

Third sector organisations, including those that receive no public funding, are often in a good position to understand what people want and how their needs can be met. By working together and co-designing programmes, public sector and third sector organisations can deliver policies and programmes that are built around communities and individuals, meeting their needs and reflecting their choices.

## Commitments for the Public Sector

A large blue arrow pointing to the right, with the word 'Planning' written in white text inside it.

Planning

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| <ul style="list-style-type: none"><li>• Plan new programmes and services with a focus on outcomes, providing scope for innovation wherever possible</li></ul>                    |
| <ul style="list-style-type: none"><li>• Work with third sector organisations to understand public service reform and support the sector in responding to changes</li></ul>       |
| <ul style="list-style-type: none"><li>• Begin planning programmes and services well in advance of the expected start date, based on consultation with the third sector</li></ul> |
| <ul style="list-style-type: none"><li>• Ensure that third sector organisations are likely to have a view on a new programme or service are involved from the beginning</li></ul> |
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## Choosing finance and funding options

- Consider different ways of funding organisations working with the public sector. These methods could include grants, procurement, loan finance, training, use of premises, or other support. A clear rationale should be provided for the decision
- Ensure that the size and scale of the funding arrangement reflects the project's objectives and attracts those organisations best placed to deliver the outcomes
- Advocate that prime and sub-contractors and all other public and private bodies distributing public money work within the Compact by making it a requirement of funding arrangements
- Apply the Compact when distributing European funding. Where conflicts arise with European regulations, discuss the potential effects
- and possible solutions with the third sector organisation



## Application and bidding process

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- Ensure that application documents are publicised widely, proportionate to the nature of the risk and amount of funding being allocated, and contain enough information to allow organisations to make informed decisions



## Application and bidding process

- Require that application and bidding processes across funding bodies are consistent with relevant guidance on public procurement
  - Allow enough time for organisations of all sizes to apply, as well as consortia and partnership working bids
  - Be clear about how bids will be assessed
  - Make decisions based on value for money. This may include taking into account the wider community benefits at the award stage or when identifying procurement needs
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## Understanding costs

- Recognise that it is appropriate to include relevant overhead and administrative costs in applications
  - Accept the recovery of costs associated with volunteering, such as managing volunteers and reimbursing expenses
  - Be consistent across sectors when requesting cost breakdowns from organisations
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## Making decisions

- Commit funding for three years or more. If this is not the best way to deliver the best value for money, public sector organisations should explain clearly what alternative funding arrangements could deliver the same outcomes
  - Make funding decisions and inform organisations at least three months in advance of the expected start date. Any departure from that time scale should be justified and explained
  - Provide constructive feedback to unsuccessful organisations
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## Agreeing delivery terms

- Discuss the risks to the project and agree delivery terms before a financial agreement is signed
  - Allocate risks to the organisation(s) best equipped to manage them. Ensure that delivery terms and risks are proportionate to the nature and value of the opportunity
  - Agree a process for managing performance and responding to changing circumstances before sharing a financial agreement
  - For grants, agree how under spend will be managed
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## Making payments

- Make payments in advance of expenditure where there is a clear need and where this represents value for money
- Make payments within 10 working days of invoices being received



## Monitoring and reporting

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- Discuss and agree how outcomes will be monitored before a contract or funding agreement is signed
  - Be clear about what information is being requested, why, and how it will be used
  - Ensure that monitoring and reporting is proportionate to the nature and value of the opportunity
  - Consider how service users can be involved by getting their perspective on performance
  - Aim to standardize monitoring and reporting arrangements
  - Ensure that monitoring is consistently applied to organisations in all sectors
  - If the project is encountering problems, discuss and agree a timetable of actions to improve performance before making a decision to end a financial relationship



## Concluding a financial relationship

- Assess the impact on beneficiaries, service users and volunteers before deciding to reduce or end funding
  - Where there are restrictions on future resources, discuss the potential implications as early as possible with third sector organisations
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- Give a minimum of three months' notice in writing when ending a funding relationship or other support, and provide a clear rationale for why the decision has been taken
  - Give organisations an opportunity to respond to the end of funding and consider the response before making a final decision
  - Review programmes and services with relevant third sector organisations to inform future practice
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## Contributing to planning

### Commitments for the Third Sector

- Involve users, beneficiaries, members, volunteers and trustees when designing or reviewing programmes and services



**Making applications and bids**

- Provide feedback to contributors on information that is presented to the public sector and on what the outcomes are
- Be clear about who they are representing, in what capacity, and on what basis they are making that representation

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- Be clear on the reason for bidding or applying to deliver programmes or services
  - Show understanding of how new funding will impact on their organisation, relate to its mission, and contribute to its income mix
  - Ensure they have a robust and clear understanding of the relevant overhead and associated costs to include when applying for resources
  - Be clear which organisation is the accountable body in partnership or consortia working relationships
  - Apply Compact principles when sub-contracting to other third sector organisations

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## Agreeing delivery terms

- Be clear about the risks associated with delivery programmes and services, and agree delivery terms before a contract or funding agreement is signed
- Have appropriate governance arrangements in place and ensure that everyone involved understands and agrees delivery terms
- Be clear about payment terms, and if appropriate, demonstrate why payment in advance is required
- Recognise that it is legitimate for funders to ask for public recognition of their funding
- Have appropriate systems in place to manage and account for finances



## Monitoring and reporting

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- Negotiate monitoring and reporting requirements before a financial agreement is made
  - Recognise that monitoring, both internally and externally, is an element of good management practice





**Monitoring and reporting**

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| <ul style="list-style-type: none"><li>• Ensure that systems are in place to deliver the reporting required</li></ul>                             |
| <ul style="list-style-type: none"><li>• Give early notice to funders of significant changes in management, or financial or other risks</li></ul> |
| <ul style="list-style-type: none"><li>• Be open and transparent in reporting</li></ul>   |
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**When a financial arrangement ends**

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| <ul style="list-style-type: none"><li>• Plan for the end of funding to reduce any potential impact on beneficiaries and the organisation</li></ul> |
| <ul style="list-style-type: none"><li>• Contribute positively to reviews of programmes or services to inform future practice</li></ul>             |
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