

Plymouth Compact

Funding and Procurement
Code of Practice

**Improving
partnership
working between
the public and
third sectors**



Introduction

The Plymouth Compact is an agreement between the local public sector bodies and the third sector to support and improve partnership working between the sectors. It is underpinned by the Codes of Good Practice, based on the national Codes which cover the following areas:

- Black and Minority Ethnic Communities
- Consultation
- Funding and Procurement

The Plymouth Compact and its Codes contain specific undertakings for each sector, as well as a series of joint undertakings, which aim to make a positive impact on partnership working in the city. In this context, the term “undertaking” commits partners to work towards the principle or action in question.

What is the aim of this code of practice?

This code sets out standards and commitments for all funding and procurement activities between the public sector and the third sector.

Establishing and maintaining good working relationships between the public and the third sector is vital to ensure Plymouth achieves its vision:

‘To become one of Europe’s most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone’

Plymouth’s Local Strategic Partnership (LSP) is called Plymouth 2020. Many issues facing the city and its community can only be tackled and resolved if all parts of the community work together. The Partnership brings together many organisations and groups that are involved in making decisions that affect the future well-being of the people of Plymouth. The voluntary, community and public sectors are all represented within Plymouth 2020 Partnership.

Please contact 01752 304026 if you would like this document in another language or format.



When you see this logo you know an organisation is a member of the LSP.

What is Funding and Procurement?

The various funding relationships which exist between the Public Sector and Third Sector can be broadly explained in the following terms:

Purchasing: Is part of the procurement cycle and is the process of acquiring goods, works and services from suppliers/providers. The process spans the whole cycle from the identification of needs through to the end of a service contract, or the end of the useful life of an asset.

Investing: The public body may wish to invest in the third sector, through loans or other forms of funding, where these bodies assist in rolling out strategies, or where the organisations have a service worth investing in as a future potential supplier/provider.

Grant Aid: The public body gives a sum of money, for a specified period of time, to third sector organisations to help support projects and/or the running costs of their services.

Commissioning is the means to secure the best value for local citizens.

It is the process of translating aspirations and need, by specifying and procuring services for the local population, into services for users which:

- deliver the best possible outcomes, including promoting equality
- provide the best possible provision
- achieve this within the best use of available resources

What is full cost recovery (FCR)?

Full cost recovery means recovering or funding the full costs of a project or service. In addition to the costs directly associated with the project, such as staff and equipment, projects will also draw on the rest of the organisation. For example, adequate finance, human resources, management and IT systems are also integral components of any project or service. The full cost of any project therefore includes an element of each type of overhead cost, which should be allocated on a comprehensive, robust and defensible basis.

Historically, third sector organisations have struggled to secure funding for their overhead costs, leading to under-investment in management and leadership, internal and external infrastructure, strategic development and governance. This difficulty has been exacerbated by a trend on the part of the sector's funders towards funding the direct costs of projects rather than overheads or 'core funding'. Failure to secure funding for overhead costs makes important services, including public services, and the organisations that deliver them, unsustainable. Both the government and the sector's representatives have agreed on a solution: Full Cost Recover (FCR).

Under FCR, organisations and their funders ensure that the price of the contracts and grants reflects the full costs of delivery, including the legitimate portion of overhead costs. This commitment poses challenges for both organisations and their funders.

Third sector organisations must cost their projects and services on an accurate, defensible and sustainable basis.

All public bodies must fund services sustainably, by permitting the inclusion in prices of the relevant portion of overheads, and ensure that prices are determined on a realistic basis.

Funding and Procurement Code of Practice

This code will support the provision of effective, efficient and high quality services to the people of Plymouth.

Joint Undertakings

- 1.1** Commit to the highest standards in the use and administration of public funds.
- 1.2** Recognise the value or need of assisting organisations that provide support to Third Sector front line organisations and service users and carers.
- 1.3** Jointly manage risk between the public sector body or third sector organisation throughout the life of the commissioning process.
- 1.4** Assess and inform on the implications of any likely funding cuts or changes to local and national funding priorities and programmes at as early a stage as possible.
- 1.5** Be clear about funding timescales and associated contracts and agree an exit strategy within the individual agreements/contracts.
- 1.6** Payment terms to be agreed when funding and/or contract arrangements are set up.
- 1.7** Promote and develop existing opportunities and innovative approaches for sharing mutual 'in kind' support such as training, staff secondment and premises and other resources taking into account resource implications.
- 1.8** Apply the principals of full cost recovery across all contracts.
- 1.9** Apply appropriate and proportionate monitoring and evaluation and consider joining up or standardising monitoring requirements with other local funders.

Public Sector Undertakings

- 2.1** Ensure that information on funding opportunities is available.
- 2.2** Ensure that procurement processes follow existing guidelines, standing orders and legislation.
- 2.3** Develop effective arrangements for co-operation between public sector partners where different agencies are funding the same organisation, which will strengthen and encourage partnership and collaborative working.

Third Sector Undertakings

- 3.1** Have clear lines of accountability, especially with joint bids e.g. consortia, and properly allocate costs.
- 3.2** Ensure that work programmes are well planned that deliver quality outcomes/outputs. Ensure a clear understanding of all terms and conditions.

Making this code of practice work

The Plymouth Compact provides a framework to help us work together more effectively. As such, it needs to evolve to take account of improvements in the relationship between the sectors and the changing partnership environment. There will be an annual review involving representatives of all Plymouth Compact partners to:

- Review the operation of the Plymouth Compact and its Codes of Practice
- Ensure all partners are complying with Compact undertakings
- Agree an annual action plan, which sets milestones for the further development of the Compact and its implementation
- Evaluate the difference that the Compact is making in Plymouth

What if things go wrong?

In exploring and learning new ways of working together we should expect that disagreements or disputes would arise as part of this learning experience.

If an organisation is concerned that another organisation has breached the Compact they should seek to resolve the difference directly with the organisation clearly stating the Compact commitment that has not been adhered to.

However, if you are unable to resolve the issues between yourselves there is a dispute resolution procedure in place.

For further information about the dispute resolution procedure and the Plymouth Compact please contact:

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Email: lsp@plymouth.gov.uk www.plymouth2020.co.uk

