



# The Anglesey Code of Practice for Funding the Third Sector

Updated 2019

0.2



This code of practice sets out the principles and procedures for funding arrangements with the Third Sector

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## 1. **Introduction**

The Isle of Anglesey County Council (IOACC) values the role of the Third Sector in supporting the Council and delivering projects and services for the benefit of Anglesey.

This code applies to those third sector organisations (including social enterprises) from which the Isle of Anglesey County Council (the 'Council') commissions a service, or to which it provides funding via a grant. Additionally, this code applies across the Council and should be followed by all services and officers when commissioning and funding provision with the third sector.

Ideally, a group of Third Sector Champions representing departments and functions across the Council will support dissemination of this code and will work together to support the aims of the code.

## 2. **Aims**

This code of practice aims to:-

- Build upon the positive relationship that exists between the Council and the Third Sector through fair and transparent third sector funding arrangements which are applied consistently;
- Incorporate the principles and requirements of the Welsh Government Code of Practice on Third Sector Funding (January 2014).

The code complements the Anglesey Compact, which is the strategic Partnership Agreement between the Third Sector on Anglesey and the Council.

## 3. **What is a Third Sector Organisation?**

A Third Sector organisation is defined in S16 (2) of the Social Services and Well-being (Wales) Act 2014 (the 'Act') as "an organisation which a person might reasonably consider to exist wholly or mainly to provide benefits for society". In addition, the Act defines social enterprise in S16 (2) of the Act as "...an organisation whose activities are wholly or mainly activities which a person might reasonably consider to be carried out for the benefit of society (its social objects), and which (a) generates its income through business or trade, (b) reinvests most of its profits in its social objects, (c) is independent of any public authority and (ch) is owned, controlled and managed in a way that is consistent with its social objects.

This code uses the term Third Sector to include social enterprises.

## 4. **Underlying principles**

The Welsh Government's Code of Practice on Funding the Third Sector includes a number of general principles. These principles, as summarised below, form an important basis for the Anglesey Code of Practice.

- The funding arrangement must be in pursuit of the delivery of Council and Welsh Government strategic policy objectives as relevant to the funding stream;
- The Council respects and values the Sector's independence;
- The Council recognises the importance of early and constructive dialogue with the Third Sector and will seek to be transparent and objective in its work with the Third Sector;
- The Council will seek to make timely decisions about funding and commissioning arrangements in line with the Welsh Government code of practice and the Public Procurement regulations as relevant. The Council will notify Third Sector organisations about future funding at least three months prior to the expiry of an existing funding agreement;
- Security of funding – the Welsh Government advocates longer-term funding arrangements wherever possible and appropriate. The Council acknowledges the benefits of longer-term funding arrangements and will implement longer-term funding arrangements where it can and subject to adequate budgetary resources;
- Fair funding levels – inflation will be provided to the Third Sector funding arrangements where affordable. However, in times of financial pressures, the Council considers it reasonable to expect constraint to be applied by the Third Sector organisations too. To help ensure fairness, the Council will aim to take a consistent approach as possible to inflation/efficiency savings as those applied internally. Specific needs of specialist sectors will also be taken into account as far as possible;
- Value for Money – Third Sector organisations are expected to ensure the economic, efficient and effective use of public money. Value for money considerations also apply to allocation of grants and procurement;
- Full cost recovery – Third Sector funding for a specific project or service will cover the full cost of running a project or service, including a share of the overheads, subject to funding resources available. This excludes where the Council gives a grant or contribution to a Third Sector organisation towards their core costs;
- Commissioning principles – public bodies are expected to operate best practice commissioning principles and Third Sector organisations are expected to engage fully with the commissioning processes;
- Payments - the Council will make payments in arrears. Invoices should include adequate detail to explain purpose of the invoice and should be accompanied by monitoring information as relevant to the funding agreement. In exceptional cases, the Council will consider requests for payments in advance in writing, where there is strong evidence for the need. Payments in advance will only be made in exceptional circumstances;
- Fair and reasonable treatment – the Council will aim to implement Welsh Government's recommendation as far as practicably possible, that, as good practice, Third Sector should be provided with twelve weeks consultation and a twelve week notice period before any policy changes or decisions which would lead to any withdrawal or significant reduction of funding;
- Joint approach to monitoring, evaluation and audit – both the Council and Third Sector organisations will fully engage in monitoring, evaluation and audit procedures;
- Identifying expertise and developing capability to deliver – the Welsh Government, as does IOACC, recognise that there is a wide range of knowledge and skills within the Third Sector. The Third Sector can, and does, make a major contribution to the achievement of Government and Council priorities and to improving the lives of Welsh people and communities of Anglesey. Welsh Government recognises that Third Sector organisations need support to ensure their potential is fully realised and good practice is shared widely. The diverse nature and skills offered by the approximately 700 Third Sector organisations operating in Anglesey is recognised by the Council, and the Third Sector may play a key role in the transformation of Council services;

- *Diversity – the Council recognises the diverse needs of people and communities and the variety of services to meet these needs. The code also recognises the importance of the Welsh language and that there should be equal opportunities for service users to use Welsh and English languages in the Third Sector services. The standards required by the Welsh Language (Wales) Measure 2011 part 4 will need to be complied with by the Council and Third Sector organisations that deliver services on the Council's behalf;*
- *Innovation – the code of practice advocates working in partnership with the Third Sector and other partners to identify innovative practices that improve the delivery of public services in Anglesey, particularly as part of the Anglesey Transformation agenda;*
- *Good governance and due diligence – this principle promotes the need for good governance and due diligence from the Council and Third Sector organisations alike;*
- *Monitoring the code of practice for funding the Third Sector – the final principle is about compliance with the code. Welsh Government will put robust monitoring processes in place to support compliance with the code. This Anglesey version of the code provides procedural guidance which will support compliance with the Welsh Government code*

Source: Welsh Government, 2014, Code of Practice for funding the Third Sector, p25-34

## 5. **Scope**

*Third Sector organisations are diverse in legal form, size and services they deliver. They can be community associations; self-help groups; voluntary organisations; charities; faith-based organisations; social enterprises; community businesses; housing associations; development trusts; co-operatives and mutual organisations. (Welsh Government, 2014, p.23)*

This Code of Practice relates, primarily, to funding received by the Third Sector from the Council, whether as a grant or a commissioned service.

Where funding is administered by the Council on behalf of a funding body, for example:-

- The Welsh Assembly Government
- Partnership funding

the criteria laid down by the funding body will be followed and will over-ride any provisions of this code.

This code also recognises that many partnership arrangements exist between the Third Sector and the Council where there is no financial award:-

- Payments 'in kind' (e.g. access to accommodation);
- Access to training;
- Multi agency groups which promote a specific initiative.

## 6. **Funding Mechanisms**

The two main funding mechanisms between the Council and the Third Sector are by:-

Grant to the Third Sector organisation or a service commissioned (contractual arrangements) from the Third Sector organisation.

### 6.1 **Grant or Procurement**

The procedures for providing grants to Third Sector organisations and commissioning/contractual arrangements with the Third Sector are detailed below. There is sometimes confusion about whether to provide a grant or procure the service from a Third Sector organisation. Welsh Government provides the following guidance:-

### **Grant v procurement**

A key determinant of whether a grant-funded or procured approach should be used is linked to the proximity of the purchase to the Government (or in this case local authority) business needs or policy. In general terms, a grant approach should be used where the government (local authority) wants to financially support external bodies to undertake activities to help meet its policy objectives and priorities. A procurement approach should be used when the Government (local authority) specifically defines the goods and/or services it requires for its direct benefit or use.

- Where the authority does not have the legal power to undertake the work itself, it is unlikely that it could acquire them under contractual arrangements. Instead, a grant could be provided;
- Where the intention is to secure a direct service for the Government (local authority), either in the supply of goods or services or in direct furtherance of its functions or policy objectives, then a procured approach is likely;
- If the council proposes to fund all the requirements for which the funding is being paid, it is likely that procurement would be the best approach to achieve value for money for the authority. Often, grant funding covers only a part of the cost of a project or activity with funding also coming from other sources. This means that other funders also have a stake in determining the direction and outcomes of the work;
- The degree of control also helps to determine whether a grant or a commissioned arrangement is the best approach. The more prescriptive the council wishes to be about specifying the service required or the outputs secured, the greater the presumption there is for proceeding via procurement.

*Source: Welsh Government, 2014, Code of Practice for Funding the Third Sector, p38-39 (amended)*

## **6.2 Grant funding to the Third Sector**

Grants are provided by the Council to Third Sector organisations as a means of supporting an organisation to undertake activities which are congruent to the Council's priorities. This might be as a grant towards core costs of running and developing an organisation or to support specific projects or services.

### **6.2.1 Core Funding**

The Welsh Government states that, generally, core funding is for financing a Third Sector organisation to carry out activities that the Third Sector organisation chooses, within broad parameters agreed with the Council. Core funding is used when there is a high level of trust between the public body and the Third Sector organisation. Welsh Government, 2014, p. 37. A core funding arrangement has the following characteristics:-

- The management relationship between the Third Sector and the Council is deliberately arm's length;
- The Council will review and confirm its priorities once a year;
- Monitoring and evaluation arrangements are more light touch;
- Accountability arrangements should emphasise the accountability of trustees or equivalent;
- Core funding allows the Third Sector organisation to conduct their key activities in accordance with their governing document;
- Core funding is, usually, provided for a given period (usually no more than 3 years).

## **6.2.2 Project Funding**

A grant towards a project will, usually, be awarded, and then ultimately paid, for the achievement of defined outcomes generated by an individual project. Project funding can be used for revenue costs, for example, salaries and day-to-day running costs and/or capital costs such as the costs associated with the development or purchase of fixed assets such as buildings, as specified in the terms and conditions of the grant. Characteristics include:-

- Project funding tends to be time limited;
- Where the project is very short-term, for example, less than 3 months, and outside the cycle of a financial year, the requirement of three months' notice prior to commencement of the project is relaxed as this might not be realistic or desirable;
- Project funding is provided for specific outcomes.

## **6.2.3 Procedures to follow when issuing a grant**

- (i) Ensure that the right approvals have been sought and that there is authority to offer the grant funding at the very start.
- (ii) Note the Wales Audit Office recommendations included in Appendix 1 and implement recommendations as relevant.
- (iii) Any funding pots of £10,000 or more to be awarded as grants must be advertised to give all relevant organisations the opportunity to bid for grants. This approach is not only more objective and fair but will help to identify and support the organisations which contribute the most to the priorities of the Council.
- (iv) An objective approach must be followed in allocating grants. An evaluation matrix to help score the grant bids and identify how they would support Council priorities should be produced for each grant award exercise. See appendix 2 for an example.
- (v) A panel should be convened to score the bids shortly after the deadline for receipt of bids. This panel should have officers on it which could offer objectivity. Ideally, a multi-agency approach could support objectivity, particularly where the grants being offered are substantial. An officer of Medrwn Môn could be invited to take part in the scoring panel as they support the Third Sector as a whole. However, if Medrwn Môn submits a bid as part of that particular bidding process to the Council, they cannot take part in the selection panel. Other representatives could be invited from individual Third Sector organisations. However, the representative should be impartial and their organisation must not be party or linked to the bidding process. Ideally, and where relevant, a service-user or users should be invited to take part in the panel, however, the service user must not have any links with any of the organisations submitting bids. A clear record of each bidding organisation's score must be kept with a clear record of the reason for the organisations selected (usually, the highest scoring based on a quality/price scoring ratio).

(vi) Write to successful grant applicants with the grant offer, details of when the grant will be paid and targets to be met. The letter must include duration of grant, list of key corporate priorities the grant will contribute to and monitoring information which will be appropriate to the amount of grant being offered (see monitoring section 12). **The grant letter must include the following sentence “this grant is provided and administered in compliance with the Welsh Government Code of Practice on Funding the Third Sector”** (2014, p34). The offer letter should include the requirement to notify the Council as soon as possible if the grant is no longer needed or if an underspend is predicted. The grant can then be reallocated and the Third Sector organisation could be advised to apply for future grant funding if required. A grant acceptance form should be sent with the offer letter, which requires the authorised signatories from the Third Sector organisation accepting the grant offer. The organisation must return this acceptance form within two weeks of the grant offer letter. In addition, the Welsh Government provides the following guidance in relation to grant offers:-

- Use of Funding - it is important that both the Council and Funded body are clear about their respective roles and responsibilities in the use of grant funding;
- Funding pre-conditions - the conditions that a funded body must satisfy before funding will be released;
- How to claim the Funding - this is an important section as it sets out when payments will be made and what funded bodies must do to satisfy Grant Officials that funding has been (or in some cases, will be) used responsibly and for intended purposes only;
- General obligations - refers to the areas for which funded bodies must implement measures to prevent fraud, ensure compliance with all relevant law and regulations, manage risk, and, generally, co-operate with the Council/Welsh Government officials seeking assurance as to the proper use of grant funding;
- Declarations - this is the funded body's formal agreement that it will comply with all the terms and conditions of funding set out in the award letter;
- Notification Events and their consequences - funded bodies must comply with the provisions of this section where one or more prescribed event occurs (e.g. grant has been overpaid or the funded body has failed to comply with funding conditions - a full list is contained in a schedule to the letter). The section also stipulates what Welsh Government may do in response to such notification;
- Audit requirements - as recipients of public monies, it is right and proper that funded bodies account for, and demonstrate appropriate and responsible use of, such monies. Where requested, they must give access to the Council, Welsh Government, Wales Audit Office or European Commission officials (or their representatives) to inspect any funded activities and associated documentation. A clear record of all expenditure relating to the grant should be recorded in the organisation's financial system including evidence of each transaction such as receipts, invoices, bank statements, etc.

(vii) Write to unsuccessful applicants and recommend that the Third Sector organisation contacts Medrwn Môn for advice and support. Offer feedback on request.

- (viii) Chase grant acceptance form if not received. Offer letter could state that the grant will become void if the acceptance form is not signed and returned.
- (ix) Enter the grant in Civica as a commitment against the relevant cost centre, code the commitment (and eventual payment) detail code to D0808 - grants and contributions to Third Sector organisations:-
  - Enter a requisition in Civica which, once approved, becomes an official order – set up as order type with multiple payments e.g. if the grant is paid in four quarterly instalments, set up the order for 4 items;
  - When creating the order, select the following products from within Civica, as relevant:-
    - Grants to Third Sector organisations (quarterly);
    - Grants to Third Sector organisations (six-monthly);
    - Grants to Third Sector organisations (one annual payment);
    - Grants to Third Sector organisations (monthly);
    - New Third Sector creditors are to be created under category A16;
    - Each time a grant instalment is paid, please ensure the payment is matched off against the relevant period in the order and that the instalment is recorded as goods received in Civica, so that the commitment is reduced accordingly.
- (x) Create a file (or section within a file) (electronic and/or paper) for each grant funded project where all correspondence and paperwork relating to that grant funded project can be stored. Financial documents need to be retained for six years and the current year by law.
- (xi) Monitor the grant funding arrangement as appropriate to the amount provided. Refer to the section on monitoring. Clawback funding if the terms/targets have not been complied with. This could be reallocated to another project which would deliver the priorities of the Council.
- (xii) Give an indication of the amount of grant, if any, for the next financial year by the end of December prior to the new financial year. The final award cannot be confirmed until the Council's budget has been approved in February preceding the new financial year. Where the grant is an on-going grant, the organisation must have three months' notice of any changes or termination of the grant. This might mean that the grant continues into May/June.

### **6.3 Contracts/procurement**

All purchasing arrangements with the Third Sector, whether for the provision of works, supplies, goods, materials or services, should be completed in line with the Council's

Contract Procedure Rules within the Constitution section 4.9

<https://www.anglesey.gov.uk/documents/Docs-en/Council/Constitution/Version-2.54-final.pdf>

Press Ctrl and left click on mouse to go the procedures. New contract procedure rules will be effective from September 2015. Please also refer to the Procurement Handbook for detailed guidance which is available on the intranet or contact.procurement@ynysmon.gov.uk.

### 6.3.1 General Principles

All procurement procedures MUST:-

- Realise value for money by achieving an optimum combination (quality/price);
- Be consistent with the highest standards of integrity;
- Operate transparently;
- Ensure fairness in allocating public contracts;
- Comply with all legal requirements, including the EU Treaty principles;
- Ensure that non-commercial considerations do not influence any contracting arrangements;
- Support all relevant Council priorities and policies;
- Comply with commercial confidentiality requirements as well as relevant statutory requirements, including, but not limited to, the Freedom of Information Act and Data Protection Act.

In all instances where a corporate contract exists for a requirement, the corporate contract must be used. To check whether a corporate contract exists contact the procurement team on [procurement@ynysmon.gov.uk](mailto:procurement@ynysmon.gov.uk)

From September 2015, the limits will be:-

Financial limits	Action	Responsible Officer responsibilities
£1 to £9,999 – <b>MINOR CONTRACTS SINGLE QUOTATION PROCEDURE</b>	If there is no corporate contract for the goods/service, the responsible officer should obtain a minimum of one quotation from an approved list of suppliers, where one exists, or a general list of registered suppliers. However, if more than one quotation is sought, there is a greater chance of achieving value for money.	<ul style="list-style-type: none"> <li>• Must assess whether the Third Sector organisation is competent for the purposed intended;</li> <li>• An audit trail must be maintained to show that processes and objective justification is shown for selection of the Third Sector organisation.</li> </ul>
£10,000 to £30,000 – <b>SMALL CONTRACTS QUOTATION PROCEDURE</b>	The responsible officer must invite a minimum of three quotations sourced from an approved list of contractors, where a list exists. These contract opportunities <u>could</u> be advertised on <a href="http://www.sell2wales.gov.uk">www.sell2wales.gov.uk</a> to identify interested providers.	<ul style="list-style-type: none"> <li>• All those invited to quote shall be given access to the same information;</li> <li>• All firms invited to quote should have the same deadline and the quotations shall be evaluated together after the deadline;</li> <li>• An audit trail must be maintained showing what quotations were invited, how they were assessed and the result of the exercise.</li> </ul>
£30,000 to EU Threshold (check with the procurement team as the EU Threshold is reviewed periodically) – <b>LARGE CONTRACTS TENDERING PROCEDURE</b>	<ul style="list-style-type: none"> <li>• You <u>must</u> advertise on <a href="http://www.sell2wales.gov.uk">www.sell2wales.gov.uk</a> to invite expressions of interest (or any such website as the Council shall use in order to comply with its purchasing obligations);</li> <li>• This may be supplemented by advertisement(s) in trade journals at the discretion of the service.</li> </ul>	<ul style="list-style-type: none"> <li>• Refer to tendering procedure 4.9.7 within the contract procedures.</li> </ul>

### **6.3.2 Exceptions to the above rules:-**

Except where the Public Contract Regulations 2015 apply (contract the procurement team for advice), the Executive has the power to waive or vary requirements of the rules.

Additionally the rules can be waived or varied where the circumstances are certified by the Head of Function (Council Business)/Monitoring Officer or the Head of Function (Resources)/Section 151 Officer, or their respective deputies, in the following circumstances:-

- 4.9.3.1 Except where the Public Contract Regulations 2006 (2015) apply, the Executive has the power to waive or vary the requirements within these Rules
- 4.9.3.2 Additionally, these Rules may be waived or varied where the circumstances are certified by the Head of Function (Finance)/S151 or Head of Function (Council Business) / Monitoring Officer as meeting any of the following criteria:-
  - 4.9.3.2.1 for works, services and supplies which are either patented or of such special character that it is not possible to obtain competitive prices
  - 4.9.3.2.2 for supplies purchased or sold in a public market or auction
  - 4.9.3.2.3 for the execution of works or services or the purchase of supplies involving specialist or unique knowledge or skills
  - 4.9.3.2.4 with an organisation that has won a contract for an earlier phase of work via a competitive process and where the works forms part of a serial programme and has previously been identified as such
  - 4.9.3.2.5 for works, services or supplies which are only available from one organisation
  - 4.9.3.2.6 involving such urgency that it is not possible to comply with these Rules
  - 4.9.3.2.7 for the purchase of an art or museum specimen or to meet the specific requirements of an art or cultural event which cannot be competitive due to the nature of the requirement
  - 4.9.3.2.8 in relation to time limited grant funding from an external body where the time limitations will not allow a competitive process to be completed and where the grant conditions allow this
  - 4.9.3.2.9 for social care services under the National Health Services and Community Care Act 1990 or the Children's Act 1989, provided that where the contract is put out to tender, the tenders are invited or negotiated in accordance with Rule 4.9.4

**All contracts must include the following sentence - "this contract has been procured and administered in compliance with the Welsh Government Code of Practice on Funding the Third Sector" (2014, P34).**

### **7. Grant Funding to the Authority**

Where the Third Sector grant or contracted service is funded by a grant to the Council, the Authority's grants protocol (2015) should be followed in all cases. In addition, there are grant claim instructions (2015) which must be followed in relation to grant claims. The grant terms and conditions of the specific funding body will override this code in the event of differences. Contact the Corporate grants team for advice:- [JennyWhiston@anglesey.gov.uk](mailto:JennyWhiston@anglesey.gov.uk), 01248 752616.

### **8. Payments to Third Sector Organisations**

- Payments should be paid in arrears; only in rare and exceptional cases should they be paid in advance (with approval of the Head of Service and Section 151 Officer). An exceptional case would be where a small amount of funding is being provided to a small organisation which would not be able to fund expenditure in advance of the payment from the Authority;

- Once a payment is being made this should be matched against the order in Civica and goods receipted, so that it no longer shows as a commitment;

Each new Third Sector organisation should be flagged within creditors as Third Sector on A16 classification for monitoring purposes;

- Grant funding awards under £2,000 will be made in a single payment;
- Invoices from the Third Sector must be paid within terms of trade;
- Payments will be in accordance with grant or contract terms as relevant and should be made on the basis of information sufficient to determine that the grant or contract terms have been complied with. For example, details of transactions and evidence of these transactions, completion of the required monitoring information, etc.

## 9. **Notification of funding opportunities**

Notification of external funding opportunities will be made available as they arise e.g. through Medrwn Môn, the press and sell2wales, through Medrwn Môn and other networks or systems as appropriate e.g. local press.

Where the Council intends to enter into a contractual arrangement for the provision of goods or services, it will follow the procurement procedure laid down in its Contract Procedure Rules to invite tenders or quotations as appropriate. Third Sector bodies may respond to such invitations, and may be awarded contracts if successful. This code complements the contract procedures rules.

## 10. **Types of funding**

### 10.1 **Revenue funding**

This type of funding supports the delivery of services and includes day-to-day spend on short term costs such as salaries, heating, rent, supplies and services, income.

### 10.2 **Capital funding**

This type of funding supports the purchase of assets i.e. assets which are used within the business for longer than one year, for example, property, equipment.

### 10.3 **Revenue and capital funding**

This type of funding supports both the delivery of services and the purchase of assets.

## 11. **Timing of funding notification**

The Council recognises that funding decisions relating to the overall Council Budget are normally made shortly before the beginning of the financial year to which they relate. This can have a negative effect on Third Sector service provision, recruitment and retention. For those agreements that span or are rolled over into successive financial years, indicative- funding allocations should be made available in December. The Third Sector accepts that this is not guaranteed funding and that no work should be undertaken until written notification of funding has been received.

This code confirms that Third Sector organisations will receive a minimum of 3 months' notice from final notification, e.g. 30 June unless otherwise agreed by both parties.

## 12. **Monitoring and evaluation of performance**

Monitoring and evaluation of performance is essential to ensuring proper use of public funds and to identify opportunities for service development. While it must be robust and effective, it should be commensurate with the level of funding.

The Council and the Third Sector recognise that there will be different monitoring and evaluation requirements for different types and levels of funding. These will be based on the principles of value for money.

Monitoring and evaluation requirements will be set out in the funding agreement.

**(i) Monitoring**

- **Revenue funding for service provision and core activities**

This is the process of gathering and recording information on a regular basis. It keeps a record of the progress made and the work undertaken against agreed objectives, targets and indicators. The Third Sector recognises the need to maintain effective monitoring systems.

- **Capital funding for the purchase of assets**

Evidence that the allocated funding has been spent on the agreed asset will be required together with confirmation of insurance cover. An invoice will be required before funding is released. The Council will expect to secure repayment conditions to ensure the residual value of any capital asset is reimbursed in the event that it is disposed of or otherwise no longer used for the purpose intended.

Funding agreements may include conditions which, if not met, would make the funding repayable to the Council.

**(ii) Evaluation**

This is the process of:-

- looking at the monitoring and other information;
- consultation with the public and/or the group/s of people benefiting from the Third Sector organisations work and making a judgement about the quality and progress of the work in relation to the agreed expectations and stated aims. It will consider both outputs and outcomes in relation to Council priorities. Evaluation will be undertaken jointly within agreed timescales.

Feedback from monitoring and evaluation will be provided by the Council and will be used as the basis for future discussions about the agreement.

**(iii) The Council will provide feedback on monitoring and evaluation.**

A Monitoring and Evaluation Framework sets out good practice for the general monitoring requirements for both the Third Sector and for the Council (Appendix 3).

Specific requirements for monitoring and evaluation will be agreed in advance for individual agreements.

Monitoring and evaluation will need to identify how the grant/contract meets the terms and conditions of the financial arrangement including targets achieved and contribution to the priorities of the Council. On a six monthly basis (mid-year and outturn) a financial and outcome report will be prepared to detail the Council's investment in the third sector including the outcomes achieved by that investment.

**13. External funding administered by the Council**

Payment procedures will be in accordance with the requirements of the funding body. This will be detailed in the application pack.

The requirements for monitoring and evaluation will be made clear in the application pack. This will be in accordance with the requirements of the funding body, e.g. Welsh Assembly Government, Wales European Funding Office.

**14. Financial Reporting**

All Third Sector bodies will be required to supply copies of their financial statements with funding applications. Charities will adhere to the Charity Commission requirements on financial reporting. Individual funding agreements may specify additional financial reporting requirements in each case.

**15. Underspends and overspends**

The Third Sector recognises that, where an individual organisation cannot provide the activity or service as agreed, there is likely to be an underspend on the allocated funding. If this occurs, the Third Sector organisation will inform the Council of the anticipated underspend as soon as possible. This will enable contingency arrangements to be agreed.

Overspends remain the responsibility of the Third Sector organisation. The Trustees must assure themselves that they have appropriate processes in place to identify potential under and overspends at an early stage.

The quarterly monitoring arrangements on larger funding arrangements (£25,000 or more) must include details of spend to date, estimated spend to the end of the year and estimated total expenditure for the year (i.e. outturn).

**16. Intervention when a funded organisation is in financial or other difficulty or when financial irregularities are suspected**

The Code of Practice is designed to reduce the likelihood of an organisation getting into financial or other difficulty. However, where this does occur, the following guidelines should be followed.

Where a funded Third Sector organisation is in financial or other difficulty, the Trustees will give the Council formal early notification of their concerns and full disclosure of relevant matters. Likewise, the Council will give formal notification to a Third Sector organisation should concerns be brought to their attention.

Where any financial irregularities are suspected, the Council, or its appointed representative, will investigate and will require full co-operation and access to staff, records and premises.

The terms and conditions of the agreement may be invoked by either party.

In such circumstances, the Council and the Third Sector will apply the principles of the Compact and will agree actions to be taken by both parties.

**17. Application of the code**

The development of action plans to implement the good practice guidance in this Code will be the responsibility of individual Council departments and Third Sector organisations. All departments and third sector organisations are expected to comply with this code.

**18 Breaches of the code**

Breaches of the Code that cannot be resolved between the individual Third Sector organisation and a Council department will be referred to the Council corporate complaints procedure. The outcome will be reported to the Third Sector Liaison Committee.

**19. Review of the code**

The Code will be reviewed annually by the Section 151 Officer and nominated Lead for the Third Sector.

Changes to the Code will be taken in consultation with the Third Sector Liaison Committee and then passed to the Executive for adoption by the Council.

Signed by: \_\_\_\_\_  
Section 151 Officer of IOACC

Date:

Signed by: \_\_\_\_\_  
Chair of Medrwn Môn

Date:

Date of review: \_\_\_\_\_

**Wales Audit Office**

**Recommendations for improved grants management in Wales<sup>i</sup>**

- 1) Look to simplify grants portfolio by combining schemes where appropriate.
- 2) Develop systems to ensure that the approach taken to grant funding and the operation of grant schemes is as consistent as possible across internal departments and, where possible, with other funders.
- 3) Work with others to learn from experience, develop complementary schemes and co-ordinate bidding timetables.
- 4) Work singly and together to improve the clarity and accessibility of grant-related information to bidders and encourage community involvement.
- 5) Ensure that risks relating to bidders' viability, capacity and capability are considered at the bidding stage, mitigated by additional support where this would be cost effective and monitored carefully during project delivery.
- 6) Ensure that project outcomes and standards of the project and financial management are clearly defined and agreed in writing with recipients before releasing funding.
- 7) Consider the relative merits of approaches other than grant funding, such as procurement, loans and investments before committing to a new or continued grant scheme.
- 8) Take robust action when grants have been overpaid or misused by suspending funding where necessary, recovering appropriate sums and, where funding is continued, strengthening requirements on recipients and monitoring arrangements before releasing further funding.

**SAMPLE GRANT APPLICATION SCORING CRITERIA**

Criteria:	Partnership	Inclusion	Fit with local priorities	Fit with IACC Priorities	Fit with departmental priorities	Plans for monitoring	Capacity building/ empowerment	Staff awareness/ support measures	TOTAL
Score:	3	3	3	2	3	3	2	2	20
Initiatives									

**Partnership [1/3] : award a mark for each of the following:**

- Evidence that a council/Third Sector partnership has been involved in putting the initiative together
- Clear evidence that the initiative will be delivered through this partnership and of how this will work in practice
- Clear evidence of support from all the partners [e.g. financial contributions, letters of intent]

**Inclusion [1/3]: award a mark for each of the following:**

- Clear argument as to why a group is 'hard to reach' and realistic proposals as to how the initiative will target them
- Evidence that steps are being taken and resources set aside to help groups overcome barriers to involvement [e.g. childcare, access arrangements, community transport, bilingual literature/service]
- If the initiative will be able to engage more than one 'hard to reach' group

**Fit with local priorities [1/3]: award one mark for each of the following:**

- Evidence fit with locally agreed priorities
- Evidence of consultation on fit with local priorities
- Evidence of bringing innovation to the delivery of a local priority

**Fit with IACC priorities [2]: award one mark for each of the following:**

- Evidence of fit with a IACC priority
- Evidence of fit with more than one IACC priority

**Fit with departmental priorities [1/3]: award one mark for each of the following:**

- Evidence of fit with a departmental priority
- Evidence of fit with more than one departmental priority
- Evidence of bringing innovation to the delivery of a departmental priority

**Plans for monitoring [1/2] award one mark for each of the following:**

- Award one point if monitoring arrangements are set out clearly
- Award an additional point if active public involvement [i.e. as opposed to passive counting of numbers involved etc] is built in as part of the arrangements for monitoring and review [e.g. use of feedback forms, interviews with users, qualitative research]

**Capacity building / empowerment [1/2] award one mark for each of the following:**

- Plans include the passing on of skills to users, carers and other members of the public
- Evidence that clear information [and any necessary support] will be available to enable individuals to make their own decisions

**Staff awareness / support measures [1/2] award one mark for each of the following:**

- Evidence that staff will be made aware of the initiative
- Evidence that staff are supported to help deliver the initiative

Note the scoring criteria could be amended to reflect the specific requirements of the grant funding being allocated.

**FRAMEWORK FOR MONITORING AND EVALUATION**

Contract Funding value	Form of Agreement (minimum)	Annual monitoring (minimum)	Quarterly monitoring (minimum)	Evaluation
£10,000 and under	<ul style="list-style-type: none"> <li>Letter of acceptance by Budget Holder or Chief Officer based on information supplied at application</li> </ul>	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Statement of Accounts</li> <li>Equality monitoring return [i.e. nationality, language etc. Provided by IACC]</li> <li>Statement of outcomes achieved and confirmation that the money has been spent in accordance with the application</li> <li>Annual service user feedback</li> </ul>		Annual evaluation of the service (carried out by the Council) to include: <ul style="list-style-type: none"> <li>Extent to which the service level agreement requirements are met</li> <li>Extent to which service meets currently identified needs and priorities</li> <li>Extent to which service has the capacity to meet future predicted needs</li> <li>Value for money</li> <li>Level of service user feedback and action taken.</li> </ul>
£10,000 to £25,000	<ul style="list-style-type: none"> <li>Service Level Agreement] with intended outcomes and performance indicators</li> </ul>	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Statement of Accounts</li> <li>Equality monitoring return</li> <li>Statement of outcomes achieved and confirmation that the money has been spent in accordance with the application</li> <li>Annual service user feedback.</li> </ul>	<ul style="list-style-type: none"> <li>Six Monthly service user and referrer evaluation (carried out by the Third Sector organisation) with an action plan linked to the required outcomes</li> <li>Six monthly monitoring</li> </ul>	Annual evaluation of the service (carried out by the Council) to include: <ul style="list-style-type: none"> <li>Extent to which the service level agreement requirements are met</li> <li>Extent to which service meets currently identified needs and priorities</li> <li>Extent to which service has the capacity to meet future predicted needs</li> <li>Value for money</li> <li>Level of service user feedback and action taken.</li> </ul>
£25,000 and over	<ul style="list-style-type: none"> <li>Service Level Agreement/contract with intended outcomes, performance indicators and service standards</li> </ul>	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Statement of Accounts</li> <li>Equality monitoring return Service Review attended by appropriate IACC officer [Budget Holder or member of the Commissioning Team]</li> <li>Statement of outcomes achieved and confirmation that the money has been spent in accordance with the application</li> <li>Quarterly service user feedback.</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly monitoring return (template to be agreed with the budget holder and the Third Sector organisation), to include spend to date, estimated spent to the end of the year and estimated total spend for the year.</li> <li>Monitoring meetings may be held to follow up issues raised in monitoring return</li> <li>Quarterly service user and referrer evaluation (carried out by the Third Sector organisation) with an action plan linked to required outcomes.</li> </ul>	Annual evaluation of the service (carried out by the Council) to include: <ul style="list-style-type: none"> <li>Extent to which the service level agreement requirements are met</li> <li>Extent to which service meets currently identified needs and priorities</li> <li>Extent to which service has the capacity to meet future predicted needs</li> <li>Value for money</li> <li>Level of service user feedback and action taken.</li> </ul>

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