



## **Funding Code of Practice**

### **Introduction**

The Funding Code of Practice forms part of the Sandwell Compact which sets out the agreed framework for the relationship between the voluntary and community sector (VCS) in Sandwell and their statutory partners. Whilst the Compact is not a legally binding document it is a statement of intent and aspiration.

This document contains some overarching shared principles which we are asking both the voluntary and community sector and statutory sector to adhere to when there is a funding relationship. There are also some principles which are specific to each sector.

**The outcomes that we want to achieve by having this Code of Practice between the statutory sector and the VCS are:**

- strong partnerships between the voluntary and community sector and Statutory Sector
- better services in Sandwell that meet local needs
- the best use of resources
- effective communication between the VCS and the statutory sector

### **Shared Principles for a Funding Relationship**

An effective and healthy funding relationship happens when:

#### **All partners:**

- have an open and honest relationship built on trust and respect for each other
- recognise the importance of local shared partnership priorities
- have a clear understanding of each other's roles and responsibilities

- have a clear understanding of each other's expectations in relation to funding, service specifications, payment arrangements, and monitoring and reporting requirements, from the start of a funding relationship
- have a commitment to focus on impact and outcomes measurement
- have a willingness to take and share risks
- have a continued dialogue and are flexible throughout the course of the funding relationship
- have a willingness to share and resolve problems
- learn from experience and share good practice
- have a commitment to maximising resources coming into Sandwell
- celebrate success

### **The Statutory Sector:**

- actively involves the VCS in needs assessments and service design
- reduces bureaucracy
- provides support throughout the course of the funding agreement
- takes a proportionate approach to risk and share risks fairly
- uses the most appropriate funding mechanism (grant or contract as set out in the Voluntary and Community Sector Funding Protocol)
- uses open and transparent commissioning and procurement processes
- has proportionate application and monitoring processes
- gives advance notice of funding opportunities
- agrees 3 year funding agreements, wherever legitimate and possible
- makes decisions promptly
- ensures that payments are correct and prompt
- uses advance or staged payments wherever possible
- negotiates any changes to the funding agreement
- explores short term transition funding to avoid gaps between funding agreements
- provides information and support regarding exit and sustainability
- shares information on future priorities and potential funding
- when awarding funding, takes into account issues of quality as well as cost
- gives a minimum of 3 months notice in writing when changing or terminating a funding relationship
- recognises that it is appropriate for the VCS to include relevant overhead and administrative costs when applying for funding and accepts costs associated with volunteering
- agrees how any under-spend is managed

## **The VCS:**

- plays an active part in needs assessments and service design
- has a clear idea of the funding needed to deliver a service
- is willing to disclose to funders how unit costs have been calculated
- delivers and evidences agreed outcomes
- has robust monitoring, evaluation and financial management systems in place which provide accurate and timely information to funders
- complies with all monitoring requirements within agreed time-scales
- has robust governance arrangements in place to help to manage risk
- demonstrates value for money
- demonstrates community impact
- achieves and maintains relevant quality standards
- negotiates any changes to the funding agreements
- gives early notice to funders of significant changes in management, funding or other risks
- gives a minimum of 3 months notice in writing when changing or terminating a funding relationship

**Compact refresh date: September 2019. Review date: 2022**