



FUNDING CODE OF GOOD PRACTICE

**A guide for the relationship between statutory agencies
and the voluntary & community sector in Test Valley**

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1. INTRODUCTION

The Funding Code of Good Practice is to be viewed in conjunction with the One Compact for Hampshire. Development of the Funding Code of Good Practice has involved an extensive consultation process following input from a variety of voluntary organisations and community groups (hereafter all referred to as voluntary organisations) and statutory agencies.

A grant is a contribution towards an activity or service. This can be either:

- Annual (to enable continuity of core services)
- One-off (to enable development of new services or capital purchases).

2. GRANTS

2.1. Fair play (fair and equal access)

The intention is to ensure fair and equal access to funding, regardless of race, gender, disability, age or personal lifestyle. Equality of opportunity will be rigorously promoted.

- a. Information will be available from the Council's website or offices as an introduction to the Council's funding programmes, which will aim to achieve a consistency of approach both within and across Services. It will include:
 - A list of Services providing funding to voluntary organisations and the amount of money they have to spend
 - A single point of contact in each Service for more detailed information
 - Examples of application forms
 - Timetables for applying for funding.
- b. Consistent eligibility criteria and application procedures for funding will be agreed, so that it is understood why in some circumstances grants are given and why, in some cases, applications for funding may be refused.
- c. Encouragement and support will be given to small voluntary organisations in order to help them access funding.
- d. Help and advice for all voluntary organisations wishing to access funding is available from both Borough Council officers and Test Valley Community Services.
- e. In certain circumstances funding applications may be re-routed to other services where they match the criteria more closely; applicants will be informed.
- f. In exceptional circumstances funding for projects outside the normal Service criteria can be available.

2.2. Consistency and clarity of funding conditions

- a. Each Service will be responsible for publishing information about its funding programmes to a common format detailing:
 - How the funding programme supports the Council's objectives and priorities
 - Criteria and eligibility against which applications will be judged
 - A timetable showing when funding programmes become available, when applications need to be in, and when decisions will be made
 - Type and level of funding available
 - What cannot be funded (including a list of exclusions)
 - Payments schedule
 - Documentation required to support a funding application - appropriate to the value of the funding being sought and the size of the organisation
 - The circumstances in which funding may be withdrawn
 - Who to contact to discuss the reasons for an application being unsuccessful
 - Appeal process.
- b. There will be a standardised application process that differentiates between large and small grants. Definition of grant size:
 - Small: From £50 to £9,999
 - Large: £10,000 or more.
- c. All organisations will be required to give a basic level of information. However the amount of further detail required will be based on:
 - Specific information that may be a requirement by a particular Service
 - The value of the funds to be awarded
 - The size of the organisation requesting the funds
 - The need to demonstrate that public money is being spent effectively.
- d. Notification of small grants will be given by letter.
- e. In the case of large grants and annual funding, a partnership statement will be issued and jointly agreed before payment commences.
- f. Letters and formal agreements will outline how the funding should be used, when payment(s) will be made and targets/performance measures.
- g. Grants will be made in accordance with the Council's Financial Regulations and within its legal powers.
- h. All statutory agencies providing funding will strive to standardise funding processes and procedures (including evaluation).

3. PARTNERSHIP STATEMENTS

3.1. Independence

The provision of grant funding and joint agreement of a partnership statement does not in any way compromise the independence of the organisation. However, Test Valley Borough Council would expect the organisation to manage its affairs in an effective and efficient manner and in accordance with best value principles.

3.2. Overhead costs

All voluntary organisations have fixed or overhead costs. Test Valley Borough Council recognises that it is legitimate for service providers to include, separately identified, the relevant element of overhead costs within their bids for specific project-based grants. Also it will encourage the use of shared overheads and partnership working between voluntary organisations.

3.3. Duration

- a. Test Valley Borough Council recognises that short-term agreements can undermine the confidence of communities and (prospective) staff and volunteers in the commitment of funders and in the ongoing viability of services. Representatives of voluntary organisations have expressed a view that contracts or service level agreements for the provision of services which meet well-established needs are likely to require a minimum of three years' duration. Test Valley Borough Council is not currently in a position to enter into agreements greater than one year's duration, but this issue will be investigated further as part of a larger review of the Council's support for the sector during 2005/06.
- b. The duration of a service level agreement (or contract) should be made clear before any agreement is reached. The duration should reflect:
 - The availability of funding
 - The cost of re-tendering or re-contracting for all the parties
 - The nature of the project or activity
 - The competitiveness of the provider market
 - A realistic assessment of the time it takes to develop and establish projects or activities.
- c. Notification of the decision whether or not to renew partnership statements, which will be given before the end of the preceding financial year, will be subject to the provision by the applicant organisation of the requested information.

4. NON CASH SUPPORT

4.1. Advice and Expertise

- a. The Compact will help make the most of the wealth of knowledge, expertise and experience available in both sectors, by developing mutual advice and support networks to avoid duplication of effort and providing opportunities for staff secondments.
- b. Voluntary organisations will normally be charged in the exceptional circumstance of Test Valley Borough Council supplying staff to undertake the work of the organisation. This would be subject to the appropriate staff having the available capacity to do so.
- c. Where Test Valley Borough Council has agreed that Council officers will be advisers to a voluntary organisation, advice will normally be given freely and without charge.

4.2. Joint training

The Compact Development Group will identify and develop ways of sharing and spreading learning across public bodies and the voluntary and community sector, in order to ensure continuous improvement in the way the two sectors work together. Activities might include joint training in areas such as information technology, Best Value and quality issues.

4.3. Premises and Buildings

Both sectors will assist each other where possible with buildings, premises and equipment. Charges may be appropriate and may account for the cost of security and/or insurance implications. Voluntary organisations will normally be expected to pay for accommodation provided to them in accordance with the scale of charges or the rent set for the property. Where, however, Test Valley Borough Council provides accommodation at a subsidised amount, the organisation responsible for the service will be expected to budget and account for the subsidy.

5. MONITORING AND EVALUATION

Monitoring is the routine collection and recording of information, sometimes against statutory performance indicators, of the activities of an organisation. It provides information on what an organisation is doing and how well it is doing it.

- a. Monitoring and evaluation are an important part of the funding process because:
 - Test Valley Borough Council needs to ensure the organisation is doing what it is supposed to be doing, is providing a good service, and giving good value for money

- The funded organisation will wish to prove to itself and to the outside world that it is providing the best possible service, is meeting needs, and is delivering what it is funded to do.
- b. Staff in funded organisations must be clear about the extent of monitoring and evaluation in connection with funding conditions, and when, for example, monitoring is to be carried out to ascertain unmet needs that may require further funding.
 - c. Monitoring and evaluation is only meaningful if an organisation has objectives against which to measure its achievements. These objectives will be based on a clear assessment of needs and how the organisation can meet them. Qualitative research is a key element of a successful monitoring process, gathering and analysing information about what is happening.
 - d. The organisation and the service provider will agree in advance what information is needed and what will be passed to the funder as part of the monitoring process. This will include:
 - Who needs the information and why
 - The type of information needed and how it will be presented
 - The best way to gather the information and who will be responsible for doing so
 - The best time to collect the information and by what method
 - Who will collate it.
 - e. It is likely to be agreed that some or all of the following areas will form the basis of the monitoring and evaluation process:
 - The organisation's work programme and projects; what services it provides; who provides those services - staff, volunteers, etc - and in what way; how people find out about or access the service; what measures are in place to obtain users' views
 - How the money is spent; effectiveness of financial information; how and when premises are used and by whom; what facilities and equipment are available; what users think of them
 - How the organisation allocates time to various types of work and how they fit together; how the time of paid staff and volunteers is organised and how they contribute to the service
 - The organisation's decision-making processes; who is accountable to whom; the effectiveness of the organisation's management structures
 - How needs are being met and the level / nature of unmet needs.
 - f. Monitoring requirements at each level need to be established and the documentation and monitoring requirements agreed.
 - g. The monitoring and evaluation process in relation to grants and partnership statements will be appropriate to the amount of funding and whether it is one-off or ongoing support. Therefore, a small one-off grant will require evidence of its proper use, but this may be in the form of a visit or a letter.

6. FINANCES

6.1. Financial reporting

As with supporting information, financial monitoring reports and their frequency should be commensurate with the scale of the funding involved, while taking into account the importance of addressing financial problems as soon as possible.

- a. Information requirements should be clearly stated before funds are agreed, and include the roles and responsibilities of each party.
- b. The charity SORP (*Accounting by Charities. Statement of Recommended Practice*) and the Charity Commission provide guidance and recommend best practice for financial reporting. Test Valley Borough Council is mindful of this and will aim to avoid duplicating or demanding more stringent accounting and auditing requirements than those defined already.

6.2. Reserves

- a. In assessing how much assistance a voluntary organisation may require, Test Valley Borough Council will wish to take into account the level of reserves held, the extent to which they are unrestricted or restricted and the purposes for which they might be restricted. Reserves are defined here as any funds which are not required in order to cover the day-to-day running of the organisation in the current year. Reserves may be designated - i.e. held for a specific purpose such as a planned building project.
- b. Voluntary organisations will not normally be eligible for grants where they hold reserves in excess of twelve months' running costs. Where they hold reserves in excess of three months' running costs they may receive a reduced grant if they cannot satisfactorily justify the level of reserves held.

6.3. Inflation

The following general arrangements will apply on the costs of inflation:

- a. For non-recurring grants no separate addition will be made as these grants are approved at a set amount.
- b. Where funding continues for more than one year, Test Valley Borough Council will determine the amount to be included in the approved grant having regard to the estimated cost of inflation and the amount that will be paid.

7. ACCOUNTABILITY

Both Test Valley Borough Council and voluntary organisations have a shared responsibility for the expenditure of public funds.

7.1. Responsibilities of Test Valley Borough Council

Test Valley Borough Council must provide for the effective protection of, and proper accountability for, public money and seeks evidence of procedures that support good regulation. Individual Services in relation to other demands on their budget determine the amount of the budget available for supporting voluntary organisations. Individual applications for support are assessed against the following criteria:

- a. How the grant would contribute to achieving the key aims of Test Valley Borough Council's Corporate Plan: The key priorities are:
 - *Aim 1: Making Test Valley a safer place*
 - *Aim 2: Improving the range of recreational facilities within the Borough*
 - *Aim 3: Meeting local housing needs*
 - *Aim 4 Protecting the environment*
 - *Aim 5 :Modernising the Council*
 - *Aim 6:Enhancing Andover and Romsey town centres*(Click [here](#) for a copy of the Corporate Plan).
- b. How the grant would contribute to achieving the additional key aims of the Test Valley Partnership's Community Plan: The additional key aims are:
 - *Aim 1: Encouraging healthy lifestyles*
 - *Aim 2: Supporting education and lifelong learning*
 - *Aim 3 – Helping to sustain a thriving local economy*
 - *Aim 4 – Helping to meet transport needs*
 - *Aim 5 – Helping to create strong local communities*(Click [here](#) for a copy of the Community Plan).
- c. The priority and affordability of the activity for which funding is being sought compared with other applications for support.
- d. An assessment of the organisation's past performance and achievements.
- e. How the grant would deliver best value for money.
- f. The Charity Commission's advice on the level of reserves that should be held.

7.2. Responsibilities of the Voluntary and Community Sector

The Voluntary and Community Sector recognises that receipt of public funds carries with it responsibilities to the funding body and to the public who benefit from the services provided. The sector undertakes to pursue good practice in the use and administration of public funds appropriate to the scale of funding and operation covering (particularly in relation to partnership statements):

- a. Clear and effective management arrangements, procedures and policies relating to areas such as employment, equality and child protection.

- b. Effective and proportionate systems for the management, control, accountability, propriety and audit or examination of finances.
- c. Compliance (by organisations that hold charitable status) with the accounting framework for charities and appropriate guidance from the Charity Commission on funding, as well as on political activities and campaigning.
- d. Systems for planning and implementing work programmes.
- e. Systems for monitoring and evaluating against agreed objectives.
- f. Systems for quality assurance and accountability to service users, including complaints procedures and the involvement of users, wherever possible, in the development and management of activities of services.
- g. Policies for ensuring equality of opportunity in both employment practice and service provision.
- h. The involvement of volunteers in service provision.

8. MEDIATION

8.1. General principles

- a. The One Compact for Hampshire has now been agreed, which relates specifically to the operation of the Compact framework and associated Codes of Practice (Click [here](#) for details of the One Compact for Hampshire and all Test Valley Codes of Practice). It is recognised that organisations will have their own mechanisms in place for dealing with other disagreements that do not relate to the operation of the Compact framework.
- b. As far as possible disagreements ***over the application of the framework of the One Compact for Hampshire and this Code of Practice*** should be resolved directly between the parties involved.
- c. Where there is still disagreement, both parties have access to the mediation procedure within Test Valley.

8.2. The mediation process

- a. Any organisation or individual that feels they have not been treated in accordance with the spirit of the Compact should contact either:
 - The Chief Officer of Test Valley Community Services on 01794 519998
 - The Community Development Officer at Test Valley Borough Council on 01264 368000.

- b. If mediation is required then a Mediation Panel will be convened. This Panel will be the group of people that developed the Compact Codes of Practice for Test Valley and will include representation from:
- Test Valley Community Services
 - Test Valley Borough Council
 - Hampshire County Council
 - Primary Care Trusts
 - Other voluntary sector organisations.
- c. The aim would always be for mediation to result in a mutually agreed solution that is acceptable to all parties. This is the sole purpose of the Mediation Panel.
- d. The Mediation Panel has no powers of enforcement. If no mutually agreed solution can be found then any further course of action would be a matter between the parties concerned.

9. CONTACTS AND OTHER RELATED INFORMATION

9.1. Contacts

For more information about the One Compact for Hampshire, any of the Codes of Good Practice or how they are implemented within Test Valley please contact either:

The Chief Officer
 Test Valley Community Services
 2nd Floor
 Coopers House
 The Horsefair
 ROMSEY
 SO51 8JZ

OR

Community Development Officer
 Test Valley Borough Council
 Housing Service
 Beech Hurst
 Weyhill Road
 ANDOVER
 SP10 3AJ

01794 519998
romsey@tvcs.org.uk

01264 368000
housing@testvalley.gov.uk

9.2. Other related information

Other information that might be of interest is (click to access):

- [One Compact For Hampshire \(including Funding and Volunteering Codes\)](#)
- [Test Valley Borough Council grant application forms and criteria](#)
- [‘Test Valley 4 Community’ funding search tool](#)