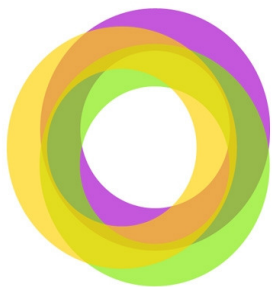


The Staffordshire Compact

Funding, Commissioning & Procurement Code of Practice



Staffordshire Strategic Partnership

Introduction

The Funding, Commissioning and Procurement Code of Practice is one of five codes that support the Staffordshire Compact and set out practical undertakings for both public organisations and third sector organisations. This code of practice aims to influence and strengthen financial relationships between public organisations, partnerships commissioning at a local level and the third sector. This applies to all types of funding that are provided to the third sector including grants, service level agreements and contracts. The code will:

- Set out shared values and principles to guide the financial relationship between public organisations and third sector organisations, and
- Set out the key stages of a financial relationship alongside undertakings for both sectors, based on what they can expect from each other.

The Staffordshire Compact builds relationships to positively change how partners behave and work together. Services that are jointly designed, and partnerships that are based on mutual trust and respect show commitment to getting it right together to benefit all parties. This is a **Compact way of working**.

Benefits of using this code

For Public Organisations	For the Third Sector
<ul style="list-style-type: none"> • Partners will build stronger and more supportive relationships based on meaningful involvement and understanding. • An effective commissioning relationship between the sectors will deliver more responsive, locally based services for Staffordshire communities. • Help to develop policy based on locally identified need, planning of a service to best meet those needs and then delivery of the service to achieve desired outcomes. • Strengthened capacity of the third sector to deliver services in the long term. • Boosting service quality, inspection ratings and meeting obligations under the Duty to Involve. • A standardised approach to funding the third sector, whilst at the same time preserving the individual decision making rights of each public organisation funder. 	<ul style="list-style-type: none"> • Having enabling and supportive local public organisations that value the difference you make in communities. • Recognition of the expertise and independence of the third sector and understanding of how you work. • Enables third sector organisations to grow and develop with the support of public organisations, thus making them more effective in the long term. • Clear arrangements for agreeing and evaluating objectives and outcomes. • Open and timely consultation and engagement to highlight changes in funding priorities. • Recognition of the sectors flexibility and ability to innovate new solutions to meeting need. • Potential sustainability of service provision through longer term funding being offered.

Shared Values & Principles

In order to achieve better outcomes for Staffordshire communities all aspects of the funding relationship between public organisations and third sector organisations will be guided by the following values and principles:

Respect: Government and the third sector are accountable in different ways, but both need to act with transparency and integrity. Effective partnerships are built on mutual understanding and an appreciation of the differences between partners of the Staffordshire Compact.

Honesty: It is only through open communication that strong funding relationships can be built and maintained. Full and frank discussions should be the basis for resolving difficulties as this helps to build trust and can identify and overcome problems before they impact upon the delivery of outcomes.

Independence: The independence of the third sector is recognised and supported. This includes its right within the law to campaign, to comment on and to challenge government policy (whatever funding or other relationship may exist with government) and to determine and manage its own affairs.

Equality & Diversity: Fairness for everyone, regardless of their background, is a fundamental goal, and government and the third sector will work together to achieve this. The Government and the third sector value a thriving civil society, which brings innovation and choice through a multitude of voices.

Simplicity and Proportionality: Processes should be as simple as possible and in proportion to the amount of money and service delivery risk involved, taking into account the requirements of third parties. Funding structures should not be a barrier to innovation and enterprise.

Consistency: Funders and purchasers should endeavour to join up or standardise parts of the funding or procurement chain to minimise burdens on organisations and ensure a focus on delivery.

Key Stages of the Funding Relationship

There are four stages common to any kind of funding relationship. These are:

Analysis: This stage involves understanding and evidencing the needs of service users and potential service users; identifying any unmet needs; understanding and mapping who delivers services; identifying gaps in service provision and considering how these gaps can be addressed; and clearly defining outcomes to be delivered.

Planning: This requires consideration of how to fund services that will meet outcomes identified and developing the approach required to achieve those outcomes.

Sourcing: Securing the most appropriate provider(s) to deliver the outcomes.

Monitoring & Review: Assessing performance against original objectives and identifying changes to inform future funding and outcomes; capturing feedback from service users.

Stage 1: Analysis

Effective analysis is important as it creates a solid basis for funding services. It provides a clearer understanding of the needs of service users, highlights where resources should be directed and helps define the outcomes that need to be delivered. Identifying the most diverse range of potential providers and seeking their views, ideas and suggestions increases the opportunity to find the most appropriate providers to deliver a responsive, effective and outcome focussed set of services. The success of service delivery and outcomes for service users will be dependent upon how this stage is managed.

In order to meet the requirements of this code you will need to ensure that you have considered and implemented the following:

The Public Organisations will:

- Engage wherever possible with a wide range of relevant third sector organisations when identifying service needs and use equality impact assessments to help identify potential negative impact on service users.
- Allow sufficient time for the widest possible range of third sector organisations to be involved in the needs analysis process.
- Utilise third sector infrastructure bodies and networks to engage with third sector organisations.
- Be clear about the outcomes that need to be delivered at this stage so that all parties are fully aware of what is required.
- Where analysis identifies existing services that no longer meet the required outcomes, provide a minimum of 3 months' written notice of an intention to reduce or withdraw funding and provide clear rationale for why this decision was taken.

The Third Sector will:

- Participate fully and constructively in consultation processes designed to set the priorities and identify the needs on which funding decisions will be based.
- Work collectively to identify gaps and service priorities in order to meet the needs of communities.
- When participating in consultations, be clear about who you are representing, in what capacity and on what basis you are making that representation.
- Plan for the end of a funding relationship to reduce any potential impact on beneficiaries and the organisation.

Stage 2: Planning

Effective planning is important as it allows commissioners/funders to secure the most appropriate providers to deliver those outcomes identified at **Stage 1**. The chosen method of funding will depend upon the outcomes identified and the corporate priorities of the funding body. Effective planning creates the right conditions for providers to focus on delivering outcomes and allows commissioners/funders to better apportion and manage risk. Processes should not create unnecessary bureaucratic barriers that disadvantage potentially competent providers from applying. When done appropriately, this does not affect competitive neutrality.

In order to meet the requirements of this code you will need to ensure that you have considered and implemented the following:

The Public Organisations will:

- Provide clear, accessible information when communicating future commissioning plans and ensure these are available at the earliest possible stage to allow for the widest range of providers to be involved.
- Consider the most appropriate type of funding to secure the required outcomes and assess the impact of how this funding is allocated.
- Be aware of the number, size and capabilities of third sector providers and potential providers in the market.
- Aim to invest in the capacity of providers where this will help their ability to fill identified gaps in current service provision.
- Ensure service design consultation is representative of the diverse communities of Staffordshire and includes the views of vulnerable and/or disadvantaged groups.
- Allow sufficient time for conducting meaningful engagement with third sector organisations and other potential providers throughout the design and consultation of service specifications.
- Ensure that specifications ask providers to demonstrate and evidence a detailed local knowledge and understanding of needs.
- Ensure that **TUPE** information is available to inform and assist potential service providers at this stage in the process.
- Make sure specifications are clear, focus on the ultimate outcomes, take account of the diverse needs of service users and avoid being over-prescriptive on the ways these outcomes should be delivered.
- Ensure that monitoring and management arrangements are made clear in order to attract the widest range of potential providers.
- Ensure there are named officers (with contact details) to support organisations throughout the different elements of the planning process.
- Make use of third sector infrastructure networks to publicise tender and grant funding opportunities.
- Advocate that prime and sub-contractors distributing public money work within the Compact by making a requirement of funding arrangements.

The Third Sector will:

- Contribute constructively to planning and service design processes, focusing your contribution on the needs of service users and volunteers.

- Make use of opportunities provided by local infrastructure organisations to access information, training and support in terms of successfully engaging in the funding and commissioning process.
- Accept the responsibility for ensuring your organisation is eligible when applying for funding and is able to deliver the outcomes required.
- Ensure you understand timescales and decision making processes; if these are not clear, seek clarity from the funding body.
- Understand that rigid requirements can be stipulated by third party external funding body's, which then have to be passed on by the public organisation.
- Consider collaborative and partnership opportunities with other third sector organisations, wherever possible, to avoid duplication of services and resource.
- Ensure delivery terms are agreed at the outset and be aware of the risks for which your organisation is responsible.
- Make sure that adequate systems are in place to manage finances and project delivery and to account for them.
- Identify whether there are any potential **TUPE** obligations to consider.

Stage 3: Sourcing

Effective sourcing is vital to secure the most appropriate provider(s) to deliver the required outcomes. This will mean individuals and local communities receive the most appropriate services and enjoy the greatest impact. Successfully meeting those standards listed in **Stage 2** will help to create the conditions to source the right providers.

In order to meet the requirements of this Code you will need to ensure that you have considered and implemented the following:

The Public Organisations will:

- Provide early notice of at least 12 weeks of forthcoming funding/procurement opportunities and ensure these are publicised and widely accessible.
- Work proactively with Procurement staff to ensure that the procurement process encourages the involvement of potential third sector providers
- Where relevant to the contract, ensure pre-qualification criteria includes clear equality expectations, which can be easily interpreted and are relevant to all tendering organisations.
- Promote fair and equal access for the third sector by allowing sufficient time for a wide range of organisations to respond (including new consortia or partnerships that could be formed) and by asking only for relevant information in applications.
* This would be ensured providing timescales do not have a detrimental impact on essential services commencing.
- Be clear and communicate effectively how bids will be scored and assessed.
- Recognise that it is appropriate to include relevant elements of overhead and administrative costs (full cost recovery) in their estimates for providing services.
- Be consistent across sectors when requesting cost breakdowns from organisations.
- Discuss potential risks with third sector organisations and ensure these risks are allocated to the organisation best equipped to manage them in proportion to the nature and value of the contract.

- Ensure potential providers are clear of their **TUPE** obligations and refer them to further information resources, if required.
- Set out clear timescales for application and tender processes and make sure feedback on decisions is timely and freely available.
- Award contracts on the basis of value for money; this will not necessarily mean the cheapest estimate but will include consideration of quality, local expertise and outcomes.
- Provide feedback to both successful and unsuccessful candidates for funding.
- Whenever possible, aim to award funding over longer periods of time (Min 3 years) to achieve better value for money.
- Make timely payments in advance of expenditure where there is a clear need and where this represents value for money.

The Third Sector will:

- Consider the appropriateness of making a bid for funding, even if your organisation has been involved in the analysis and planning stages.
- Consider the level of work involved in meeting outcomes; be clear on how your work will meet these outcomes and that delivery fully meets funding requirements.
- Be clear about the risks associated with delivering programmes and services, and agree delivery terms before a contract or funding agreement is signed.
- When developing bids, understand the direct and indirect costs associated with delivery of the service.
- Have appropriate governance arrangements in place and ensure that everyone involved understands and agrees to the delivery terms.
- Be aware of their potential **TUPE** obligations before entering into contractual arrangements with the funder.
- Apply Compact principles when sub-contracting to other third sector organisations.
- Be clear about payment terms and, if appropriate, demonstrate why payment in advance is required.
- Recognise that it is legitimate for funders to ask for public recognition of their funding.
- Have appropriate systems in place to manage and account for finances.

Stage 4: Monitoring & Review

Effective monitoring of outcomes serves two purposes; firstly, ensuring value for money and that outcomes are being met, and secondly, providing information that can inform and improve future service delivery. Monitoring should be transparent, proportionate to the value of the funding involved, and focus clearly on the required outcomes. Wherever possible, service users should be involved in monitoring and reviewing service delivery.

In order to meet the requirements of this code you will need to ensure that you have considered and implemented the following:

The Public Organisations will:

- Focus on outcomes when commissioning services and developing monitoring requirements, to allow providers flexibility in determining the specifics of service delivery.
- Ensure monitoring requirements only ask for information that is relevant to review the effectiveness of the service i.e. outcome data and quality. This should also be proportionate to the nature and value of the service.
- Recognise that excessive monitoring comes with increased resource costs to both the provider and funder.
- Aim to standardise monitoring and reporting arrangements with other departments' approaches.
- Ensure that monitoring is consistently applied to organisations in all sectors.
- Consider involving service users to obtain feedback on performance and ensure this feedback includes the views of minority groups and those who are vulnerable and potentially marginalised.
- Where delivery is not meeting agreed targets, communicate and agree with providers how outcomes might be met in other ways, using a simple method to control any proposed changes.
- Review programmes and services with relevant third sector organisations to inform future practice through their participation in service reviews and future business planning cycles.
- Provide a minimum of 3 months' written notice of an intention to reduce or withdraw funding and provide clear rationale for why this decision was taken.

The Third sector will:

- Negotiate monitoring and reporting requirements before a financial agreement is made.
- Ensure that robust monitoring systems are in place to capture the required outcomes / outputs stipulated within the contractual agreement.
- Recognise that monitoring, both internally and externally, is an element of good management practice.
- Ensure that all information required in monitoring, review and evaluation documentation is provided in a timely manner.
- Be open and transparent in reporting problems and under performance.
- Give early notice to funders of significant changes in management, or financial or other risks.
- Acknowledge that whilst funders will endeavour to work with them to address any failure in meeting agreed targets, sometimes remedial action, including the issuing of standard default notices or the termination of the contract, may be required.
- Contribute positively to reviews of programmes or services to inform future practice.

Relationship to the Staffordshire Third Sector Commissioning Standards

The Third Sector Commissioning Standards contain a set of ‘minimum’ standards that will be incorporated within the four stages of the commissioning cycle, as reflected within this code of practice. The broad principles contained within this document are aligned with the commissioning standards, but will be supported by additional help text, best practice examples and resources to provide commissioners with user friendly guidelines at each stage of the process.

Appendix 1: Best Practice Checklist

The 'Eight Principles of Good Commissioning' cited as best practice by the Office of Third Sector will underpin this code of practice:

	✓	X
Develop an understanding of the needs of users and communities (including Third Sector organisations).		
Consult potential provider organisations, including those from the Third Sector, well in advance of commissioning new services.		
Put outcomes for users at the heart of the strategic planning process.		
Map the fullest practicable range of providers with a view to understanding the contribution they could make to delivering those outcomes.		
Consider investing in the capacity of the provider base, particularly those working with hard-to-reach groups.		
Ensure contracting processes are transparent and fair; facilitating the involvement of the broadest range of suppliers, including considering sub-contracting and consortia building where appropriate.		
Seek to ensure long-term contracts, wherever appropriate, as ways of achieving efficiency and effectiveness.		
Seek feedback from service users, communities and providers in order to review the effectiveness of the commissioning process in meeting local needs.		