

Sheffield Health Compact Protocol on Funding Executive Summary

What is the Sheffield Health Compact?

- It is an agreement between the NHS Trusts and the voluntary, community and faith (VCF) sector, about how they work together. All parties signed up to common principles in April 2004. Since then, working groups have been developing protocols on funding, partnership, and participation and consultation.

Why have a protocol?

- The aim of the three protocols is to make a positive impact on the relationship that exists between the statutory agencies and the VCF Sector in Sheffield. The protocol will help to develop and sustain effective procedures that result in a more effective relationship between NHS trusts and the VCF sector.

Aims and main principles of the funding protocol

Funders will:

- Commit to ensuring that all funding streams are transparent, consistent and fair. When commissioning services they will work to ensure that the true cost of delivery is funded in full.
- Recognise that longer term funding improves sustainability and longer term planning and is preferable to annually renewable funding.
- Make payments in advance of expenditure rather than in arrears, as smaller VCF sector provider organisations will not normally have the capacity to manage the cash implications of payment in arrears.

VCF sector will:

- Develop financial strategies and supporting business plans using the principles of full cost recovery, submitting the full cost of providing a service to ensure the longer-term sustainability of the organisation.
- Operate with good management practice, maintain high standards of governance and conduct, and provide a commitment to equal opportunities in relation to staff, volunteers and end users.

Making Funding Bids

Funders will:

- Ensure that applicants have access to all the relevant background, especially the strategic policies and priorities to which their funding bids should relate, type of funding available, eligibility criteria, and that applicants are offered a mutually realistic timetable.
- Work towards establishing joint procedures where a number of funders have an interest in supporting an organisation, in order to streamline procedures and reduce duplication.
- An arbitration service should be used where disputes cannot be resolved. These provisions should be included in contract and service agreements as standard.

Assessing Funding Bids

Funders will:

- Ensure that assessment processes are transparent, so that all applicants are aware of the process and how they will be assessed.

- Tell organisations why the funding bid has been unsuccessful

VCF sector will:

- Work to ensure that they know the full cost of delivering a service.
- Ensure that realistic costing of services to be provided, including start up and evaluation costs, are incorporated into any bid.

Notification of Funding Decisions

- Funders will notify applicants of the funding decision a minimum of four months before the new funding term starts to ensure that organisations can plan recruitment and start up activities with applicants being informed in good time of any departure from the published timetable.
- Funders recognise that different types of funding, i.e. service, project, and strategic, need differing lengths of notice of withdrawal of funding.

Financial Arrangements

Funders will:

- Treat the overheads of voluntary and community organisations as they do those of the private sector.
- Issue contracts rather than service level agreements for funding of mainstream services.

VC&F Sector will:

- Negotiate additional costs with the relevant department before they are incurred. Additional costs within the period of the agreement will only be agreed in exceptional circumstances.
- Have in place effective and proportionate financial systems for the management, control, accountability, propriety and audit of finances.

Monitoring and Evaluation

Funders will:

- Establish a joint approach to monitoring and evaluation where funders have a named person who is responsible for monitoring and evaluation.
- Reduce the amount of monitoring information required during an agreed time-scale for organisations that meet the quality standard.

VC&F sector will:

- Have in place systems for monitoring and evaluating activities against agreed objectives and have a named person who is responsible for monitoring and evaluation.
- Include the cost of monitoring and evaluation into all funding bids.

Checklist on funding

	Key things to consider	✓
1.	Your organisation is signed up to the COMPACT and this code of conduct	
2.	Recognising the value of multi-year funding where organizations are well-managed and meet priority need	
3.	Funders provide accessible information	
4.	All timescales are known and realistic	
5.	Decision-making processes are transparent	
6.	Both parties support “full cost recovery”	
7.	Monitoring and evaluation processes are agreed and implemented	
8.	There is an agreed process for resolving disputes	