



Code of Good Practice on Funding



Bolton voluntary and community groups at a cheque presentation for funding granted

Bolton's Compact

Bolton's Compact is a statement of partnership between the local statutory sector and voluntary and community sectors. The Compact represents a commitment to respect each other's rights and responsibilities.

The Compact aims to improve the way voluntary and community groups and statutory organisations relate to each other, communicate and work together.

As part of the Compact 6 Codes of Good Practice will be produced:

- ⊕ Black and Minority Ethnic Groups
 - ⊕ Community Groups
 - ⊕ Consultation
 - ⊕ Funding
- ⊕ Partnership Working
 - ⊕ Volunteering

Bolton's Code of Good Practice on Funding

As outlined within the main Compact document, the Code of Good Practice on Funding is the first of the local codes to be developed. It consists of 10 Key Points that all partners considered essential for an Effective Funding Framework.

What Next?

All partners will be working to implement the Code. The Funding Code Working Group will meet 6 times in the next year to ensure that the Code makes a real difference to the lives of the people of Bolton.

Review Date: November 2005

10 Key Points for an Effective Funding Framework

1. Value For Money

Responsible and realistic funding applications that represent value for money and respond to an identified need. Organisations should be aware that value for money is not purely of pecuniary relevance, but rather is intended to represent three key principles of:

- o Economy – Obtaining appropriate resources at minimum cost (requiring realistic budgeting and planning)
- o Efficiency – Achieving as much as possible with the resources available or achieving what you need to do with the lowest input of resources possible.
- o Effectiveness – Achieving objectives (based on an assessment of need and informed by evidence of what works)

2. Implement appropriate systems of accountability to ensure that public money is managed well

It is important for organisations receiving funding to be aware of their responsibilities when managing public monies. It is the responsibility of funders to state these responsibilities explicitly within funding contracts. We need to recognise that certain funds have immovable external requirements to be met. As far as possible local funders should aim to ensure that requirements on funded organisations are balanced in view of the amount of grant, size of organisation and risk of undertaking.

3. Respect for the independence of the voluntary and community sector

Respect for the independence of the voluntary and community sector is essential for effective and productive partnership working to take place. For voluntary and community organisations to fully participate in a partnership setting they must be in a position to come to the table as equal partners. Allowing funding issues to compromise the independence of voluntary and community organisations can have a major impact on the infrastructure of the sector as a whole.

4. Recognising the voluntary and community sectors need for sustainability and financial stability through longer term planning

Without financial stability and sustainability, the voluntary and community sector is unlikely to be effective or efficient in delivering project aims. Insecurity about funding and a constant need to ensure continued funding diverts attention away from delivering organisation objectives and creates potentially disastrous staff retention problems. Wherever, possible Funders will seek to minimise risk and instability by putting in place reasonable mechanisms that recognise the financial needs of the voluntary and community sector. Funders will, for example, seek to inform and discuss with organisations already in receipt of grants at an early stage. This will enable sensible financial management and assist organisations to fulfil their obligations as employers. If decisions are taken by Funders which affect an organisation financially or otherwise, the organisation will be offered the opportunity to discuss the basis of that decision and any likely consequences, with the funder. Discussions will also seek to offer advice and support in implementing and achieving change.

5. Recognise the importance of core costs to the voluntary and community sector and the ways in which these can be met

Voluntary and community organisations often struggle to secure funding for their core management and administrative costs. Funders need to recognise that these are vital in allowing organisations to maintain the stability to deliver, plan and develop their services and activities. Core costs can be met in a number of ways, in-line with the National Code of Practice it is recommended that where reasonable and appropriate the following methods are considered:

- o Multi-Year Strategic Funding – A strategic decision is taken to fund an organisation over a number of years based for example on matched objectives and a good track record of achievement
- o Project Funding – Funding is awarded for the duration of the project rather than by annual bidding rounds and allows an element to cover core costs.
- o Development Funding – This is an investment in capacity, which allows an organisation to grow and develop in response to change.

6. Understand the need to invest in the capacity and infrastructure of the voluntary and community sector.

It is important that statutory agencies recognise that they cannot expect voluntary and community organisations to meet their objectives if they are not offered the support mechanisms and opportunities to develop their skills and knowledge. There is also a responsibility on the voluntary and community sector to develop and share skills and knowledge. Failure to offer capacity building support not only undermines the infrastructure of the sector as a whole but risks the longer term survival of individual groups.

7. Act fairly and consistently when awarding funding, ensuring clarity in funding conditions

It is essential that partners who sign up to the Code of Good Practice on Funding have in place systems that allow them to demonstrate time after time that they are treating applicants fairly. However this principle goes much further and applicants should be clearly informed about what is expected from them in order to compete for access to limited funding. In order for this to be possible there needs to be a clear and transparent application process. This could include training for grants panel members, published criteria and clear guidance about the process.

8. Valuing diversity by addressing inequalities in access to funding.

Bolton is a thriving multicultural town and this diversity needs to be encouraged and supported. Unfortunately, many voluntary and community groups experience barriers to successful fundraising. Partners signing up to this code of practice should commit to identifying those groups and addressing inequalities in funding provision through a range of service developments. In addition monitoring to ensure successful take up of grant funding is essential to demonstrate when improvements have been made.

9. Improve co-operation and consistency between local funders

The aim of this principle is to ensure that local funding organisations have an understanding of what others are doing and therefore work together where appropriate. Improving consistency means that we can strive to adopt funding processes that are not conflicting or duplicating one another. Ideally local funding programmes should be either complementary or mergeable.

10. Negotiated, co-ordinated and consistent approach to monitoring and evaluation that is both appropriate and proportional

Within this principle there is recognition that monitoring and evaluation processes are important but that local funding bodies cannot effectively operate these in isolation. Monitoring and evaluation requirements must be appropriate for the amount of grant awarded and for the group involved as well as the funder. Where possible monitoring and evaluation procedures should be negotiated between both parties rather than being imposed by the funder. It is essential that a variety of methods are considered as well, most organisations will monitor projects internally and these systems should be used where possible to avoid excessive administration that could detract from project objectives. For voluntary and community organisations it is important to recognise that monitoring and evaluation should be an integral part of any successful developing project.



The Funding Code of Good Practice was developed by:

**Bolton Community Network
Bolton Council for Voluntary Service
Bolton Metro
Bolton Primary Care Trust
Lloyds TSB Foundation**

**Thanks also go to all the organisations that took part
in the consultation process**

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Compact

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Voluntary and Community Groups seeking help with funding

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Funders seeking help with good practice

Education and Culture Department – Bolton Metro

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