

Governance Framework VCFS Funding

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1. Introduction

This Governance Framework has been developed to better enable the Council to prioritise resources to support the Voluntary Community and Faith Sector (VCFS) in Leeds to deliver key city priorities and strategic outcomes.

To date, whilst individual Directorates have their own systems and procedures, there has been a lack of overall co-ordination in the way the Council monitors the allocation of its own, and external funds to the VCFS. There has been no robust mechanism to clearly identify how resources are being used to support the VCFS to deliver city priorities. With the Council dealing with payments totalling over £100M to the VCFS during 2007/8, it is essential that we are able to ascertain if key priorities are being met by our partners in the VCFS in an efficient and effective manner.

With the Comprehensive Spending Review (CSR) 2007 placing significant budget pressures on the Council in coming years, supporting the VCFS to deliver the Leeds Strategic Plan outcomes, will increasingly become a significant route to providing value for money services to the citizens of Leeds. Furthermore, guidance from Government and other bodies such as the Audit Commission suggests that working collaboratively with the VCFS is an area that Local Authorities are expected to focus on as part of their strategies to deliver efficiency targets and improved services.

Foundations to embed this framework are already in place through the Leeds Strategic Plan, Compact for Leeds, Financial Procedure Rules and existing accountabilities of Directors. The intention of this framework is not to replace specific governance arrangements linked to individual funding agreements with the VCFS but, instead, to formalise arrangements in a consistent manner which promotes a 'One Council' approach.

A key tangible outcome arising from this framework will be to capture and analyse **all** costs to the Council to support the Voluntary Sector in the City. This will include not only funds released through grants and commissioned contracts but also resources allocated through in-kind support, rate relief and arrangements administered on behalf of third party organisations. The aim is to ensure that the Council is able to ascertain the true cost of supporting the VCFS and then to use this intelligence to continually improve community and service outcomes.

The Council has an aspiration that other public sector organisations within the city who also have a funding relationship with the VCFS will adopt the principles as outlined in this framework. We will work with our partners to explore the potential of extending the scope of this framework to cover all local public sector funders.

The Framework will be reviewed on an annual basis taking into account any local or national changes.

2. Scope of Framework

This framework will apply to all grant funding relationships the Council has with the VCFS, including:

- grant aid, whether commissioned or based on a service level or funding agreement
- payments for services including those with a contract agreed outside the Council's contract procedure rules
- grant funding sourced directly from the Council's budget and administered on behalf of third party organisations

but excluding:

- services procured from the VCFS through a contract based on the Council's contract procedure rules
- in-kind support including business rate relief

For monitoring, intelligence and reporting purposes all payments will be collated, analysed and reported

The requirements outlined in the Framework will be applied proportionately according to the level of funding provided. Monitoring arrangements and paperwork will be appropriate to the size of the grant/funding agreement

3. Key Aims

The aims of the Framework are to:

- develop better accountability and a 'One Council' approach to funding the VCFS;
- provide intelligence to inform future strategy and decision making
- put in place a transparent approach in relation to the allocation of resources to ensure that the VCFS is able to access funds to sustain its contribution to the delivery of services in Leeds;
- quantify the financial contribution the Council makes to the VCFS in terms of its own funds and those it manages;
- achieve a better alignment of resources to strategic priorities;
- ensure that services funded and delivered by the VCFS offer value for money.

4. Guiding Principles

Principle 1: Focussing on the Council's purpose and community needs

The Council will:

- inform the VCFS of the City's overall priorities by including appropriate representation on Local Area Agreement and Leeds Initiative governance structures and circulating the Leeds Strategic Plan and the 'Vision for Leeds';
- make Area Delivery Plans available to the VCFS so that information is available regarding local priorities;
- use relevant data and local intelligence to evidence community needs and to determine the target areas for distributing Council grants or funds from external bodies;
- ensure that desired outcomes are clearly outlined as part of the criteria for Council grants and in commissioning documentation;
- assess how projects funded will contribute to the achievement of the outcomes listed in the Leeds Strategic Plan;
- ensure projects have access to information about the Council's equality and community cohesion objectives and request that projects demonstrate how funded activity will contribute to these.

Deliverers will:

- ensure funded activities are focussed to meet Council and City priorities.

Principle 2: Having clear responsibilities and arrangements for accountability

The Council will:

- monitor the financial contribution made to the VCFS by the Council;
- make grant payments on time and in accordance with the terms outlined in the Compact Resources Code of Practice;
- ensure that information about grants awarded and work commissioned by the Council, including that funded from external bodies, will be publicly available;
- develop clear and transparent decision-making processes which will be communicated to potential applicants;
- ensure that potential applicants have a lead officer contact within the Council who will be a first point of contact if there are any queries;
- issue a funding agreement or service level agreement for all grants commissioned / awarded. This will be signed by the project and the Council. Details of what should be included in this document are included in Section 6, 'Applying the Framework';

- review the financial performance of funded projects, in respect of adherence to budgets and any other financial targets/ criteria;
- review outcomes and outputs to be satisfied that they represent value for money;
- provide clear guidance regarding financial and output evidence requirements;
- where appropriate, make arrangements for annual project audits;
- agree timescales for meetings between deliverers and the Council at intervals appropriate to the level/ complexity of funding;
- ensure that monitoring arrangements respect confidentiality issues and are in proportion to funds awarded;
- attempt to streamline reporting arrangements where projects are supported by more than one funder;
- ensure the Council complies with the Compact Resources Code of Practice.

Deliverers will:

- ensure that they identify a named individual who will be first point of contact for the Council;
- ensure appropriate staffing/ volunteer resources are in place for effective delivery and management of activities;
- produce a plan setting out the agreed aims and objectives, demonstrating how the project will contribute to the delivery of the priorities set out in the Leeds Strategic Plan, including milestones and expected dates of key achievements for the project. The plan will include schedules showing targets for income, expenditure, outputs and outcomes which the project will be monitored against;
- have adequate management information systems in place to comply with the funding agreement or service level agreement;
- retain evidence to support claims for inspection and audit;
- demonstrate that appropriate Financial Regulations and Standing Orders have been adopted and ensure that all payments made and all expenditure incurred are in accordance with them;
- submit accounts (for larger grants this would be audited accounts) to the Council, usually no later than 9 months after the end of the financial year;
- recognise that the receipt of public funds carries with it responsibilities (as stated in the Compact Resources Code of Practice);
- acknowledge funding received from the Council or external bodies in press releases, other publicity and project documentation;

- have a reasonable and realistic reserves policy which, where appropriate, complies with charity law;
- allow the Council including Internal Audit access to relevant documentation.

Principle 3: Good conduct and behaviour

The Council will:

- promote openness, team-working, fairness and equality, collaboration, respect, support and integrity;
- work with projects to address problems/ issues, meeting with project managers where necessary;
- respect confidentiality issues for example, in terms of project users and commercial confidentiality;
- refer to the Compact procedure to address any complaints/ conflicts;
- acknowledge the right of the VCFS to be independent and manage their own affairs.

Deliverers will:

- promote openness, team-working, collaboration, respect, support and integrity;
- comply with all legal requirements relating to delivery of the project including, but not limited to, Health and Safety, Child Protection, Vulnerable Adults and Equal Opportunities legislation, and ensure that policies and procedures are in place and monitored to demonstrate such compliance.

Principle 4: Informed, transparent decision making and managing risk

The Council will:

- ensure that decisions about grants and commissioned work are made through the appropriate Council, and/ or partnership approval processes;
- set realistic timescales when advertising funding opportunities;
- make certain that its administrative, decision-making and funding processes are clear, consistent and open;
- check that organisations have demonstrated that they are competent and suitable to receive public money;
- ensure that organisations who receive funding have appropriate management and accountability procedures in place;
- make sure that financial propriety is observed;

- ensure that commissioning decisions are made on the basis of clear criteria including assessment of cost, quality and outcomes to be delivered;
- ensure that decisions are taken on the basis of accurate and relevant advice and that results are recorded and can be justified;
- ensure that there is appropriate participation on commissioning panels;
- ensure that potential deliverers are informed regarding the results of panel meetings within reasonable timescales.

Deliverers will:

- put in place and demonstrate that they have appropriate governance and financial management structures;
- undertake risk analysis when necessary;
- hold and implement quality improvement policies and procedures..

Principle 5: Developing skills and capacity

The Council will:

- where appropriate, offer training sessions and one to one briefings to deliverers regarding monitoring requirements;
- where possible, provide support and networking opportunities where there could be mutual benefits and mentoring opportunities and experience could be shared;
- put in place a reasonable schedule of review meetings to ensure project delivery is on track and to address any problems/ issues early;
- deliver Question and Answer Sessions to promote commissioning opportunities.
- ensure that where appropriate Council staff receive information/ briefings about the VCFS in Leeds.

Deliverers will:

- seek to develop a culture of continuous improvement including investing in staff, volunteers and management committee/board development;
- implement any actions arising out of review meetings within agreed timescales.

Principle 6: Engaging stakeholders

The Council will:

- apply the principles set out in the Compact for Leeds;

- circulate publicity/ communication regarding grant and commissioning opportunities via the Leeds City Council and Leeds Initiative websites and other local networks;
- involve the VCFS along with other relevant stakeholders, where possible;
- provide information about service standards and outcomes to be achieved;
- inform deliverers of overall performance where delivery is contributing to a wider programme;
- be clear about commissioning processes e.g. guidance in the form of the Commissioning Toolkit.

Deliverers will:

- where relevant involve stakeholders in project/service development and delivery;
- where relevant involve stakeholders in reviews and evaluations;
- have systems to capture user feedback/ compliments/ complaints about their services and to demonstrate this information is used to improve services.

5. Accountabilities & Responsibilities

A number of accountabilities and responsibilities will apply in relation to this work.

Corporate Level

The Sponsor for the Framework at a corporate level will be Director of Resources and this will entail the following responsibilities:

- Establishment and maintenance of the corporate VCFS Resources Group to co-ordinate the implementation of this framework and to act as a point of contact for advice;
- Development and maintenance of a 'real time' monitoring system to include information about financial support and 'help in kind' to the VCFS;
- Analysis of the data received and identification of intelligence to inform decision making;
- Identification of how much money has been spent and assessment of whether the allocation of funds to the VCFS is helping to meet the Council's priorities;
- Coordination of a review of the Governance Framework on an annual basis;
- Submission of reports and/or advice to directorates, the Resources and Performance Board and where appropriate to any other Board;
- Liaison with key VCFS organisations, including infrastructure groups and service deliverers, to consult on and publicise the Framework.

Directorate/Service level

Directors will be accountable and responsible for the implementation of the Framework. Directorate representatives (lead champions) will be nominated and will work with Heads of Finance to carry out duties as follows:

- Representing the Directorate on the corporate VCFS Resources Group;
- Promoting and publicising the framework across the Directorate;
- Ensuring the Corporate Framework is implemented and complied with across service areas at a Directorate level;
- Identification of any non-compliance with the Corporate Framework and, where appropriate, seek to address this initially at a local level and to raise any significant concerns/ issues at Corporate level;
- To provide briefings and guidance for Directorate and VCFS colleagues e.g. on how appropriate systems can be established at a Directorate or VCFS level;
- Review of the Framework on an annual basis;
- Collection and verification of financial information at Directorate level;
- To report financial information to directorate Strategic Leadership Teams (SLT);
- To assess at Directorate level whether allocation of funds is meeting Council's priorities/ strategic outcomes;
- To ensure that systems are in place to assess whether funding provided to VCFS offers value for money.

VCFS

- Key Infrastructure groups to publicise the existence of the Framework across the sector.
- VCFS organisations in receipt of support should comply with the Framework;
- VCFS to raise any issues of concern about the implementation of the Framework with the relevant Directorate lead or VCFS representative.
- VCFS to have an ongoing input to the implementation and review of the Framework.

6. Applying the Framework

Where funding is approved there should be written confirmation of the offer or where appropriate, a formal agreement before any payment is made.

The funding agreement or service level agreement should include the following information:

- the amount of funding approved;

- the purpose and duration of the funding;
- the service to be delivered;
- priorities to be met;
- agreed aims/ outcomes related to the Leeds Strategic Plan;
- agreed measures of performance including quality assurance standards;
- details of evaluation requirements;
- details of monitoring/ audit requirements, including the need for recipients to keep appropriate records to demonstrate that the funding has been used for the agreed purpose and to provide access to the Council to documents/ payment systems as required;
- equality and diversity monitoring requirements;
- details of how funds can be claimed and payments will be made - this will include guidance about when payments in advance will be made and procedures to be followed if total funds are not spent;
- the legal framework regarding policies that organisations are required to hold and comply with;
- details of how the contract will end and notice period required by the project and the Council;
- actions open to the Council in the event of non-delivery, including the cessation of activity and repayment of expenditure;
- responsibility for insurance including employer's liability insurance, public liability insurance and for property/ premises to an appropriate value;
- guidance relating to sub-contracting arrangements and whether these are permissible;

7. Definition of Key Terms

Voluntary, Community and Faith Sector – Widely used term which refers to organisations in the voluntary, community and faith sector. This includes:-

Community Sector¹

Those organisations active on a local or community level, usually small, modestly funded and largely dependent on voluntary, rather than paid, effort. Can be seen as distinct from the larger, professionally staffed agencies which are most visible in voluntary sector profiles. Hence the phrase 'voluntary and community sector' to encompass the full range.'

¹ Volresource.org.uk

Voluntary sector

Term used to describe medium to large organisations that have professionally paid staff that deliver services. Groups in this sector are very diverse some with charitable status, others limited by guarantee, some with a not for profit status and some operating in a trading environment e.g. Social Enterprises. Voluntary groups are likely to have more than one source of funding. Some groups are national service providers with significant financial turnover.

Faith sector²

The Yorkshire and Humber Faiths Forum explain that “Faith and belief are a significant part of daily life today... Faith communities are also active in local areas providing services, support and resources for all as well as worship for their own believers.” “Faith communities work to improve the quality of life for people through education, social action and promoting values of harmony, peace and respect. They often work with the most marginalised, in the more deprived places where an important difference needs to be made.”

Commissioning³ - The overall process of acquiring a service which will include the strategic planning for that service (including funding for the service) the procurement process (including the drafting and letting of the contract or grant agreement) and the management of contracts or grant aid arrangements to ensure that outcomes are delivered.

Contract⁴ - An agreement between the Council and any Contractor made by formal agreement or by issue of a letter of acceptance or official order for goods, works or services. (Every contract entered into by the Council shall be entered into pursuant to or in connection with the Council's functions and shall comply with the Council's Contracts' Procedure Rules).

Grant⁵ - A sum of money given to an organisation to assist with expenses of developing and/or running an organisation (general grant) or to enable the organisation to carry out a specific project or service (specific grant). The grant giver is not contracting for a service [although a grant agreement may be required to govern the way the grant is used] but is offering financial support to an organisation. The work carried out by that organisation would be deemed to add value to the public body's overall aims and objectives.

Procurement⁶ - buying goods and services from someone else under legally-binding, contract terms where you have met all the conditions needed to form a legally-binding contract. Buying the goods or services must be for the benefit of your organisation so that you can deliver the services you provide to run your business.

Project – the term has been used in the framework to describe either a specific piece of work delivered by the VCFS or where funding is provided as a contribution to the organisation's costs.

In kind – a non monetary contribution to a VCFS organisation which assists with the delivery of its objectives e.g. secondment of a member of staff or provision of premises at a reduced / no cost.

Third party organisations – organisations other than the Council who provide funding for VCFS activities e.g. Central Government and Regional and Sub Regional agencies such as the Learning and Skills Council and Regional Development Agency.

² Yorkshire and Humber Faiths Forum

³ Corporate Priority Board Sub Group, Voluntary and Community Sector Issues

⁴ Council's Contracts' Procedure Rules

⁵ Office of Government Commerce - Think Smart.. Think Voluntary Sector! - June 2004

⁶ Compact Resources Code of Practice