

Compact
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Code of Practice: Grant Funding & Procurement

Compact
for the
Blackpool
Local Strategic Partnership



Introduction

Purpose of the code

The purpose of this code of practice is to define in more detail than the Compact, the relationship between the Public and Third Sector in respect of funding and procurement. In doing this the code seeks to make the process of funding and procurement a fair and transparent one, in keeping with the principles of the Compact.

In specific terms the Code provides guidelines on how funding and procurement opportunities should be prepared and advertised, what each part can expect from the other in terms of information, accountability, monitoring and performance.

At the heart of the Compact and this code of practice is the desire to see processes including funding and procurement carried out in ways that give the public the best value for money and which produce the desired outcomes. All funding and procurement processes therefore should be proportionate to the risks involved and should not contain unnecessary or burdensome requirements.

Scope of the code

The code is intended to cover all instances where public sector funds are used to support or pay third sector organisations to carry out work, provide services or deliver other contractual obligations. Like the Compact, the code is intended to cover the whole of the Blackpool Strategic Partnership.

The code does not in any way seek to contradict or override any legislation at either National or European level concerning the procurement of services or the funding of organisations and where there is an apparent contradiction it should be assumed that the appropriate legislation has precedence.



The Code

The Code makes a distinction between funding in the form of grants and procurement where the public sector buys services. This is because these two forms of expenditure have different purposes and therefore different requirements in terms of accountability, performance and monitoring. However, both grant funding and procurement should be guided by the principles of the Compact.

The Code of Practice requires organisations that are seeking public money to meet a level of quality assurance that can give the public purse the confidence that any money given to them will be managed competently and monitored effectively. To this end the Compact requires organisations to adopt a suitable Quality Assurance model that is proportionate to their needs and appropriate to the risks involved in managing grants or delivering contracts.

The Compact recognises that organisations that do not currently work to a recognised QA model will need both time and support to help them achieve this and so the guidelines presented in this document have to different meanings over the next three years. November 2009 until the 31st December 2012 these guidelines are aspirational and therefore if an organisation is simply working towards the relevant QA standard and they can satisfy more basic interim standards then this will be acceptable to the Blackpool Strategic Partnership. After January 2012 these guidelines becomes firmer and it will be expected that organisations wanting to access public money will be able to evidence their QA systems prior to funding.



Grant Funding

Funding for the purpose of this code refers to the practice commonly known as grant funding, where a third sector organisation is given money by a public body for the purpose of supporting that organisation in the work that it carries out.

E.g. a grant may be given to a community association to pay its rent for a year or to purchase a piece of equipment. This process will not have any specific outcomes beyond that which has been paid for i.e. the rent is paid or the equipment is bought. There will normally be with implicit in this process an understanding that in helping the third sector organisation in this way other benefits will flow later such as better sustainability or improved service delivery. It is not the purpose of a grant however to measure these.

1. In applying for a grant TSO should be prepared to demonstrate that they are fit to manage and account for the money that they are asking for. The kind of evidence that an organisation will be asked for should be proportionate to the risks involved and the amount of money requested. The table below provides a guide to the kind of evidence that Third Sector Organisations should be required to submit based on the size of grant requested.
2. All competitive grants should be clearly advertised in places that organisations can be expected to come across them.
3. Grants should be paid in advance of spend unless there are abnormal risks associated with doing so. Where this is the case these risks should be made clear and discussed with the applicant.
4. Funding criteria and the scope of grant should be clearly laid out along with any qualifying requirements (e.g. area or scope of benefit).
5. The monitoring and reporting requirements for the grant should be clear, proportionate and up front.
6. Applicants have a right to have their grant application dealt with in a transparent and timely way, therefore applicants can expect to have received a decision on their application within 10 working days of the closing date for the grant, or where there is no closing date, 15 working days of their application being submitted.
7. Where an application is unsuccessful the applicant should receive clear guidance on why they were not successful.
8. Where a grant is to be revised or terminated prematurely, then a study should be carried out to assess the impact of the revision in order to minimise the negative effects on the recipient organisation and the wider community.

The pre qualifying evidence for Grant Funding

It is important that organisations that request grants from the public purse are able to demonstrate their robustness as an organisation and they are 'fit to be funded'. Conversely it is also important that no unnecessary burdens are placed on third sector organisations in the way of administration or monitoring.

This risk assessment by the grant giver should also be consistent to ensure equity and equality in the grant funding process. To this end the Compact requires that organisations both as grant makers and grant recipients follow the guidelines below.

The main emphasis in the risk assessment should be the ability of the organisation to manage the grant effectively and to report responsibly on how the grant was spent. To this end the Compact has adopted as a minimum requirement the PQASSO standard for community and voluntary organisations requiring grant funding. This does not exclude other quality assurance models and organisations should be encouraged to adopt the QA model that best suits their organisation and the field in which they work. Funders and Grant recipients should agree the appropriateness of any adopted QA system before an application process begins.

The evidence required for an organisation to prove its fitness for funding should be proportionate to the grant requested and the risks involved. Below is a table that provides guidelines to both funders and grant recipients. It is envisaged that unless there are extraordinary circumstances that these guidelines will be followed by all grant makers and grant recipients who work within the Blackpool Strategic Partnership.

Grant requested	Evidence required
up to £500	<ul style="list-style-type: none"> A constitution or set of rules for the organisation that sets out its purpose and area of benefit. A bank account in the name of the group or a suitable third party organisation who will act as bankers A clear indication of what the grant is for and how much each item will cost. A robust system of accounting for expenditure
£501 - £2500	<ul style="list-style-type: none"> A Constitution registered with the Charity Commission, Companies House or the Financial Services Authority or be a member of a nationally recognised body. A bank account in the name of the group with two or more signatories An application that shows how the money will be spent and what the benefit the grant will bring A robust system for accounting for expenditure The organisation should hold or be working towards PQASSO level 1 with external verification.
£2500 - £5000	<ul style="list-style-type: none"> A Constitution registered with the Charity Commission, Companies House or the Financial Services Authority. A bank account in the name of the group with two or more signatories Previous 3 years accounts signed off by a qualified third party An application that shows how the money will be spent and what the benefit the grant will bring, along with evidence of previous grants that the group has received A robust system for accounting for expenditure The organisation should hold or be working towards PQASSO level 2 with external verification.

Commissioning and Procurement

Commissioning is the holistic process by which public bodies determine need and identify the resources to meet that need. Procurement for the purposes of this code is considered to be the process by which Public Sector Agencies buy the services of Third Sector Organisations with the view meeting the needs determined by the wider Commissioning process.

These services could be to a specific client group e.g. young people, single parents or older people or they could be more general such as a wide health awareness campaign.

Procurement differs from Grant Funding in that with procurement comes an expectation that certain outcomes will be met and there is a direct relationship between the money paid and the outcomes achieved. It is therefore important that all parties are clear as to whether the money involved is Grant Funding or Procurement.

The procurement process can either be through direct tendering or through SLA's that provide for the Spot Purchasing of services by clients.

All tenders, contract to deliver services and SLA's issued by BSP members are subject to the Blackpool Compact and this code of conduct.

- All contracts and SLA's require prompt payment at regular, known intervals.
- As a norm tenders will be for 3 years (with options to extend). Price variations such as inflation shall not result in the charges exceeding the annual R.P.I ruling at the time of increase and should not preclude the possibility of any reductions in charges.
- Where it is not possible for a three year arrangement to be made a clear explanation of why it is not should be given out with the tender documents.
- Where short term contracts (i.e. 12 months or less) are involved the process of awarding the contract should be completed in time for an organisation to recruit necessary staff or acquire equipment needed in order to deliver the contract on time and to budget.
- All contract/SLA extensions should be made in sufficient time to avoid organisations having to invoke unnecessary redundancy procedures.
- There should be clear timescales for the announcement of decisions after tender process is completed. Normally this should be within 10 working days.
- All tenders should be openly advertised in a consistent manner so that organisations seeking such work will know where to look for them (e.g. The Chest website).
- All tenders should be open to any organisation or consortia that meet the pre-qualifying criteria.
- All tenders should take into account the true cost of providing the service required and therefore organisations tendering for work should be encouraged to practice full cost recovery as defined by ACEVO.
- All tenders should offer the opportunity for tendering organisations to promote the added value that they can offer to the wider community through the delivery of the tender.
- The outcome of all tenders should be published in a manner that all organisations would be able to access (e.g. Official Journal of European Union – OJEU).
- Tenders should be written with the view of allowing OUTCOMES based monitoring systems to be used effectively and organisations tendering for work should be encouraged to use OUTCOMES based planning.

- Organisations should be encouraged to form consortia and partnerships to improve their ability to deliver larger services, and look for support for this from appropriate sources.
- Any decision not to tender a piece of work out can be subject to challenge through the Compact. Justifications for this may include best use of public money.
- The tender procedure needs to be proportionate to the value of the contract or SLA offered
- The outcomes required from a contract or SLA should be laid out clearly.
- Any risks (such as claw-back clauses) should be prominent so that applicants can give these risks full consideration.
- Depending upon the size of the contract (all procurement will be in the form of a contract or Service Level Agreement (SLA) the contractor will be expected to be able to evidence their suitability to carry out the contract and meet all of the requirements.
- The Public Sector Organisations offering the contract should ensure that all the qualifying conditions of the contract have been made clear and have been met before offering the contract.

The following criteria are a guide to the requirements that funders should ask for when contracting with Third Sector Organisations in Blackpool and to which Third Sector organisations should aspire.

Contract Value	Pre-qualifying evidence
Up to £5,000	Organisation holds PQASSO level 2 or equivalent which has been externally verified
£5,001 – £30,000	Organisation holds PQASSO level 3 or equivalent which has been externally verified
£30,001 - £50,000	Organisation holds PQASSO level 4 or equivalent which has been externally verified
£50,001 - £99,999	Organisation holds PQASSO level 4 or equivalent which has been externally verified
£100,000 +	EU Regulations apply

In addition organisations will be expected to have and be putting into practice any policies and procedures specific to their field of work e.g. Children and Young People - Child Protection

Breaches of the Code

Any breaches of the code will be dealt with in accordance with the processes laid out in the Compact for Blackpool Strategic Partnership document.

Advice and support

for advice and support contact

**Blackpool Third Sector
Strategic Partnership**
95 Abingdon Street
Blackpool FY1 1PP

telephone 01253 624505
www.blackpooltssp.org.uk

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