

Leicester compact commitments for public-sector organisations and voluntary and community sector organisations that are in a funding relationship

A Voluntary and community-sector commitments for organisations that receive funding from the public sector

As well as the shared commitments and the commitments for all voluntary and community-sector organisations, those voluntary and community sector organisations that receive funding from the public sector that have signed up to this compact will also:

- a recognise the need to adapt to the changing needs and priorities of the city;
- b always involve people who use their services in shaping them;
- c recognise that no public sector organisation can ever guarantee funding;
- d have a thorough understanding of all the money coming into their organisations and all the money they spend, and full cost recovery;
- e work with high standards of governance, openness and financial management, providing appropriate evidence of their financial position when bidding for contracts and accounting for how they use public funds;
- f accept, manage and make provision for reasonable risks in delivering services on behalf of public sector organisations;
- g identify evidence and needs, and share information and learning with their funder, to influence the way policies are developed;
- h recognise that where new needs are identified, they need to be presented with evidence through formal policy development processes; and
- i reach prior agreement with existing funders where accessing broader funding opportunities would result in an additional financial commitment for those funders.

B Public sector commitments when funding voluntary and community-sector organisations

As well as the shared commitments, in relation to those voluntary and community organisations that they fund, public sector organisations signing up to this compact will also:

- a work with the voluntary and community sector organisations that they fund to help plan services;
- b only pass on reasonable risks in proportion to the value of the contract and the ability of the voluntary and community sector organisation to manage it;
- c recognise the value and purpose of infrastructure organisations which co-ordinate and support activity in the voluntary and community sector, making sure that an appropriate level of support is provided; and
- d make sure that different parts of their organisation act consistently when dealing with the voluntary and community sector.

Funding

Public sector organisations must do the following in terms of funding.

- e Have fair and open processes for making funding decisions about voluntary and community sector organisations.
 - o Be open, clear and consistent, both about the financial and policy restrictions that will shape funding decisions and about how voluntary and community sector organisations can access public sector procurement and commissioning processes and other funding opportunities.
 - o Before making any funding decisions, formally deciding on a clear, objective approach on how they will be made that reflects the financial and policy considerations mentioned above;
 - o Making sure that all funding decisions are in line with this approach.
- f Work individually and together to reduce bureaucracy throughout the funding processes, making each stage as simple

as possible, using clear, consistent guidance, monitoring and audit arrangements.

- g Aim to join up commissioning, contracting and funding arrangements as far as is possible across the local public sector;
- h Aim to join up application, monitoring and audit arrangements between different funding organisations where joint funding arrangements exist, reflecting the local area agreement.
- i Use more stable funding models where the length of funding is tied to the objective for which the funding is given
- j Giving enough notice of funding decisions and making payments on time, and offering payments to organisations in advance of spending wherever possible.
- k Through infrastructure organisations, help voluntary and community organisations to develop broad funding bases, sharing funding information such as needs and sources at an early stage and involving partners in developing funding strategies.
- l Not restrict voluntary and community sector organisations accessing broader funding, except when this would result in additional financial commitments for them as a funder, when prior agreement would be necessary;
- m Consult the voluntary and community sector in good time on any significant changes to funding arrangements.
- n Make sure that grants also include some funding for overhead costs.
- o Use the type of funding system most appropriate to the type of activity that would be carried out by a voluntary and community organisation, including subsidy, sponsorship and grants.
- p Provide funding that supports the skills, knowledge, structures and resources of the voluntary and community sector, including improving how well organisations can bid or tender for public services.
- q Confirm the amount of funding two months before the start of projects, if possible.
- r Recognise and value the services and activities carried out by funded organisations that are not financed from public money.

Contracts for Services with voluntary and community sector organisations

Public sector organisations recognise and agree the following principles:

- s That the costs of providing a service, under a contract or service agreement, reflect the full cost of delivery (including any relevant part of the overhead costs).
- t When buying services from the voluntary and community sector, that services delivered by local organisations may provide added value because of their community base and ability to build community capacity.
- u That the involvement of voluntary and community sector organisations in delivering public services is made clear in public sector procurement strategies