arrangements have been agreed to keep the operation of the Compact under review:

- There will be an annual event for the Compact Champions of the public agencies and the voluntary and community sector organisations to consider developments and how the Compact is working.

- An Implementation and Monitoring Group comprised of representatives of the public and voluntary sector organisations, will help to co-ordinate Compact working. It will be responsible for:

  - Ensuring that the Compact's aims and objectives are met and that its purpose is achieved.
  - The organisation of the Compact Champion's annual event.
  - The production of an Annual Report.
  - The identification of any additional areas of focus.
  - The establishment of dispute resolution mechanisms.
  - Overseeing the review and development of the Compact.
  - Ensuring that its membership is representative of the wide range of organisations in both sectors.
  - Promoting the implementation of the principles and good practice guidance of the Compact.

- Within the voluntary and community sector, mechanisms will be established to review the working of the Compact from its perspective.

- All public sector signatories will nominate a Compact Champion to promote the Compact within their organisation. Large organisations might wish to appoint departmental Champions.

- Within the voluntary and community sector, organisations will be encouraged to designate a Compact Champion

- Organisations in both sectors should seek to ensure that their Compact Champions are adequately resourced and supported to enable them to properly carry out these functions.

- Service Level Agreements, Service Contracts and other forms of agreement will be drafted in accordance with Compact principles and good practice guidance.

- There will be a formal review of the Compact every three years.

Dispute Resolution

It is recognised as inevitable that from time to time, disagreements and misunderstandings will arise and it is important to be able to resolve these through the appropriate use of complaints procedures, internal review and other means of mutual resolution and mediation.

If a dispute relates to a performance issue in respect of a service contract or service level agreement, it will probably be necessary to use the mechanisms of the contract or agreement as the basis for resolving the dispute.

However, if an organisation has a dispute involving Compact principles or good practice issues it should seek to resolve the matter by first talking to the partner organisation involved.

If this does not result in satisfaction, the parties can agree to seek independent help, for example by referring the issue to an appropriate mediator.

If the matter remains unresolved, or if the parties cannot agree to mediation, a formal complaint can be made using the complaints procedure of the organisation concerned.

If agreement still cannot be reached and if there is evidence that the complaint involves alleged maladministration in a public sector agency, the matter may be appropriate for referral to the appropriate Ombudsman.

If the basis of an unresolved complaint is that there is evidence of serious risk of significant harm or abuse to a charity, its assets, beneficiaries or reputation, the matter can be referred to the Charity Commission, which can consider whether or not it would be appropriate to carry out an enquiry.

The Implementation and Monitoring Group are planning to issue more detailed guidance on effective dispute resolution during 2005/2006.

Consultation and Policy Appraisal – Code of Good Practice

The aim of this Code is to make a positive impact on the way in which public agencies consult on and appraise their policies in respect of the voluntary and community sector.

The implementation of this practice will ensure that the public agencies are informed by a wide range of experience and interest and can take into account the potential impact of their proposals on different sectors of society.

For voluntary and community organisations, consultation presents an opportunity to bring their knowledge, experience and expertise to bear on local policies, on behalf of the people and causes they work for.

They should offer their advice based on objective experience and appropriate consultation with those they work with or represent.

Effective consultation:

- Enables more people to contribute to the policy making process.

- Leads to more realistic and robust policy that better reflects people's needs and wishes.

- Helps to plan, prioritise and deliver better services.

- Creates a working partnership and mutual understanding with those consulted.

- Identifies problems quickly, enabling matters to be put right before they escalate.

Public Agencies will seek to ensure that:

- Consultation is built into their regular planning cycles and that where issues are likely to affect the voluntary and community sector, early consultation will take place in any policy planning process.

- The methods of consultation are appropriate to the circumstances of the subject matter and the groups involved.

- The voluntary and community sector will be involved in shaping the overall criteria for consultations.

- Responses from the voluntary and community sector are encouraged by making consultation materials available in accessible formats and, where possible, giving advance notice of, and publicity to, planned consultations.

- Consultation documents are concise, clearly laid out and written in simple and appropriate language, avoiding jargon, so they will be understood by the intended audience.

- The subject and framework for consultation is made clear from the start, together with any limitations that may apply, particularly where some decisions have already been taken or why a particular option is favoured.

- Where appropriate, an explanation of who is likely to be affected and how, including an assessment covering the likely effect of the proposals on voluntary and community organisations.

- The specific needs, interests and contributions of, minority, disadvantaged and other socially excluded groups are taken into account.

- Formal consultation periods, requiring written responses, will normally be twelve weeks unless there is a requirement to provide information more quickly. In exceptional and urgent circumstances eight weeks will generally be the minimum acceptable consultation period.

- Where another local or a national public agency is unreasonably insisting on a written response to a consultation in less than twelve weeks, its attention will be drawn to the fact that it maybe in breach of its own Compact commitments.

- The name, address, telephone number and e-mail address of a person who can be contacted if there are further queries, are provided.

- Consultation documents should include a list of those organisations which are being consulted to help them identify other potential groups which may have been overlooked or who may wish to make a joint response.

- A statement is included explaining that responses will normally be made available for others to see, unless the respondent has requested that they remain confidential.

- Responses are acknowledged.

- Feedback and analysis on the outcome of consultation will always be provided, outlining any changes that have been made as a result of consultation, and explaining why other requested changes have not been made.

- Adequate resources are allocated to enable consultations to be carried out in accordance with these principles and standards.

- An explanation is provided if there are constraints that may limit the full application of the guidance contained in this Code of Good Practice.

Voluntary and community sector organisations will seek to ensure that:

- How they represent their stated constituency is clearly demonstrated in their responses.

- The groups or causes they represent are clearly stated.

- Their constituency, including volunteers, members and supporters are consulted, or, if this is not possible, they indicate that they are responding on the basis of their knowledge and experience of working with the groups concerned.

- Account is taken of the specific needs, interests and contributions made by minority, disadvantaged and other socially excluded groups.

- The information they present to the public agencies is accurate and that any research which they have conducted has been carried out in an objective and unbiased manner.

- They inform the public agency if there are other voluntary and community sector organisations or individuals which, in their opinion, should be consulted, but have been omitted from the original list of consultees.

- Confidentiality is always respected.

- Their constituency receives feedback on the outcomes of consultation.

- They have regard to the regulatory framework that governs their organisation when representing their constituents.

- Good practice is promoted amongst their members by issuing guidance on effective representation.

- Consultation performance is included their quality systems and self evaluation reports.

- Agreed deadlines for consultation responses are met.

- They use the good practice principles set out in this Code and consult their public agency partners when they are reviewing any of their own plans, policies or procedures, which may significantly affect their relations and dealings with those partners.

Funding and Procurement Code of Good Practice

1.   Introduction

Our shared vision

The public agencies and voluntary and community sector organisations all share a vision of a fair society, with strong communities and opportunity for all.   The agencies recognise that the voluntary and community sector can make a significant contribution to this vision.   Many voluntary and community organisations enter into a financial relationship with the agencies to deliver outputs or outcomes on their behalf, either through grant funding or by supplying services purchased through contract procurement.

It is important that the financial relationship is constructed in such a way that allows outcomes to be maximised.   The achievement of outcomes can be supported if resources are released to frontline delivery and if those delivering them can continuously improve performance.

What the Funding and Procurement Code is

- Sets a framework for the financial relationship
- Sets out undertakings for both partners, based on what each partner can expect from the other

This Code is based on agreed principles and guidance. It is consistent with the public agencies' duty to achieve value for money, and the principles in Government Accounting and EU procurement law. Whilst its principles and undertakings apply to both grants and contracts, it is important to be aware that grant funding and public procurement operate under different rules and the appropriate procedures should be understood and applied in each case.

The aim of this Code is to contribute to a constructive dialogue to improve funding and procurement practice. The Code covers how programmes should be designed and delivered to best deliver the vision above and not what is funded or who should be funded.

Who the Code is for

The Code is for everyone in Warwickshire involved in public funding of the voluntary and community sector, whether distributing, seeking or receiving funding.

In public agencies, it is aimed at those developing programmes where voluntary and community organisations help deliver objectives, and those administering those programmes, such as procurement or grant officers.

In the sector, it is aimed at those applying for or managing public funding and contracts.

How the Code is structured

The Code goes through the funding and procurement process from design to delivery to the conclusion of projects or contracts.

Principles

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

- **Focus on outcomes** – the end benefit for communities is the ultimate aim of expenditure so that value for money is achieved.
- **Simplicity and proportionality** – processes are as simple as possible and proportionate to the size of the organisation and the amount of money involved.
- **Consistency and co-ordination** – funders and purchasers should endeavour to join up or standardise elements of the funding or procurement chain to minimise burdens on organisations and enable funding to focus on outcomes.
- **Timeliness** – allowing time for planning, decision making and action at the right time so that each has real effect.
- **Transparency and accountability** – the public needs to know how their taxes are being spent. Transparency and accountability also allow informed decisions about spending priorities to be made and for the agencies and the sector to learn from previous work.
- **Discussion and dialogue** - this helps build trust and can identify and overcome problems before they impact on the delivery of outcomes.
- **Empathy** – understanding the needs and requirements of the other partners should help avoid problems and help achieve the outcomes they both desire.   Voluntary and community organisations are independent organisations, and this adds value to their delivery of public services. Public agencies are accountable to the taxpayer for the proper use of public money.

2.   Programme design

This section is about planning the best way of achieving the intended outcomes.

What are we trying to achieve

Many public agency programmes can maximise their intended outcomes by involving voluntary and community organisations in design. Well designed programmes consider how the sector can work most effectively with agencies and the long-term impact of sector involvement. Long-term impact is helped if those organisations have more certainty about their income.

The benefits for voluntary and community sector organisations

The voluntary and community sector benefit from good programme design through programmes that:

- Are more relevant to the voluntary and community sector.
- Enable organisations to effectively contribute to public policy objectives.
- Maximise agreed outcomes; and
- Enable organisations to grow and develop and become more effective in the long term.

The benefits for public agencies

The public sector agencies benefit from good programme design through programmes that:

- Are defined and realistic and can be delivered.
- Are clear about the reasons why an organisation is receiving funding; and
- Strengthen the voluntary and community sector supplier base and its ability to deliver in the long-term.

What voluntary and community organisations need to do to achieve this

The voluntary and community sector should contribute constructively to the design of programmes and focus their contribution on the needs of end users or beneficiaries. The sector undertakes to respect confidentiality and to be clear about whom they represent and how they came to those views.

Voluntary and community organisations should also consider what would happen if or when funding ends and plan for this at an early stage.

What public agencies need to do to achieve this

The public agencies' financial relationship with voluntary and community organisations usually has one of three overall objectives:

- **Project funding** – to pay for a particular project or service, *usually through a contract or grant.*

- **Development funding** – to invest in new capacity or new organisations to develop their ability to contribute to public policy objectives, *usually through a grant.*

- **Strategic funding** – for infrastructure organisations recognised to be of strategic importance and whose work is considered to be significant, *usually through a grant.*

Longer term planning and financial arrangements often represent better value for money than one year agreements by providing greater financial stability and by reducing unnecessary wastage of time and effort on applying for new funds or renegotiating contracts. For grants, this includes roll-forward multi-year agreements where these represent good value for money. Public agencies undertake, whenever possible, to provide an opportunity for the voluntary and community sector to contribute to programme design. This should help identify:

- Risks to delivery of programmes and how risks can be allocated to the body best able to deal with them.
- Barriers to delivery (for instance unrealistic timeframes or slower development of delivery or demand in early part of programme).
- The optimum size of grants or contracts – by ensuring that sizes are small enough to help secure a diverse supply base and to allow smaller organisations to complete.
- Which aspects of the programme would most benefit from voluntary and community sector involvement.

Programme design should also consider how outcomes of the programme can best be sustained and contribute to long-term capability of voluntary and community organisations. This means ensuring that funding reflects the full cost of the service, including the legitimate portion of overhead costs.

Partnerships

Many programmes are delivered through local partnerships. The growth of locally delivered partnership programmes has been accompanied by a requirement for effective voluntary and community sector participation. Successful partnership programmes maximise delivery by investing in the process. Contributing to the partnership process for voluntary and community organisations takes time and resources, especially for those organisations that lack dedicated policy staff. In developing partnership programme design, Public agencies should consider:

- **Funding** – meeting the specific costs of involvement in a new programme from the outset, including resources for sector's infrastructure and capacity to keep pace with policy development.

- **Consultation** – consult early in the process and not at the end.

- **Time** – this needs to be adequate for both preparatory work and partnership building.

3.   Application and tender process

This section covers the process of inviting, applying for and assessing grant applications and tender bids and the notification of subsequent decisions.

What are we trying to achieve

A well managed application and tender process ensures that organisations best able to achieve the aims of a programme apply. Well managed processes ensure that resources are focussed on delivering outcomes rather than on the application or tender process itself.

The benefits for voluntary and community sector organisations

A well managed application or tender process allows the voluntary and community sector to access opportunities to deliver. Adequate time to apply will enable organisations to make a well informed and considered application or tender. They will also benefit from not having to spend disproportionate resources on processes.

The benefits for public agencies

Agencies can know that the chosen organisation is the one best able to deliver the intended outcomes and that expenditure is focussed on achieving outcomes rather than the process.

What public agencies need to do to achieve this

Agencies should promote opportunities widely and consider pro-active approaches to encourage organisations to apply or become suppliers. A pro-active approach may be particularly important for organisations who may not have applied for funding in the past, including black and minority ethnic organisations, faith groups and community groups. Adequate time is needed to respond, particularly for larger pieces of work or those involving joint working (for instance, consortium bids).

Information and forms should be clear and accessible and include all relevant information so that an informed decision about whether to apply can be made. The process should be proportionate to the amount of money available. Agencies should consider the use of standard questions or seek to co-ordinate forms across agencies.

Agencies undertake to only ask for information on application forms that will genuinely be used to help decide who will receive funding or be awarded a contract. Information should include a clear contact person for enquiries about each programme.

Assessments need to recognise it is legitimate for providers to include the relevant element of overhead costs in their estimates for providing a given service. With procurement, voluntary and community organisations cannot be given preferential treatment but are entitled to determine their own price in competition. Contracts should be awarded on the basis of value for money. Purchasers are not obliged to accept bids if they are not satisfied that these offer value for money. However, information about management fees and overheads should not be sought.

Applicants should be kept informed of the process. Notification of decisions needs to be timely and give adequate notice in advance of the expected date of setting up provision. This should be at least three months for new programmes. Smaller organisations or those newer to delivery will need longer notice. Feedback on the reasons for decisions should be provided.

4. Agreeing terms of delivery

This section is about agreeing outputs, outcomes and the appropriate designation of risk in funding agreements.

What are we trying to achieve

Effective terms of delivery assign risk in such a way that positive incentives are created, thereby ensuring that the best possible outcomes are achieved.

The benefits for voluntary and community sector organisations

Effective terms of delivery give clear expectation of what is to be delivered and by when, so organisations can plan and deliver effectively. The sector benefits from having terms of delivery that are proportionate, thereby allowing a focus on the outputs or outcomes to be achieved. They also ensure the sector is responsible for the risks that it is best placed to handle.

The benefits for public agencies

Effective terms of delivery ensure that the best possible outcomes and outputs are achieved for the sum given. Risk needs to be recognised and understood, agreed with the provider and placed with the party best able to manage it. Effective terms of delivery also contribute towards the development of a constructive working relationship with the funded organisation.

What voluntary and community organisations need to do to achieve this

Voluntary and community organisations should seek to agree terms of delivery at the outset and be aware of the risks for which they have responsibility, in particular, the risks associated with the delivery of outputs or outcomes.

The sector recognises it is legitimate for grant funders to ask for public recognition of their funding by funded organisations in appropriate circumstances.

What public agencies need to do to achieve this

The agencies undertake to explain and agree terms of delivery with the provider before the contract or funding agreement is entered into. This should include the actions that will be taken if the supplier is failing to deliver. Agencies should be sensitive to the impact which changes in contract requirements can have on providers. They should ensure that there is a simple and pre-agreed change control process and that account is taken of provider comments on the changes required.

The agencies undertake to discuss risk up-front and place it with the party best able to manage it. In particular, agencies should consider and address the risks associated with the demand for a particular service.

Intended outcomes should be kept in mind and conditions must relate to achieving these outcomes. Agencies recognise that the terms of delivery should be broadly consistent across all Warwickshire agencies and proportionate to the size of grant or contract.

5. Agreeing payment terms

This section is about the arrangements for the payment of grants or for work under contract.

What are we trying to achieve

Payment terms that allow the service to be funded in the most effective way, to enable the best possible long term outcomes for service users to be achieved.

The benefits for voluntary and community sector organisations

The sector benefits by being able to deliver the best possible service for beneficiaries on a stable and secure basis. This allows them to plan for the future and develop in a sustainable way so they can improve their delivery of services over time.

The benefits for public agencies

Agencies benefit from payment terms that enable organisations to develop in a sustainable way, which helps ensure a continued diversity of potential suppliers and helps foster constructive working relationships. Sensible payment terms help the stability of voluntary and community organisations and create positive incentives to perform.

What voluntary and community organisations need to do to achieve this

The voluntary and community sector undertakes to have good systems in place to manage finances and funded projects and account for them. Voluntary and community organisations should agree a clear understanding about payment terms, including the treatment of under-spends in grants.

What public agencies need to do to achieve this

Agencies will consider the timing of payments to create the right incentives for delivery. Agencies undertake that payments to voluntary and community organisations can and should (where appropriate and necessary) be made in advance of expenditure, rather than in arrears, in order to achieve better value for money. Agencies should agree a clear understanding with the provider about the treatment of underspends in grants.

Agencies undertake to implement longer term financial arrangements when these represent good value for money. Government has introduced three-year settlements for both

Departments and Local Authorities – the rationale for three-year settlements applies equally for voluntary and community organisations. Agencies should make payments on time (in line with the Late Payment of Commercial Debts Act, which covers contracts, and the Better Payments Practice Code).

6.   Agreeing monitoring and reporting

This section is about ensuring that the provider is delivering agreed outputs and contributing toward meeting intended outcomes within a process that allows resources to be focused on frontline delivery.

What are we trying to achieve

Effective monitoring focuses on outcomes, is proportionate and not burdensome, ensuring transparency about the use of funds and what they have achieved.

The benefits for voluntary and community sector organisations

The voluntary and community sector benefits from a focus on outcomes rather than spending time on unnecessary reporting. Good management information enables the provider to respond to changes or problems and to build a trusting relationship with the funder or purchaser.

The benefits for public agencies

Agencies benefit from assurance that they are getting value for money from their expenditure. Agencies also benefit from a good relationship with the provider. A good relationship and effective agreed monitoring will help ensure early sharing of information if there are changes or problems. Monitoring and reporting also provides information that is useful for the planning and development of public policy, drawing on evidence from existing or past programmes.

What voluntary and community organisations need to do to achieve this

The voluntary and community sector undertakes to be honest and transparent in reporting. The sector recognises that public accountability inevitably requires some level of reporting. Voluntary and community organisations will give early notification of budget and delivery progress (for example if there are likely to be underspends in grants).

What public agencies need to do to achieve this

Agencies undertake to be proportionate (to size of funding, size of provider and perceived risk) in monitoring requirements and to focus on outcomes.

Agencies will consider joining up or standardising monitoring requirements so that those providers in receipt of funding from a number of sources are not overburdened. Where an organisation is grant funded by more that one public agency for providing similar services, monitoring should be conducted by a single lead agency. Monitoring should only include information that is needed or will be used to assess performance. Before the grant agreement

or contract is signed, agencies should discuss with the provider the information that will be required. Discussion will also help in agreeing monitoring of outcomes. Agencies should also consider what to do if there is likely to be a failure to meet delivery targets and how intended outcomes might alternatively be met.

7.   Concluding a funding relationship

This section is about managing the conclusion of a financial relationship. It includes where the term of the grant or contract finishes; where funding terminates earlier than the intended closure where delivery targets are not met; or where funding ends as a consequence of a review of strategic or development funding.

What are we trying to achieve

A well managed process minimises negative impact to service users, the provider organisation's long-term stability and the relationship between funder and funded.

The benefits for voluntary and community sector organisations

A well managed process minimises the impact of the conclusion of a financial relationship and enables organisations to prepare contingency plans and identify potential alternative income. This will enable clients' needs to continue to be met and ensure that the duties of good employers towards staff can be met (for instance adequate redundancy periods). A well managed process will also support the long-term stability and sustainability of organisations.

The benefits for public agencies

Agencies benefit from minimising any potential impact to service users. Agencies also benefit from maintaining good working relations with providers so that they can continue to have a constructive relationship beyond the particulars of the grant or contract. The long-term stability of the sector benefits public agencies in that voluntary and community organisations can continue to make an effective contribution to the achievement of public policy objectives.

What voluntary and community organisations need to do to achieve this

The voluntary and community sector recognises that funding may end as priorities change or if outcomes are not delivered. The sector undertakes to plan in good time for different scenarios to minimise any potential negative impact on both service users and the organisation.

What public agencies need to do to achieve this

Agencies undertake to give adequate notice of the end of grants or contracts. This should be a minimum of three months. This helps organisations fulfil their duties as good employers and prepare alternative plans. Notices will give the reasons for end of funding or contract and allow the provider organisation to respond to proposals to change or end an arrangement.
If the provider is not meeting targets, officials should first discuss with the provider what action can be taken to improve delivery (for instance the possibility of a revised action plan).

However, should performance not improve and the effective use of public funding be at risk, it is legitimate for funding to be withdrawn or the contract terminated early. Agencies should consider how the original outcomes might alternatively be met.

8. Summary of undertakings

Voluntary and community organisations undertake to:

- Respect confidentiality and to be clear about whom they represent and how they came to those views when consulted on programme design.
- Ensure that they are eligible when applying for grants.
- Have clear lines of accountability, especially with joint bids.
- Agree terms of delivery at the outset and be aware of the risks for which they have responsibility.
- Have good systems in place to manage finances and funded projects and account for them.
- Be honest and transparent in reporting.
- Plan in good time for different scenarios to minimise any potential negative impact on both service users and the organisation, should funding end.

Public agencies undertake to:

- Provide whenever possible, an opportunity for the voluntary and community sector to contribute to programme design.
- Only ask for information on application forms that will genuinely be used to help decide who will receive funding or be awarded contracts.
- Discuss risks up-front and place it with the party best able to manage them.
- Respect the independence of the sector.
- Recognise that it is legitimate for providers to include the relevant element of overhead costs in their estimates for providing a given service.
- With public procurement, never seek information about management fees and overheads
- Make payments in advance of expenditure where to do otherwise would risk undermining delivery and lead to a failure to achieve value for money.
- Implement longer term funding arrangements when these represent good value for money.
- Be proportionate in monitoring requirements and focus on outcomes
- Where an organisation is grant-funded by more than one statutory agency for providing similar services, monitoring should be conducted by a single lead agency.
- Give adequate notice of the end of grants or contracts.

9. Understanding Government Accounting, and European Commission procurement rules

Government Accounting

Government Accounting provides guidance in the context of proper use of, and accountability for, public funds. The advice Government Accounting contains falls into three broad categories:

- Parliamentary requirements.
- Treasury administrative controls.
- Best practice.

Government Accounting should be interpreted as setting both the high level controls and requirements public bodies should follow, and the general principles needed to help protect public funds from misuse, promote good practice and achieve value for money for the taxpayer, whilst allowing a degree of flexibility within this overall framework to achieve these ends through the most sensible means.

Public agencies must ensure that the money allocated to them is spent in the proper and effective way. Therefore they need to be satisfied that the organisations they fund have in place appropriate controls to support this requirement. There are three main principles in Government Accounting which should enable funding bodies to meet that requirement:

- Regularity: ensuring that funds are awarded and used only for authorised purposes.
- Propriety: ensuring that funds are awarded fairly and free from undue influence.
- Value for money: ensuring that funds are spent in a way that minimises costs; maximises outputs, and achieves intended outcomes.

In order to maximise value for money, funding bodies should consider the following when assessing the level and scope of controls required:

- Proportionality.
- Well managed risk taking.
- Attention to outcomes.

Type of payment

This document is applicable to payments made as a result of contracts as well as grants and grants-in-aid. *Guidance to Funders* set out a basic summary of the main types of payments an organisation can receive including contracts, grants and grants-in-aid.

Procurement

European Commission (EC) procurement rules set out procedures for the award of contracts above certain values throughout the community. Their purpose is to open up the public procurement market and to ensure the free movement of goods and services within the EU, thereby increasing opportunities for competitive suppliers, contractors and service-providers.

Responsibility for procurement policy rests with the Office of Government Commerce. Each agency is subject to EC procurement rules and responsible and accountable for achieving value for money.

10. Funding the full cost of work

The purpose of this appendix is to set out the principle and logic of full cost recovery for voluntary and community organisations to use as a means of ensuring appropriate and sustainable funding of the sector to the mutual advantage of funder and funded.

All organisations in public, private and voluntary and community sectors have indirect overhead as well as direct costs associated with the delivery of goods and services. In the voluntary and community sector, funders can be reluctant to fund these overhead (or "core") costs. No activity can be undertaken without the need for support functions, and funding bodies have an interest in ensuring that organisations are able to manage and administer activities properly.

The key reason for the lack of 'core funding' within the voluntary and community sector is that debate has historically and typically been based on a false principle that 'core' costs are somehow unrelated to an organisation's 'real work.' Two flawed practices derive from this false principle.

The first flawed practice is the use of an arbitrary fixed percentage core cost add-on to the direct costs of the service. The arbitrary fixed percentage cost approach has the appeal of simplicity. But logically, arbitrary fixed percentages have no grounding in reality and are often driven by what the funded organisation 'thinks it can get away with'. Arbitrary fixed percentages therefore threaten either the under-estimation of the true cost of delivering a service or output, or the double funding of overhead costs (when two funders pay for the same overhead costs). As such, arbitrary fixed percentages are corrosive: they undermine transparency and trust between funders and the funded, threatening the sustainability of both funded activity and organisations.

The second flawed practice is marginal costing. Marginal cost is the additional cost incurred directly as a result of taking on that activity. Marginal costing approach has the appearance of efficiency. But it adds activity without building corresponding organisational capacity to support that activity. Marginal costing is, ultimately, unsustainable.

The alternative to the false principle of funding 'core costs', is the principle of 'full cost recovery'. Instead of seeing 'core costs' as a distinct set of costs unrelated to 'real work', the principle of full cost recovery recognises that organisational overhead costs are inextricably linked to the delivery of front line activity and that appropriate overhead costs should therefore be fully funded in order to sustain that activity beyond the short-term.

The good practice upon which this principle depends is the clear and consistent calculation of average cost. Average cost represents the true cost of delivering a service or output. The

marginal cost of providing an activity is the additional cost incurred as a result of taking on that activity. Average cost takes into account indirect and support costs.

For example, the marginal cost of an extra bed in a hospice is the cost of the bed, food and any additional nursing and building costs. Average cost takes into account the building and existing staff costs. The average cost of existing beds in the hospice includes all building and staffing costs, apportioned across all the beds. Average cost therefore represents the full, or true, cost of front line activity. Indirect costs need to be clearly apportioned to front line activity and allocated in funding applications so that each unit of activity is fully costed and properly funded. In this way funders will be able to satisfy themselves that they have a clear understanding of the true costs of front line activity that they fund, and front line activity itself will not be dependent on and put at risk by increasingly under-funded support structures.

In line with **HM Treasury's Cross-Cutting Review of 2002** of the role of voluntary and community organisations in service delivery, funders must accept it is legitimate for voluntary and community organisations to include the relevant element of overheads in their cost estimates for providing services and outputs. This is because funding the true and clearly calculated cost of activity is a more transparent and sustainable means of funding important work than arbitrary fixed percentages and marginal funding.

Community Groups - Code of Good Practice

The aim of this Code is to promote a better understanding of the community sector within the voluntary and community sector as a whole and throughout the public sector agencies.

This Code builds on the Compact's commitment to support Community Groups.

This Code seeks to:

- Provide a basis for mutual trust and acceptance of the roles of and responsibilities of the public agencies and community groups.
- Recognise the diversity and contribution of the community sector.
- Promote understanding of what community groups contribute as an important local resource in any community.
- Deal with relationships between the community sector and the voluntary sector as well as the public agencies by setting out separate agreements for all three.
- Set out the policies, consultative arrangements and support that the community sector needs so it can play an effective role in building successful local communities.

The community sector covers the entire range of policy and services. Its activities can range from nurseries and playgroups to community centres and village halls, from arts and sports groups to credit unions and from self-help groups to scout groups.

Faith groups represent a particular part of the community sector which also includes many Black and Minority Ethnic (BME) groups.

Community groups offer a way for public agencies to reach into communities and listen to their views and concerns and they are vital in transforming neighbourhoods and communities.

The framework for partnership between the public agencies and the community sector

Joint undertakings

The public agencies and the community sector are committed to developing and maintaining best practice and mutual respect in their relationship. To act in line with the Compact, they both agree to do the following:

- Keep to the Compact, this and the four other Codes of Good Practice as they apply to community groups, and expect public funded umbrella organisations for the community sector to show they are committed to promoting them.

- Make suitable mention of this Code of Good Practice (along with the Compact and its other Codes) as appropriate and legal, in public agency documents (including policy documents, grants, service level agreements and contracts) and in voluntary and community sector publications.
- Develop a partnership approach to tackle local strategies for communities, including promoting and sharing best practice and celebrating success.
- Promote community development based on the following definition:
  "Community development is about building active and sustainable communities based on social justice and mutual respect. It is about changing power structures to remove the barriers that prevent people from participating in the issues that affect their lives. It promotes the active involvement of people through sharing power, skills, knowledge and expertise."

Public sector undertakings

The public agencies undertake to do the following:

In setting the local policy framework

- Take account of the community sector's needs and role, when setting policies and procedures, or carrying out a regulatory role.
- Develop policies towards communities that recognise the importance of communities of people that share a common interest or concern, as well as communities of place.
- Help create and maintain the conditions and support that help community groups to succeed.
- Make sure that procedures affecting community groups are in proportion to the size of the group, and the effects of new procedures are appropriately assessed before they are finalised.
- Involve people with first-hand experience of particular problems in developing solutions (for example, disadvantaged people, socially-excluded and hard-to-reach groups, people with disabilities and so on, through self-help or user-led groups) and give the process appropriate resources.
- Value the work, knowledge and expertise of the community sector, including its important role in helping local public agencies achieve their strategic plans.

On funding and other support

- Simplify the delivery of small grants funding programmes for community groups, to increase access and get as many local people as possible involved in administration and decision making.
- Recognise the value of the contributions of volunteer time to projects, as equivalent to matched funding.
- Take positive action to see fair treatment and equal access in applications to public funding programmes for all community groups, including faith groups and those who are not normally funded.

- Be prepared to take risks to support new ideas and business within communities, but still use public money wisely.
- Recognise the importance of community ownership of assets, including land and property, as a basis for community enterprise and development at local level.
- Consider how local agencies can make it easier for the resources needed to develop and maintain a community sector infrastructure at all levels to become available.
- Recognise and promote the need for accessible learning and development support for community groups and active community members.
- Encourage and promote local people to use suitable community buildings, such as village halls and other facilities, as much as possible.
- Encourage support for local voluntary sector infrastructure and networking, which encompasses an independent community sector.

On working in partnership

- Recognise that communities need resources for partnership working and involvement, and that this may be supported by a community development strategy progressed jointly with the local community sector.
- Make sure that community needs are identified by communities themselves, and that community groups have opportunities to manage projects and have a say in what is considered to be a successful outcome.
- Deliver race equality, including involving Black and Minority Ethnic groups.
- Make sure that public agency employees working with communities are adequately trained to do so effectively, and that the tasks of the public agencies Compact Champions and the Voluntary Community Sector Liaison Officers specifically include responsibilities in relation to the community sector wherever appropriate.
- Allow community groups, wherever possible, to have access to statistics held by the Office of National Statistics (on a geographical level smaller than electoral wards) so local groups can benefit from information that is relevant to the particular needs of their community.
- The Learning and Skills Council will involve and support the community sector (including disability groups) in their work.
- Recognise the contribution community groups make to Community Strategies, Local Strategic Partnerships, and in Best Value reviews and Comprehensive Performance Assessments.
- Make sure that in developing 'toolkits' for assessing whether the voluntary and community sector can get involved, as recommended by 'the cross-cutting Review of the Role of the Voluntary and Community Sector in Service Delivery', they take account of the needs and the infrastructure of the community sector and of smaller community groups.

Community sector undertakings

Community sector organisations undertake to do the following:

- Accept that, as they receive funding, there is a need for monitoring and evaluating their spending in proportion to the size of the grant.
- Encourage quality partnership working and community involvement.
- Encourage the local community to get involved and take control wherever possible.
- Tackle racism and other forms of discrimination, no matter where it comes from.
- Be clear and open as to the community or constituency a particular group speaks for.
- Where appropriate and where it is able, channel information and views to and from its members or constituency.
- Make sure that where there is a development agency specifically working with community groups, it co-operates with other appropriate voluntary sector organisations.

Voluntary sector undertakings

Voluntary sector organisations undertake to do the following:

- Play an enabling role which supports the community sector in its diversity.
- Consult the community sector and consider its different interests alongside those of the voluntary sector before responding to invitations for representation on partnership organisations and other local structures.
- Challenge timescales that prevent community groups getting involved.
- Understand and take into account the different interests of different community groups.
- Recognise that the interest of community and voluntary organisations are not always the same, and so make clear which part of the sector is being represented or discussed, when necessary.
- Respond to the information, involvement, practical support and training and conference sponsorship needs of community groups, and count this as a service priority.
- Ask for the views of community groups when reviewing organisational management and looking at forward planning, and include their views when being evaluated by funders.
- Make sure that voluntary sector organisations co-operate with agencies specifically working with the community sector, where these exist.
- Respect the views of other organisations, including community groups, voluntary sector groups, government and local statutory agencies, and work constructively with them, especially when there are many viewpoints and interests.
- Acknowledge how appropriate it is for voluntary community representatives taking the chair of local networks and, in general, be aware of possible conflicts of interest.
- Encourage active community members to carry out leadership roles in voluntary and community sector networks.

Consultation and involvement

Consulting community groups is important, particularly those who do not have the information and networking structures that come from being linked to an umbrella organisation or federation. Input from community groups who are in touch with current local opinion or strength of feeling can provide invaluable information.

Also, when they are consulted, community groups need the most time to respond but often get the least because they are at the end of the communication chain. This becomes more significant as more partnership programmes are delivered at community level. This is why the 12 week consultation period set out in the Compact Code of Good Practice on Consultation and Policy Appraisal is particularly important for community groups. Success in increasing community benefit depends considerably on securing community ownership and involvement (that is a situation where local residents and members of the community feel a sense of responsibility and acceptance of proposed activities). Good consultation paves the way.

The Code on Consultation and Policy Appraisal goes some way to tackling this. Particular attention should be given to the most appropriate ways of involving smaller groups who do not get much funding, and supporting their involvement. This may include:

- Extending the time for local statutory agencies to consult community groups where possible.
- Giving easy access to summaries in community-friendly formats for those consultations with major implications for communities.
- Providing clear and accessible summaries of consultation outcomes.
- Taking consultation events and processes out to groups, especially those in remote areas, rather than expecting them to travel; and
- Offering financial support for expenses for being part of the consultation process, such as financing meetings and offering payment for attendance or travel.

It is also important to be aware of which groups may be relevant to a particular issue, and to find out what their constituency is and where they get their authority from. At the same time, talking with one group should not leave out others with legitimate interests.

A range of techniques that are designed to involve people can be used by government and local statutory agencies to make consultation with community groups and community involvement more effective. These include Planning for Real, village appraisal, participatory appraisal, visioning workshops and so on.

Support

Practical support for community groups is especially important. Funders should have policies which allow for other kinds of support to be offered as well as grants where regulations allow. The support would include equipment, office space, a meeting place or access to training and professional services, or perhaps loans on favourable terms, where this will promote income

generation and enterprise. Organisations (including those within the voluntary sector) that make charges for their services and events should consider the effect on community groups. Funders can also work together to provide a package of support and should work effectively when approached by groups that cross authority boundaries. The rights of groups to choose the agencies (if any) they receive support from should be respected.

Management committees (made up of volunteers) take responsibility for managing volunteers. Some supervise paid staff and volunteers and this responsibility needs to be recognised in developing policy and programmes to support volunteering.

Community groups must meet statutory requirements. This needs an understanding of charity law, health and safety, equal opportunities, licensing law and other legislation.

Councils for Voluntary Service, the Rural Community Council, Volunteer Bureaus, the Association of Local Councils, Warwickshire Council for Voluntary Youth Services, Warwickshire Learning Consortium and others have a role in delivering training to volunteers in community groups.

Practical support for community groups is especially important. Funders should have policies which allow for other kinds of support to be offered as well as grants. The support would include office space, equipment, a meeting place or access to training or advice.

Organisations, including those in the voluntary sector that make changes to their services and events, should consider the effect on community groups.

For groups run by and for refugees and asylum seekers, targeted outreach facilities may be needed so that they can be properly consulted and some funding may be necessary so that they can access interpretation and translation services where necessary.

Local umbrella organisations should regularly review the priority they give to community groups to make sure that some are not being left out. Funders should also consider this in monitoring, evaluating and assessing the level of resources for both the voluntary sector and community sector, in light of increased pressures from partnerships and expanding involvement in public service delivery.

Local relations and partnership

Government Modernisation

Government modernisation is an important factor in local relationships. Best value, community strategies and Local Strategic Partnerships are major building blocks for change. The main focus of this modernisation is the community itself. This means that an important challenge for local statutory agencies is how to involve the community effectively and imaginatively. Finding the best ways of doing this should include using the expertise and experience in the voluntary and community sector. Communities need to be properly

involved. If they are, modernisation is more likely to be successful. If they are not, it may well fail.

In line with the Office of the Deputy Prime Minister (ODPM) guidance (Best Value and Performance Improvement), local public agencies should take account of a wide range of interests when assessing and designing Best Value Reviews.

Success in community involvement can depend on the culture and behaviour within the local authorities and other statutory agencies (at political and administrative level). Appropriate training and management support within these organisations is essential to achieve this.

The Government expects that all public agencies will be signatories to their local Compact.

The benefits of the Compact for community groups include:

- An increase in awareness of the nature and diversity of the community sector.
- Improved communication between the public agencies and community groups.
- More effective delivery and evaluation of services.
- Better use of resources.

To achieve these benefits public agencies should target community groups in communication and consultation strategies and policy reviews.

Building better relationships

Public agencies should explain clearly to community groups why they are important to the agency. Training and procedure issues should include understanding community groups and how members and staff at all levels should communicate and involve them.

Public agencies should have an officer who is available to get involved with community groups and to support them in building relations within the community sector.

Partnership working

Community groups are a unique source of information about the communities they work in. Working with them allows local people to influence decisions and to develop a greater sense of ownership of local services and programmes.

Voluntary sector umbrella organisations should encourage wider and adequate representation. Place for small community groups should be considered whenever a new partnership is being set up, with resources to support their involvement.

Local Strategic Partnerships should be a model for community group representation and review their involvement across the whole partnership structure by:

- Reviewing existing partnerships each year for community group membership.
- Making sure that there is adequate financial and administrative support for such involvement.
- Making community groups feel fully included in partnerships and giving attention to ensuring that there is openness, mutual respect and help available from the start of any project.
- Giving consideration to involving community groups in specialist forums to receive feedback on policy.

Black and Minority Ethnic Voluntary and Community Organisations - Code of Good Practice

Aims

This Code aims to strengthen relationships between the public agencies, the voluntary sector and black and minority ethnic (BME) community organisations. It seeks to enable BME voluntary and community organisations to contribute to policy development and service delivery in Warwickshire on an equal footing with other agencies.

Scope and application

Both the public agencies and the voluntary and community sector recognise that issues affecting minority ethnic organisations in Warwickshire cannot be viewed in isolation. This Code of Good Practice recognises that the needs of Warwickshire's BME communities have not always been adequately met in the past, and need to be given priority by all sectors in order to correct this. The actions listed below under the headings of Funding, Consultation and Volunteering have also been included in the other relevant Codes of Good Practice. This means that issues affecting BME groups will be considered as a matter of course.

Refugees and asylum seekers have special needs that are not always met by existing local services. All concerned parties should consider the role that BME voluntary organisations can play in meeting these needs, and recognise that consultation is particularly important where policy proposals directly affect refugees and new BME communities. Faith-based communities often play a vital role in leading voluntary action. The public agencies recognise this role and will work with these communities on the same basis as other voluntary and community organisations.

Undertakings by the public agencies

The public agencies will comply with undertakings set out in the rest of the Compact in working in partnership with the BME voluntary and community sector. In addition the public agencies undertake to:

- Value the work, knowledge, expertise and experience of BME organisations.
- Ensure that BME organisations have fair and equal access to funding programmes.
- Consider the views of BME organisations in Community Strategies and in the development of Local Strategic Partnerships.
- Recognises and supports the independence of BME organisations and their right within the law to challenge the agency's policies and practices, irrespective of any funding relationship that might exist.

- Establish named contacts within each organisation to deal with issues raised by minority ethnic organisations. These officers will receive training in racial issues and on the particular concerns of the minority ethnic voluntary sector.

Undertakings by the black and minority ethnic voluntary sector

Black and Minority Ethnic organisations working in partnership with the public agencies will:

- Comply with undertakings set out in the Warwickshire Compact.
- Play a full and active part in the wider voluntary and community sector.
- Work with the public agencies to promote race equality.
- Facilitate partnership working among diverse ethnic and religious groups.
- Inform the public agencies about their plans and concerns.
- Ensure proper governance and accountability.

Joint undertakings by the public agencies and voluntary and community sector organisations

Both sectors undertake to:

- Consider the needs of Warwickshire's BME citizens in the course of all activities
- Take active steps to involve BME groups and community representatives in consultations.
- Take steps to wipe out individual and institutional racism within their organisations, and observe policies for responding to incidents of harassment.
- Provide training for staff, volunteers and management committee members on these issues.
- Agree standards for effective partnerships between the public agencies and the BME voluntary and community sector.

Consultation

All the statements set out in the Consultation Code of Good Practice apply and in addition:

- Representatives of BME community groups will be included at an early stage in all relevant consultations, to make sure their views are taken into account in decision-making processes.
- Smaller organisations should be invited to have a say through informal as well as formal meetings.

Funding

All the statements set out in the Code of Good Practice on funding apply and in addition:

- The public agencies recognise that extra resources may need to be allocated to provide adequate support for BME organisations.
- The public agencies will review funding criteria to see that they do not disadvantage BME groups.
- The public agencies will actively invite funding applications from BME groups and offer support in submitting them.

Fear of racism prevents some Black and Minority Ethnic people from participating in voluntary work. The public agencies and voluntary and community sectors in Warwickshire will offer additional support to encourage volunteering amongst black and minority ethnic communities.

Training in race awareness should be provided for both public agency staff and for staff and volunteers in voluntary and community organisations in Warwickshire, to help them meet the needs of volunteers from BME communities. This will also equip them to provide relevant services to these communities, and to deal with incidents of racism.

Monitoring and review

To check that the funding process does not unfairly disadvantage BME groups, the public agencies will publish regular information on funding applications, allocations and the minority ethnic share, identifying year-on-year trends. Information will include comparisons with the mainstream voluntary sector of access and approval rates, and the level of funding granted.

Policies and service areas in which BME communities and organisations are absent from the funding process will be reviewed.

Funding criteria and procedures will be reviewed regularly to make sure BME groups are not disadvantaged or excluded.

Volunteering -
Code of Good Practice

Aims

This Code of Good Practice aims to provide a framework of good practice for all organisations using volunteers in any capacity, and to promote the value of volunteering, both as a means of service to others and of personal development for volunteers themselves.

Background

For the purposes of this Code and the Warwickshire Compact, volunteers are defined as individuals who choose to work unpaid in voluntary and community organisations or in any public agency.

The public agencies and the voluntary and community sector recognise the contributions of both volunteers and paid staff. Volunteers sometimes complement the work of paid staff, but often a service or activity is provided entirely by volunteers. In either case, volunteers and paid workers should be valued equally. Volunteers bring a range of skills and qualifications to their voluntary work.

People become volunteers for a variety of reasons. Some volunteers may be subject to particular constraints and some may have particular needs. But all make a valuable contribution, whatever their task, and should receive appropriate recognition.

The volunteering network, which includes the five Warwickshire Councils for Voluntary Service (CVS), the Volunteering Centres, the Warwickshire Rural Community Council, the Association of Local Councils and other umbrella organisations, is important in supporting voluntary and community organisations and in providing training, information and models of good practice.

Joint undertakings by the public agencies and voluntary and community sector organisations

- To apply the principles of this Code in their work with volunteers
- To treat volunteers with respect and care and protect them from exploitation
- To maintain the principles of this Code in service provision agreements between the public agencies and voluntary organisations
- To provide suitable training opportunities for volunteers.

The public agencies undertake to:

- Recognise and value the contributions made by volunteers and seek to ensure that adequate resources are available to support volunteer activity.

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- Recognise that the value of volunteers' contributions can be taken as the equivalent of matched funding when considering funding applications.
- Work to limit the barriers to volunteering in its strategies, policies and procedures.
- Maintain this code's good practice principles in its grants, service level agreements, contracts and other funding arrangements.

Voluntary and community sector organisations undertake to:

- Provide volunteers with a good level of support, supervision, appraisal, training and guidance for the benefit of their personal development and future life and career opportunities.
- Provide volunteers with clear task descriptions.
- Have policies and procedures in place on equal opportunities including policies on racial and sexual harassment, health and safety and other essential issues relevant to volunteers' particular activities and ensure their implementation.
- Have complaints, grievance, disciplinary and confidentiality policies and procedures in place.
- Ensure that volunteers are paid out of pocket expenses.

Agreed good practice standards in the use of volunteers

The main aim of voluntary sector and public bodies' organisations using volunteers is to meet the needs of their users. In order to maintain a high quality service, they will have various expectations of their volunteers. These will include the following:

- Reliability and punctuality.
- Working to health and safety standards and within the law.
- Maintenance of the highest standards that can reasonably be expected of volunteers.
- Willingness to participate in supervision and appraisal and to undergo training.

Implications for funding agreements

The public agencies accept in considering funding agreements involving the use of volunteers the following costs may need to be included:

- Insurance cover, including public and employers' liability, Drivers' No Claims Discount protection (where relevant) and Professional Indemnity (where relevant).
- Recruitment and on-going support costs of volunteers, to maintain the volunteer base.
- Training, both to meet relevant statutory and other requirements, such as Health and Safety regulations, and for personal development.
- Statutory police checks for some types of service provision.
- Volunteers' out of pocket expenses for travel and, where appropriate, childcare etc.

The value of voluntary work is hard to quantify in financial terms, but for match-funding purposes, organisations should keep records of volunteers' hours so that these can be taken into account in any analysis of resources allocated.

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Support for charity trustees and members of other governing bodies

Trustees of charities and other committee members are special categories of volunteer.

Trustees are legally responsible for the overall management and decision making of their charity.

Trustees need to be provided with induction training to make them fully aware of their responsibilities and to fully understand their governing document which sets out the aims of their charity and how it should be run.

The Charity Commission provides a range of guidance for trustees on its website, www.charity-commission.gov.uk   and their "Welcome to Trustees" leaflet sets out a useful summary of a Trustee's responsibilities.

It makes clear that trustees are required to act only in the best interests of the charity. This means putting the charity's interest before any other personal or professional interests. Even if another body, such as a local authority, has nominated a charity trustee, the trustee must always put the charity's interest first.

Trustees should have access to the Charity Commission's guidance on their responsibilities and in particular trustees should understand that they may be personally liable if the charity loses money as a result of a mistake they have made. However, trustees are unlikely to be liable if they have acted reasonably, worked within the scope of their governing document and taken appropriate professional advice when they did not know enough to make a decision.

There are areas of possible risk where further advice may be needed. Some of these include:

- *Contracts:* If Trustees enter into a contract on behalf of their charity to borrow money or to buy or sell goods or services, they must make sure that the charity has enough money to meet any liabilities that might arise under the contract. If it does not trustees could be personally liable.

- *Liability for "breach of duty":* This could happen if trustees don't work within the terms of their governing document, fail to perform their duties as a charity trustee, or don't comply with all other relevant laws.

- *Other types of liability:* Trustees should make sure that their charity has proper insurance, such as public liability, employer's liability (if there are staff employed), buildings, contents, etc.

Governing bodies of all voluntary and community organisations should provide appropriate training to ensure that their board/committee members are made fully aware of their legal responsibilities and of the scope and limitations of the activities which are set out in their governing documents.

The principles of this good practice guidance apply to both charitable and non charitable organisations.

Further information

***Warwickshire* Compact:** www.warwickshirecompact.org.uk
Compact Officer, Nuneaton & Bedworth CVS, 72 High Street, Nuneaton, CV11 5DA
02476 371831

National Compact: www.thecompact.org.uk NCVO, Regents Wharf, 8 All Saints Street,
London N1 9RL 020 7713 6161

**Guidance to Funders: Improving funding relationships for voluntary and
community organisations.** Author: HM Treasury / Home Office
Date: 2003 (to be updated early 2005 to include information about full cost recovery)
Link: www.hm-treasury.gov.uk./spending_review/spend_ccr/spend_ccr_guidance.cfm

**Think smart…think voluntary sector: Good Practice Guidance on Procurement
of Services from the Voluntary and Community Sector**
Author: Office for Government Commerce / Home Office. Date: 2004
Link: www.homeoffice.gov.uk/comrace/active/funding/index.html

**ChangeUp: Capacity Building and Infrastructure Framework for the Voluntary and
Community Sector.** Author: Home Office Active Communities Unit. Date 2004.
www.homeoffice.gov.uk/comrace/active/developing/index.html

Good Grant Making: Author: Association of Charitable Foundations. Date: 1997.
Link: www.acf.org.uk/public_print/trusts_guidelines.htm

Common Funding Framework
Author: Regional Co-ordination Unit, ODPM. Date: September 2003
Link: www.rcu.gov.uk/abi

Government Accounting
Author: HM Treasury. Date: Updated 2003
Link: www.government-accounting.gov.uk/current/frames.htm

Full cost recovery - can your organisation survive without it?
Author: Association of Chief Executives of Voluntary Organisations. Date: 2004
Link: www.acevo.org.uk/main/publications.php?content=pubcatalog

Better Payment Practice Code
Author: Better Payment Practice Group. Date: 1998.
Link: www.payontime.co.uk/downloads/download_bpp.html

**Managing risks with delivery partners: A guide for those working together to
deliver better public services**
Author: Office of Government Commerce / HM Treasury. Date: 2004
Link: http://www.ogc.gov.uk/sdtkdev/new_content/ManaginRisksDeliveryPartners.pdf

Cross Cutting Review of the Voluntary & Community Sector Service Delivery.
Date 2002. www.homeoffice.gov.uk/comrace/active/developing/index.html