Getting Better Delivery

Guidance for Effective Working with Frontline Providers

of Post-16 Training, Learning and Community Based Programmes

May 2003

department for
education and skills
creating opportunity, releasing potential, achieving excellence

Part of the Department's *Getting the Best from Each Other* Initiative
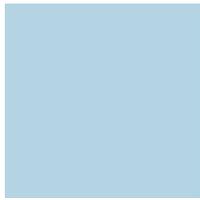
Securing Delivery through Strong Relationships

Getting Better Delivery

Guidance for Effective Working with Frontline Providers

Contents:

*Indicates a glossary entry for this word or phrase - see Annex 3.

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Foreword
from Ivan Lewis MP

Minister for Young People and Adult Skills,
and Chairman of "Getting the Best from Each Other"

Getting the Best from Each Other has been all about supporting better delivery through our Frontline Providers*. It's been about how we in Government can work together with them to make a real impact on the lives of our citizens. It has had a particular focus on programmes of training and learning, as well as community - based programmes – in other words the frontline delivery of our economic and social objectives.

Getting the Best from Each Other has brought together a number of Government Departments and Agencies who have, together, achieved a great deal since the consultation exercise of 2001. We have, for example,

- Established agreements for the sharing of information between inspection bodies, thereby reducing the bureaucracy involved in the process

- Set up strategic issues groups to be effective consultation forums - between key provider representatives and relevant Departments or Agencies

- Established formula funding and profile payments, giving regular, predictable revenue flow to many providers – and replacing the 'bad old days' of cheapest price and delayed payment

- Highlighted sources of good practice from which providers and officials can draw.

- Increased the length of contracts for large numbers of providers, enabling them to plan for the future.

You can find out more about all these issues, and others, on the programme's website – at www.dfes.gov.uk/gettingthebest

Work continues with, for example, still more efforts to join-up funding and monitoring mechanisms across a wide range of Government funding bodies. The project itself, however, is drawing to a close, and as a final marker of the principles we have worked hard to establish, is publishing this guidance for Effective Working with Frontline Providers. I am delighted to commend it to you.

*Indicates a glossary entry for this word or phrase - see Annex 3.
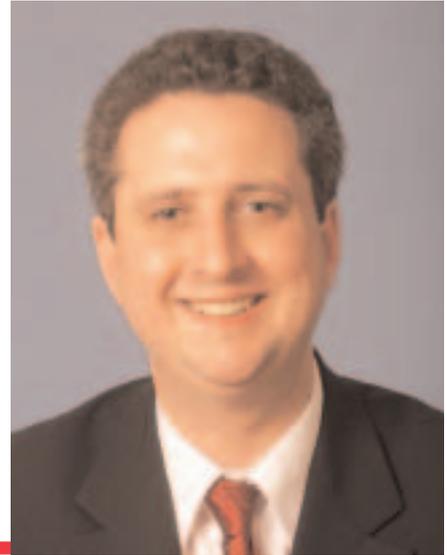
Getting Better Delivery is a high-level document designed to give a clear signal about the kind of relationship that we want to foster. It spotlights delivery issues that are relevant to the range of relationships that exist between Government and its Frontline Providers*. It is intended to clarify the principles that we want to advance, and to help officials and providers to work in a consistent manner.

Whilst the 10 principles contained in this document are mainly directed at relationships with providers of post 16 training, learning and community-based work, we recognise that many such providers also have relationships with Departments and Agencies other than DfES and DWP. I therefore hope that this document will act as an example of good practice which other Departments might wish to build on in developing their own frameworks and guidance. I particularly look forward to the publication of other allied documents arising out of the Cross Cutting Review of the Role of the Voluntary and Community Sector in Service Delivery.

Much is said, rightly, about the need for providers to continually raise their game, and getting high standards of delivery from providers must be a key aim of any Government. But this document publicly recognises in a frank and open way that there are aspects of this relationship which we in Government need to focus on too. This is about how we can support better delivery, and about how providers can get better delivery from us.

I very much want officials across Government to use this document and the other vital good practice to which it points. I believe that it will help us to keep on getting better at our delivery of Government funding, so that our Frontline Providers* can keep on getting better at the delivery of our programmes. I hope it will help us to ensure that Government and providers continue to get the best from each other as, together, we seek to meet the needs of our citizens.

IVAN LEWIS

Endorsements

*"I am delighted to endorse **Getting Better Delivery**, and very much hope that the good practice it advocates will be taken up by Government-related funding bodies throughout England. I believe that the principles outlined here are well worth pursuing, as we work together to keep on improving delivery and raising standards."*

Rt Hon Nick Brown MP, Minister of State, Department for Work and Pensions

*"I am pleased to be able to endorse **Getting Better Delivery.** It provides an excellent example of good practice within DfES and its NDPBs and will be an important contribution to the Government's aim to make greater and better use of the voluntary and community sector in the delivery of publicly funded services."*

Lord Filkin, Parliamentary Under-Secretary of State, Home Office; Government Spokesperson for Home Office

*"Social Enterprises can and do play an important role in the delivery of post-16 learning, but like other training providers they require flexibility and consideration within procurement rules and funding procedures if they are to meet the development and skills needs of the community. **Getting Better Delivery** offers extremely useful and pragmatic guidance on how this can be achieved, and outlines a number of best practice principles which, if adopted, will go a long way in the development and delivery of excellent learning, skills and community based programmes."*

Stephen Timms MP, Minister of State, Department of Trade and Industry

*"We warmly welcome this guidance. Its good practice principles strike a clear chord with the original rationale behind the creation of the LSC – to increase coherency and transparency in the provision of post-16 learning. **Getting Better Delivery** is an invaluable resource that will help ensure that our relationship with Frontline Providers strongly supports better delivery of education and training to millions of learners, our ultimate customers."*

Bryan Sanderson, Chairman, Learning and Skills Council

*Indicates a glossary entry for this word or phrase - see Annex 3.

"Connexions Partnerships work with many local partners in delivering the best possible support, advice and guidance to young people. This will involve 'buying-in' a wide range of services from a whole host of organisations in their area. I have no doubt that this guidance will help Connexions Partnerships to better understand and apply sound procurement and funding principles"

Anne Weinstock, Chief Executive, Connexions Service National Unit

"The AOC supports this move to help Government Funding Bodies* work more effectively with colleges and other providers. We hope it will, among other things, help to reduce bureaucracy, increase transparency and openness, and promote longer-term funding arrangements. We hope that this document and all the principles it outlines will enable colleges to manage their resources with even greater effectiveness."

David Gibson, Chief Executive, Association of Colleges.

"The voluntary and not-for-profit sector is keen to promote and work for effective partnership with Government. Problems over full-cost funding have got in the way - we can do better. ACEVO welcomes these 10 steps to better delivery which will go a long way to building better relationships."

Stephen Bubb, Chief Executive, ACEVO - Association of Chief Executives of Voluntary Organisations

"The ALP welcomes this guidance and the principles it proclaims. In particular it recognises the expertise of front line providers and positions them as key design partners - a principle successfully followed by the project team that developed this guidance."

Graham Hoyle, Chief Executive, Association of Learning Providers

Summary – 10 Steps to Getting Better Delivery

Key Principles of this Document
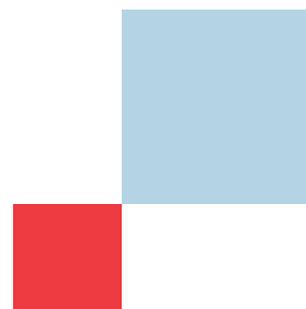
1. Focus on Outcomes

Funding agreements* should always take account of the desired outcome* of the programme, and show how the outputs* being provided relate to it

2. Consultation

All programme* development should be underpinned by appropriate consulation with Frontline Providers*. Arrangements to maintain dialogue with Frontline Providers should be in place for the duration of the programme (in line with EC rules* where appropriate)

3. Access to Funding and Support for Providers

Funding Bodies* should make funding available in such a way that Frontline Providers* are enabled to access funds to meet local needs, and build their capacity to deliver. For procurements, Funding Bodies* may consider offering training to Frontline Providers* to give them a better chance of competing in tendering exercises

4. Full Cost Funding

Funding Bodies* should ensure, as far as possible, that the delivery-price agreed with Frontline Providers* on average reflects the full cost of delivery

5. Co-ordinated Funding

Funding Bodies* should actively seek opportunities to join funding programmes with those of other funding bodies

6. Timing of Payments

Funding Bodies* should look to time their payments in ways that help providers to deliver services, taking into account any public procurement rules on the timing of payments

*Indicates a glossary entry for this word or phrase - see Annex 3.

7. End-Year Flexibility
Funding Bodies* should have a clearly stated policy with regard to End-Year Flexibility

8. Long Term Funding
Funding Bodies* should ensure that standard period of funding for programmes* should normally be not less than 2 years (subject to the provisos set out under this Principle)

9. Lighter Monitoring and Control
Funding Bodies* should aim, wherever possible, to apply the principle of proportionality and a 'light touch' approach in the management and control of funding

10. Joined-up Inspection and Monitoring
Funding Bodies* should look for appropriate ways to use inspection, monitoring and management data gathered by other arms of Government

Note: Where public procurement is involved, any process of change which suggests itself as a result of applying the above principles must comply with the legal and policy framework comprising government policy and EC rules*.

Using this Guidance

PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES
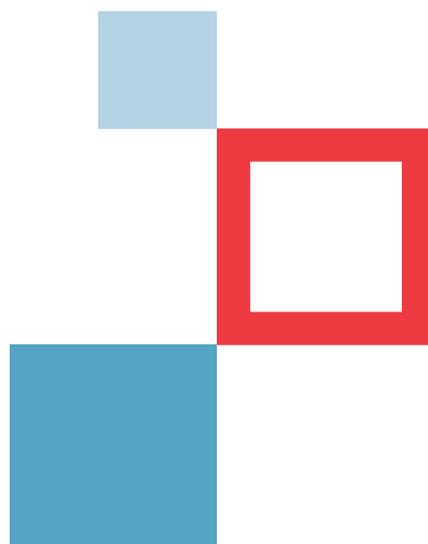
a) Aim

i. This Guidance aims to make a positive impact on the relationship that exists between us (the Government, especially DfES) and Frontline Providers* of programmes* to the public (whether through grants or public procurements).

ii. It aims to get better delivery from the whole supply-chain (from Funding Body*, through provider, to the client) by making recommendations for action by Senior Managers* and Contract Managers* – based on experience drawn from the consultation and combined experience of the *Getting the Best from Each Other* project.

iii. This Guidance arises out of extensive consultation with providers and within Government. It embodies good practice principles that we wish to replicate as far as possible, and *supplements* existing funding guidance (whether for grants or procurement contracts - see Section C below). This Guidance is designed to be consistent with procurement principles established by the Office for Government Commerce, EC Rules*, and the funding principles established in 'Government Accounting'. However, Funding Bodies* are responsible for ensuring that any action taken as a result of attempting to put these principles into action is fully legal and proper in relation to the specific instruments of law that govern a particular programme*.

iv. We recognise that the target group of providers is very diverse, and that a 'one size fits all' funding policy would not suceed. It is wholly appropriate that Funding Bodies* should exercise flexibility and common sense when applying the good practice principles to which this document points (but see also section C,i. below).

v. That said, it is the explicit intention of this Guidance to bring more consistency to the Government-provider relationship, to address the generic issues which have been raised by providers and officials, and to seek to remove unnecessary bureaucracy from the procurement process – especially across Government funding bodies. This is an important part of the 'joined-up Government' agenda.

*Indicates a glossary entry for this word or phrase - see Annex 3.

b) To whom this Guidance applies

i.   This Guidance is designed to be primarily of benefit to **Senior Managers***, **Contract Managers*** and **Funding Officers*** within **Funding Bodies***). However, Annex 1 contains important information about how such roles should relate to Chief Accounting Officers.

ii. Frontline Providers* may also find this guidance useful when working with Funding Bodies* – particularly during consultation around programme design and other strategic issues. For this reason, this Guidance is being made available to provider organisations, and appropriately promoted.
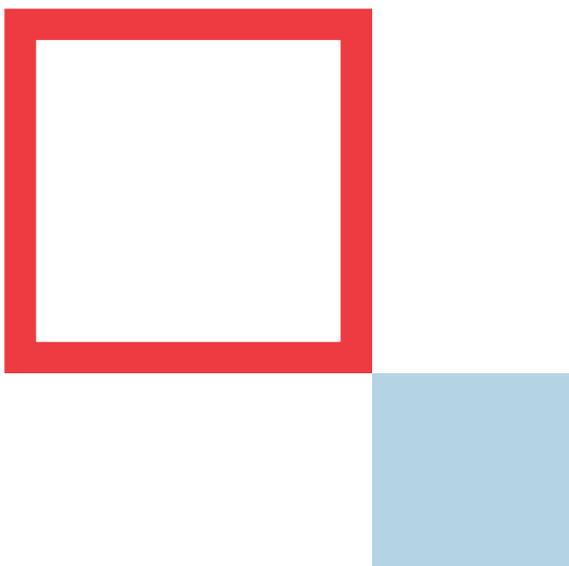
c) Main Sources of General Funding Guidance and Advice

i.   This Guidance is intended to **supplement** existing good practice in funding. It responds to the need for certain principles and practices to be established in Government programmes*. This Guidance **does not replace** other more generic guidance, which should still be referred to by Funding Bodies*. Government Accounting and/or EC Rules* should always take precidence in the unlikely event that any change in procedure that is proposed as a result of using this Guidance should conflict with them.

ii. Funding Bodies* working with the Voluntary and Community Sector are strongly urged to consult the following document: **'Funding: A Code of Good Practice'**, which is part of the Compact on Relations between Government and the Voluntary and Community Sector in England. See www.homeoffice.gov.uk/docs/funding.pdf

iii. Funding Bodies* who are developing new funding streams are advised to consult the Regional Co-ordination Unit's **Area Based Initiative* Guidance**, recently agreed by DA(SER)[1]. This can be accessed at www.rcu.gov.uk/abi/guidance/default.asp

iv. Funding Bodies* wishing to conduct an assessment of the overall health of their working relationship with Frontline Providers* may wish to make use of the DfES Effective Partnerships self assessment, available at www.dfes.gov.uk/gettingthebest

Using this Guidance

For Procurement

iv. Procurers should consult their own Department or Agency's procurement team before making any changes to procurement procedures.

v. The main source of advice on procurement policy practice and EC Rules is the Office for Government Commerce (OGC). The OGC website (www.ogc.gov.uk) provides general advice and tools which Senior Managers* should refer to when designing the delivery of intended policy outcomes for procurements.

d) Regulatory Impact

i. New guidance for policy makers on Regulatory Impact Assessments was published on 28 January 2003 following consultation with Departmental policy makers, the Office of Fair Trading, the Small Business Service and external stakeholders. It sets out when policy makers are required to carry out an RIA, and how they should do so. It also incorporates guidance on handling European proposals, previously covered in the Guide to Better European Regulation, and updated to reflect current best practice.

ii. Senior Managers* wishing to make changes to current practices or policy as a result of this document are strongly advised to consult the Guide – which can be accessed at www.cabinetoffice.gov.uk/regulation/scrutiny/betterpolicy.htm

e) Equality of Opportunity

i. As a general principle, Funding Bodies* and Providers* should naturally adhere to good practice guidelines, and to the Law, in relation to equality of opportunity.

ii. The Race Relations (Amendment) Act 2000, which came into force in April 2001, extends the provision of the 1976 Race Relations Act to all public authorities and any private or voluntary body carrying out any public function. The Act can be viewed at www.hmso.gov.uk/acts/acts2000/2000034.htm

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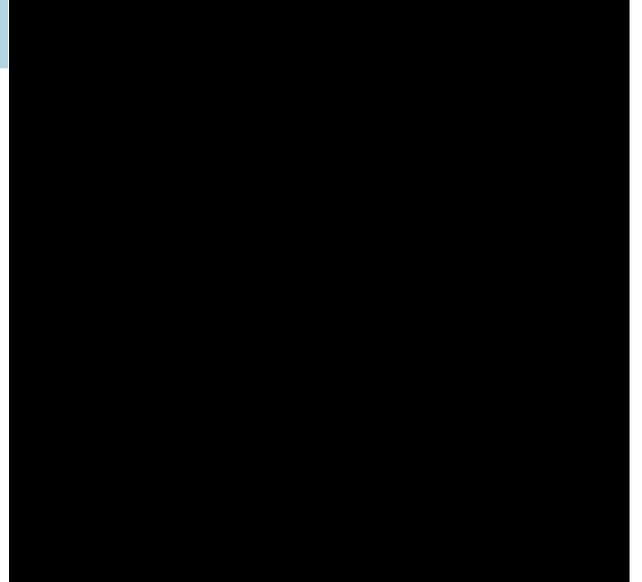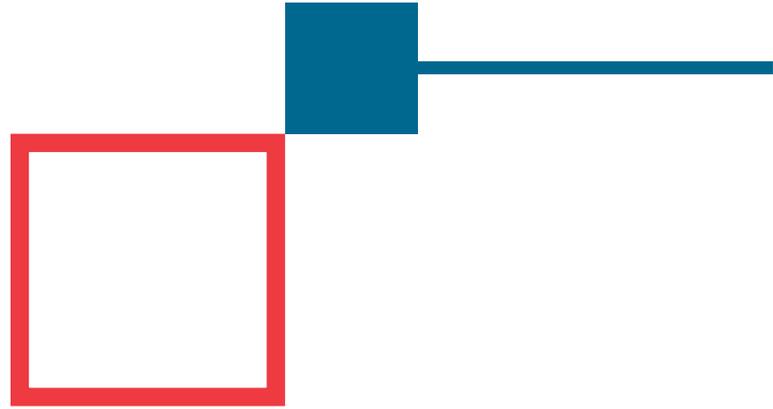
iii. A handy guide to the Act can be viewed on the Commission for Racial Equality's website, at www.cre.gov.uk/pdfs/rraamend.pdf[2]

iv. The Disibility Discrimination Act 1995 also places significant responsibilities on employers (which naturally includes providers) who employ more than 20 employees. The Act can be viewed at Her Majesty's Stationery Office website at www.hmso.gov.uk/acts/acts1995/1995050.htm

v. The Commission for Racial Equality also provides a handy ten point checklist for consideration in the building of an Equal Opportunities Policy. This can be viewed at the Commission's website, at www.cre.gov.uk/gdpract/eop.html

vi. The Commission has recently concluded a consultation on "Race Equality and Public Procurement", details of which are available at www.cre.gov.uk

f) Use of Asterisks (*)

Please note that any word marked with an asterisk is explained in the Glossary at Annex 3.

We have marked glossary-described words on each occasion that they arise because readers are expected to dip in and out of this document, and will not necessarily know that some words have been previously so-marked.
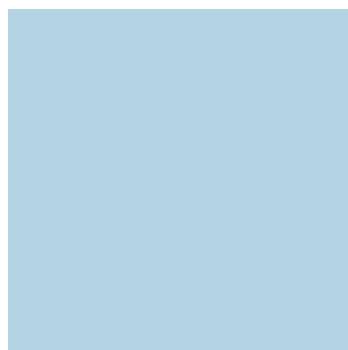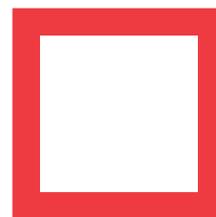
g) Further Information

For further information please contact the *Getting the Best from Each Other* Project Team at new.framework@dfes.gsi.gov.uk.

The Project Team comprises:

Consultant and Head of the Project:	Tom Kennar
Project Manager:	Carole Rice
Project Administrator:	Tom Morton

Getting Better Delivery
- The Principles

Principle 1. Focusing on Outcomes*

Funding agreements* should always take account of the desired outcome* of the programme, and show how the outputs* being provided relate to it

1.1 Our *Getting the Best from Each Other* Framework, launched in June 2002, states that "We aim to ensure that the delivery of Government programmes* is:

- Led by the needs and demands of local labour markets, individuals and communities

- Clearly focused on the achievement of specified and agreed outcomes*"

Funding Bodies* are responsible for ensuring that this aim is addressed in the design of funding programmes* - in such a way that desired outcomes* are always explicitly understood, planned for, and can be evaluated.

1.2 *Where possible, agreements should be framed so that the achievement of outcomes are used as a key indicator of the success of services being funded.* However, we recognise that it will not always be possible to frame agreements in this way, especially where the procurement of goods or services from one provider is a part of the 'jigsaw' of provision designed to meet wider-scale outcomes - such as those identified through a FRESA (Framework for Economic and Skills Action). In these circumstances it will be

sufficient to note what desired outcome(s) the provider is contributing to through the funding agreement.

1.3 Further ideas about how to more effectively focus on outcomes are available on the Getting the Best from Each Other website, (www.dfes.gov.uk/gettingthebest) specifically at the following page: www.dfes.gov.uk/ gettingthebest/index.cfm?action=strands. Default&ID=44

Questions for Senior Managers* and Contract Managers*

a) Are you confident that your outcomes have been well determined?

b) Do your funding agreements (contract/grant letter etc.) explicitly relate to the desired outcomes that you have determined need to be met?

c) Have you made the achievement of outcomes a key indicator of the success of the funding agreements with 'your' providers? If you cannot do this, are you clear about why not?

d) Have you considered all the key risks to achieving your outputs?

*Indicates a glossary entry for this word or phrase - see Annex 3.

Principle 2. Consultation

All programme* development should be underpinned by appropriate consulation with Frontline Providers*. Arrangements to maintain dialogue with Frontline Providers should be in place for the duration of the programme (in line with EC Rules* where appropriate)

2.1 A key factor in the process of defining and reviewing the outcomes of a given funding programme is, naturally, the use of effective consultation mechanisms.

2.2 Since 01 January 2001, UK wide Government written consultation has been subject to the Code of Practice on Written Consultations. This is available to view on the Cabinet Office Website at www.cabinetoffice.gov.uk/servicefirst/2000/consult/code/ConsultationCode.doc

2.3 In addition, as part of the Compact with the Voluntary and Community Sector, we have agreed a Code of Practice on Consultation and Policy Appraisal. This can be viewed on the Compact website at www.thecompact.org.uk/

2.4 Funding Bodies* should bear in mind that Government Offices are able to provide a key regional perspective during the development of programmes and should be consulted whenever possible.

2.5 Funding Bodies* are also responsible for ensuring that appropriate consultation mechanisms are put in place for **ongoing consultation** with providers. It is of course for Senior Managers* to decide how such ongoing consultation can be best achieved. Ideas include the running of a regular 'Provider Strategic Issues Group' (like those run by the LSC and Jobcentre Plus), an advisory group, like the 'Friends of Sure Start', or the use of well-promoted web-based, interactive feedback.

2.6 Naturally, Senior Managers* need to ensure that no potential candidate for tendering is unfairly favoured during consultation about programmes from which formal tendering might flow.

Good Practice Advice

The Department for Education and Skills continually seeks to improve its written consulatations to make sure they are meeting customer needs. Recent evaluation evidence suggests that focusing on the following areas will make consultation more effective and improve the experience of those being consulted:

- Use written consultation strategically – it is one of many tools

- Give advance warning of consultations, and promote them widely

- Explain to participants that written consultations take place at the end of a chain of public involvement activities

- Focus on document summaries, making them clearer and shorter

- Be honest about where input is required from respondents in order to limit responses to the most relevant areas of a policy, and support impact

- Give feedback: publish a one page summary of findings and policy impact

- Evaluate all consultations

Questions for Senior Managers* and Contract Managers*

a) If you are using written consultation mechanisms, have you taken account of the Cabinet Office's Code of Practice on Written Consultation?

b) If you are carrying out a procurement, are you complying with EC Rules* and value for money / best value policy?

c) If you are establishing (or have) relationships with Voluntary or Community Sector providers, have you taken account of the Government's Compact with the Voluntary Sector – especially the Code of Practice on Consultation?

d) Have you considered how to best maintain ongoing general, strategic-level dialogue with your providers?

e) If using a formal procurement process, have you ensured that no candidate for tender has been unfairly favoured as a result of their involvement in consultation about programme design.

f) Have you taken full account of the cost of good consulation procedures in your programme* design (including the cost to providers)?
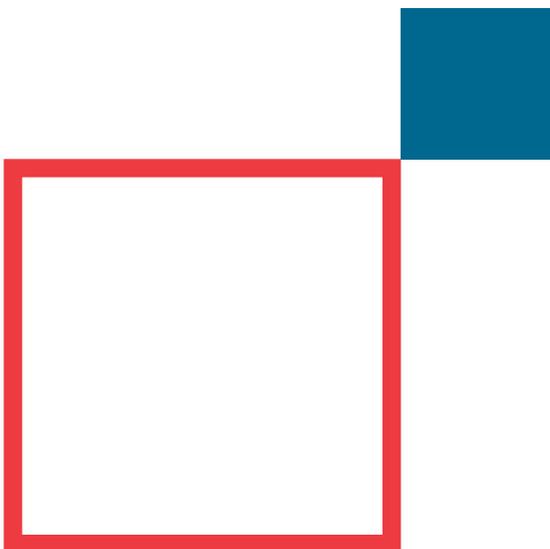
Principle 3. Access to Funding and Support for Providers

Funding Bodies* should make funding available in such a way that Frontline Providers* are enabled to access funds to meet local needs, and build their capacity to deliver. For procurements, Funding Bodies* may consider offering training to Frontline Providers* to give them a better chance of competing in tendering exercises

3.1 We recognise our general responsibility to ensure that detailed programme information is made as easily available as possible to potential and current providers.

3.2 We recognise that whilst we have national-level reasons for establishing our funding programmes, locally-based providers with roots in local communities are usually the main delivery mechanism for those programmes. We also recognise that it is in both the Government's and local providers' interest that information about funds that will aid delivery to local communities is made easily available. However, throughout the Getting the Best from Each Other process it has been clear that many providers who are

seeking Government funding find it difficult to locate sources of funding (as well as good quality information about how to go about applying for it). Potential and current providers, in some cases, therefore have little information to help them to build their capacity to deliver programmes, or restricted abilities to access funds that will help them meet the needs of their clients and members.

3.3 We therefore intend that high quality information about new (and in some cases existing) Government funding streams should be made available to providers, whenever possible. This is to ensure that:

a) Providers are well resourced to deliver the desired policy outcome

b) Providers are clear about the administrative expectations that the funding stream will have of them

c) Providers are clearly signposted to sources of help advice and information

d) New providers are encouraged to bid for funding where appropriate (e.g. when establishing an especially new or innovative funding stream)

3.4 **A suggested checklist of issues to be considered by Funding Bodies* (when establishing funding programmes) is published as Annex 2 of this document.**

3.5 It is, of course, true that the provision of more information about Government funding streams will not, in itself, lead automatically to providers having the capacity to apply for, win and deliver funding agreements*. Consequently, the Government is engaged in a number of initiatives designed to increase the capacity of providers to deliver.

3.6 In public procurement situations, it is important to ensure that providers are well informed about the processes involved, and where appropriate, training should be provided to ensure they have the best chance of competing for government business. Contracts covered by EC Rules* will, of course, be the subject of a notice published in the Official Journal to the European Communities (Tenders Electronic Daily) at: ted.publications.eu.int/CD/application/pif/resources/shtml/common/home/home.html

Good Practice Example 1:

As an example of the kind of detailed programme information envisaged by this guidance, please see the following website, where information on how to become a UK Online Centre is readily available: www.dfes.gov.uk/ukonlinecentres/howdo/default.cfm.

Good Practice Example 2:

A wide range of general information relevant to contracting with Government is available at www.supplyinggovernment.gov.uk/guidance.asp. Funding Bodies* who have not yet developed a site as outlined in this section may wish, in the meantime, to promote use of this website by their providers, as a source of general advice and guidance.

Questions for Senior Managers* and Contract Managers*

a) Have you considered how best to promote your funding to the provider community?

b) Have you ensured that providers are well resourced to deliver the desired policy outcome?

c) In public procurement environments, have you ensured that providers are well resourced for tendering in public procurement? (e.g. are they aware of the processes involved? Do they know how to provide the relevant documentation so as to maximise their chances? Do they know about EC Rules?).

d) Are providers clear about the administrative expectations that the funding stream will have of them?

e) Are providers clearly signposted to sources of help advice and information?

f) Are new providers encouraged to bid for funding where appropriate (e.g. when establishing an especially new or innovative funding stream)

g) Have you considered working through the Checklist for the Establishment of a Provider Support Service (Annex 2 of this document)?

h) Have you ensured, where appropriate, that EC Rules* have been complied with?

*Indicates a glossary entry for this word or phrase - see Annex 3.
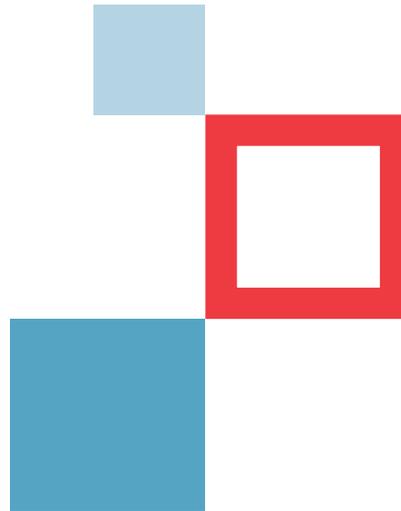
Principle 4. Full Cost Funding

Funding Bodies* should ensure, as far as possible, that the delivery-price agreed with Frontline Providers* reflects, on average, the full cost of delivery

4.1 *"The Government accepts that it is legitimate for service providers to factor in the relevant element of overhead costs into their cost estimates for services delivered under contract. All government departments will reflect this recommendation in their procurement policies".* (Para 30.6 of the 2002 Spending Review report – available at www.hmtreasury. gov.uk/Spending_Review/spend_sr02/report/ spend_sr02_repindex.cfm)

4.2 It is important to differentiate between the phrases 'full cost'* and 'core cost'* – which are often used to mean the same thing. (See the glossary - Annex 3 for details).

4.3 There are two primary mechanisms by which we are aiming to achieve the goal of ensuring that funding reflects the full cost* of delivery:

- **Fixed Price (formula) funding**

- **Full Cost Allocation**

Funding Bodies* are recommended to consider adopting one of these two approaches to agreeing the delivery price of funding agreements with providers, wherever possible.

4.4 **Fixed-Price (formula) funding.** The LSC and Jobcentre Plus are the most prominent users of this system, at present. **Formula funding** is a system of fixed-price contracting whereby an agreed price is determined for a specific unit of output. A formula is set (by the LSC or Jobcentre Plus, following advice from a National Rates Advisory Group, which includes provider representatives). This formula relates to the funding of the provision of outputs (e.g. the cost of providing an NVQ in a given subject). It therefore simplifies the bidding process, and removes at a stroke the problem of providers out-bidding one another on the question of price (to then find, potentially, that they have under-bid, and are unable to provide the service to the required standard). Formula funding can also simplify contractual administration, as the overall pricing of a contract is decreased in complexity.

4.5 As a principle, Formula Funding meets the requirements of the 2002 Spending Review because it demonstrably arrives at a price that has been set in consultation with providers (through the National Rates Advisory Group). Further detailed information is available on the Getting the Best from Each Other website at www.dfes.gov.uk/gettingthebest/index.cfm?action=strands.Default&ID=49

4.6 However, caution must, of course be applied. Formula (or fixed-price) Funding would be difficult to apply to a small grant scheme that finances a diverse range of organisations and projects within a general theme (such as the National Voluntary Youth Organisations Grant Scheme - administered by the Connexions Service National Unit). It is much more likely to be useful where funding agreements* are being entered into for the provision of units of activity (such as a training qualification, or set number of hours of a particular kind of professional activity etc).

4.7 As with all principles in this document, Senior Managers* (if seeking to introduce fixed-price funding) must ensure that any change to procedures already in use within a programme are fully legal and compliant with all relevant law (especially Competition Act) and procedures. Senior Managers* are strongly encouraged to discuss such issues with legal teams within, or working for, their own Funding Body*, and with the relevant Treasury team.

4.8 **Full Cost Allocation principle.**
Funding Bodies* who are not using a fixed price – approach to their funding agreements should give serious consideration to the following recommendations:

a) That Funding Bodies* should note (in accordance with Value for Money or Best Value principles) that cheapest is not always best. (For more information about Best Value, please go to www.localregions.odpm.gov.uk/bestvalue/bvindex.htm)

b) That funding agreement negotiations should, wherever possible and practicable, take account of the full costs of delivery (including overhead costs) presented by the prospective provider through a standard format approved (and/or developed) by the funding body.

c) That any standard format or template used should take account of other standard reporting mechanisms used by the target provider-sector (e.g. the Charity Commission's Statement of Recommended Practice if dealing with the Charity sector, or the ACEVO manual - see *Good Practice Example on opposite page.)*

*Indicates a glossary entry for this word or phrase - see Annex 3.

d) That Funding Bodies* are fully entitled to take a view on whether the full costs* identified by the provider are reasonable (in comparison to other bids or market indicators). The final price offered by the funding body may be over or under the full cost* identified by the provider. The onus is ultimately on the provider to decide (on the basis of their own internal cost allocation) whether the funding offered is sufficient to enable them to meet the obligations of the funding.

Good Practice Example:

The Association of Chief Executives of Voluntary Organisations (ACEVO) has published a manual to help voluntary and community sector organisations plan and understand their costs. (Funding our Future II). The need to understand costs is important for two reasons: it enables organisations to run themselves effectively and it can help discussions with Funding Bodies* about the true cost of providing services or delivery outputs. The manual may indeed prove to be of benefit to other similar organisations (e.g. social enterprises).

The tool can be ordered directly from ACEVO, for £19.99 at the following page: www.acevo. org.uk/publications/index?action=viewone&& pubtitle=%2ANEW%2A+Funding+our+futur e+II%3AUnderstand+and+allocate+costs

Questions for Senior Managers* and Contract Managers*

a) Have you ensured that prices/rates agreed with providers have not been agreed solely on the basis of lowest price, and that the selection of any provider is made on the basis of the solution which will provide best overall value for money over the life cycle of the funding agreement*?

b) Have you implemented a procurement policy that ensures that full account is taken of the full cost* of delivery?

c) Have you actively considered the use of 'formula funding' or the 'fixed-cost allocation' principle?
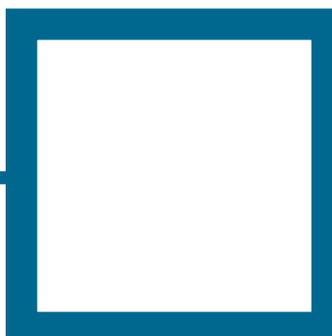
Principle 5. Co-ordinated Funding

Funding Bodies* should actively seek opportunities to join funding programmes with those of other funding bodies

5.1 Many, if not most, providers of Government funded programmes are recipients of more than one Government funding stream. However, each of these funding streams very often has a different administrative process attached to it (whether this relates to application, monitoring, or reconcilliation). Such multiple processes create real problems for providers, who are, as a result, obliged to run different reporting and monitoring systems side by side.

5.2 **As a whole, the Government is keen to promote the joining together of funding streams wherever possible.** The intent behind this policy statement is to reduce administrative burdens on providers and maximise the use of Government resources in the delivery of Government funding programmes.

5.3 Two recent examples are those of Connexions (joining up six Government Departments and their agencies on the ground) and the European Social Fund (which has commenced a co-financing programme). For further details about Connexions, go to www.connexions.gov.uk/partnerships/index.cfm. For more details about ESF co-financing see www.esfnews.org.uk/co-financing/index.shtml)

5.4 The **Regional Coordination Unit** (www.rcu.gov.uk) has been leading Government thinking around joining-up funding streams as part of it's **Review of Area Based Initiatives*** and has taken the lead on this issue. Barbara Roche MP, Minister of State for Social Exclusion, ODPM, announced the outcomes* of this review on 16 October 2002. Outcomes* include a range of recommendations for streamlining and rationalising delivery mechanisms, in order to remove unnecessary and complex systems. Recommendations include the merger, mainstreaming, termination or closer co-ordination of initiatives.

5.5 One of the key themes of the review was that existing delivery mechanisms should be used and strengthened wherever possible, including enhancements to the role played by Government Offices and Local Strategic Partnerships in ensuring different initiatives work together at a local level.

*Indicates a glossary entry for this word or phrase - see Annex 3.
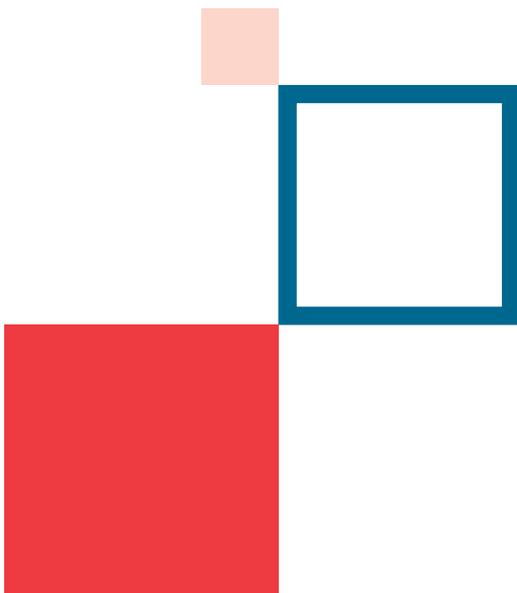
5.6 The RCU is due to report to the Government's Better Regulation Task Force on the success or otherwise of the implementation of these recommendations. The report is due in June 2003. For further information, please go to www.rcu.gov.uk/abi/. This site includes a comprehensive list of Government programmes, which are part of the initiative already.

5.7 The RCU has developed the Area Based Initiatives* (ABIs) Guidance, which is designed to ensure that new ABIs do not add unnecessary bureaucracy and that they are coherent and linked in with other programmes. This can be accessed at www.rcu.gov.uk/abi/guidance/default.asp. Departments should always consult the RCU on the development of new ABIs and clear them through the DA(SER)[3].

5.8 All funding bodies should give active consideration to whether or not a programme for which they have responsibility can be effectively joined with that of another funding body. This would normally be expected to take place in the following circumstances:

a) When the funding is for identical outputs (even when the planned outcome may be different).

b) When there is considerable overlap between different funding programmes, and the differences are not sufficient to merit separate programmes.

c) When different funding programmes are all brought to bear on the needs of one individual or specific group (e.g. such as the six Government departments who all have an interest in a Connexions client).

5.9 Providers themselves may be a good source of suggestions about programmes which could be joined up in this way.

Questions for Senior Managers* and Contract Managers*

a) Is there any significant overlap between your funding programme and other Government schemes?

b) Have you actively considered whether there is scope for joining up your programme with another Government funding programme?

Principle 6. Timing of Payments

Funding Bodies* should look to time their payments in ways that help Frontline Providers* to deliver services (taking into account any public procurement rules on the timing of payments)

6.1 As a general rule payments by Government funders are made in arrears of actual expenditure. However, there is some flexibility within Government accounting to vary this practice according to established need.

6.2 Funding Bodies* should bear in mind that payment in arrears can cause recipients of funds to become overdrawn. This represents poor value for money, as the cost of privately borrowing funds is invariably greater than the interest that would be foregone by the Treasury if they paid in advance of expenditure. (For example, one large national charity has regularly incurred annual bank charges in excess of £100,000 to finance borrowing to fund service delivery.)

6.3 Therefore, while payments have traditionally been made in arrears they can in fact be in advance of expenditure when a clear need has been identified.

6.4 Some helpful examples of when payment in advance of *expenditure* may be acceptable can be found by reference to 'Funding: A Code of Good Practice' (which is part of the Compact on Relations between Government and the Voluntary and Community Sector in England). See www.homeoffice.gov.uk/docs/funding.pdf - especially Section 18 (page 18-19)

6.5 Further clarification of this issue is being developed by the Treasury, as part of the Cross Cutting Review of the VCS. Those wishing to be notified of the publication of any such guidance are invited to 'register for updates' on the *Getting the Best from Each Other* website at www.dfes.gov.uk/gettingthebest

Profile Payments

6.6 One innovative payment method that has been adopted in recent years is **Profile Payment**. This is simply an arrangement by which *payments* are made against an agreed *profile* of a provider's needs, or the provider's earnings for outputs* delivered, in accordance with their funding agreement*. Such payments are made on an agreed date, resulting in reliable cash-flow for the provider. Payments after an agreed period of the contract (say after the 1st quarter) are adjusted in the light of returns made demonstrating the actual pattern of delivery.

6.7 This method has the merit of providing regular, predictable income to the provider, thereby reducing the cost of borrowing which is often necessary to cover the period between invoice and payment under more traditional methods.

6.8 Providers do need to keep a careful record of how much they have earned under their funding agreement, as opposed to how much money they have been paid. Most Funding Bodies* will require the difference between earnings and funding to be repaid to them and providers need to hold sufficient funds to be able to do this. Funding bodies* and providers need to carefully manage the financial exposure arising from this payment method.

6.9 Following the introduction of profile payments to the majority of LSC and Jobcentre Plus contracts (a move that has been widely welcomed by providers), we are keen to encourage greater use of this principle across all Government funding with Frontline Providers*.

6.10 Further details about profile funding, (the main method of payment of the LSC and Jobcentre Plus) see the Getting the Best from Each Other Website at www.dfes.gov.uk/gettingthebest/index.cfm?action=strands.Default&ID=49

Questions for Senior Managers* and Contract Managers*

a)   Do you pay your providers in a way that is helpful to their administrative process?

b)   Have you discussed this with them?

c)   Have you considered the use of profile payments?

Principle 7. End-Year Flexibility (a.k.a. Annuality)

Funding Bodies* should have a clearly stated policy with regard to End-Year Flexibility

7.1 Funding Bodies* may allow the carry over of funds from one year to the next where this can be justified. However, it is not usually permissible for providers to accumulate cash unless it is for specific programmed activities.

7.2 Funding Bodies* allocate funding to providers within annual budget cycles. In the past this meant that providers could not carry 'unearned-funding'* over from one year to the next. The result was therefore often wasteful spending at year-end.

7.3 Current Treasury rules allow for some end year flexibility for Departments. In setting out funding agreement conditions, Funding Bodies* should therefore consider how they could helpfully pass on some flexibility to funding recipients to allow them to carry over unearned-funding* into the next financial year.

7.4 Where appropriate, sponsoring Departments (i.e. of NDPBs or other intermediaries) should work with relevant Funding Bodies* to clarify policy in this matter.

Good Practice Example

The LSC is piloting arrangements to offer some end-year flexibility from August 2003 to up to 120 of the further education colleges it funds. To ensure that it obtains value for money in use of public funds, the LSC will put this relationship in place with colleges that have a successful record of delivering against their allocations, and with colleges known to make accurate and valid statements of how they have used LSC funds.

Questions for Senior Managers* and Contract Managers*

a) Do you have a policy in place with regard to end-year flexibility?

b) Does your policy clearly describe the circumstances in which you might consider carrying over unearned-funding* from one year to the next?

c) Is your policy made available to providers?

*Indicates a glossary entry for this word or phrase - see Annex 3.

Principle 8. Long-term Funding

Funding Bodies* should ensure that standard period of funding for programmes* should normally be not less than 2 years (subject to the provisos set out under this Principle)

8.1 Many Government funding agreements are already for more than one year, where this time span represents the life of the project or activity being funded. Examples are major capital projects or defence procurement, which may be over many years.

8.2 Most funding has traditionally been for one year, even where the Funding Body* expects to re-contract with the provider in the following year. Annual funding means a considerable level of uncertainty for both Funding Bodies* and providers and can lead to a focus on shorter term results than with longer-term programmes. It is also wasteful of the resources of both Funding Bodies* and providers, and diverts attention away from the delivery of better services, to the business of bidding to retain funding agreements.

8.3 As a Government, we have signalled that we wish, where appropriate, to offer longer term funding to Departments, their NDPBs and hence to providers. These longer term funding agreements will often replace renewals of existing annual contracts, and are underpinned by the three year spending review cycle to which we are committed.

8.4 Longer term funding will bring major benefits of long term planning and certainty to funding bodies and providers. There will be some constraints in that we need to be able to control public finances as a whole. Typically, later years of longer term funding agreements of this sort will have provisional or indicative allocations subject to the state of overall Government finances.

8.5 Funding Bodies* may find it helpful to structure 3 year funding arrangements on the following basis: First year – firm. Second year – provisional. Third year – indicative.

8.6 Funding for DfES/DWP-related post-16 training, learning or community-based programmes should therefore, normally, be not less than 2 years – subject to the following provisos:

a) Continuation of funding (up to the maximum period outlined in the funding agreement*) shall always be subject to satisfactory performance by the provider. 2nd or 3rd year funding will therefore normally be provisional / indicative (see 8.5 above).
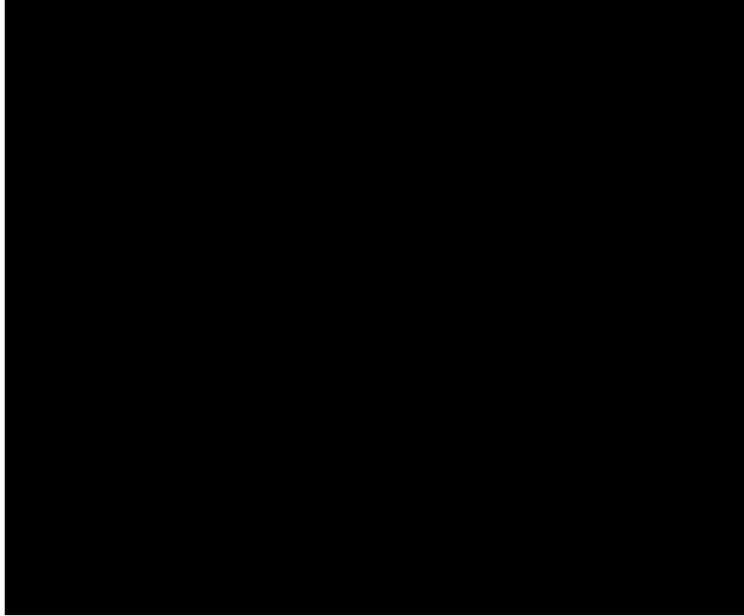
b) The Government shall always reserve the right to vary the length of contracts in the light of new national funding priorities.

c) Funding periods shall be set at less than 2 years where the money made available by the Treasury to support the programme is similarly time limited.

d) Funding should always be for a period appropriate to the length of the programme* and relevant to attendant safeguards and conditions.

Questions for Senior Managers*
and Contract Managers*

a) Have you ensured that arrangements for funding of your programme are normally for not less than 2 years?

b) If not, are you clear why you cannot offer funding of at least 2 year's duration in accordance with the general policy as stated in this section?

c) Have you clearly identified under what circumstances agreements for funding of 2 year's minimum duration might have to be prematurely curtailed?

d) Is your policy on this matter made available to bidders for funding / tender invitees?

Good Practice Example:

Long term funding agreements are already important in funding of education and training. Jobcentre Plus already uses three year contracts for its work based learning for adults provision. The LSC is introducing three year funding agreements from August 2003 for all its major funding streams (including further education and work based learning for young people). In most cases the LSC will expect to reconcile funding to outputs and recover unearned funds from providers.

*Indicates a glossary entry for this word or phrase - see Annex 3.

Principle 9. Lighter Monitoring and Control

Funding Bodies* should aim, wherever possible, to apply the principle of proportionality and a 'light touch' approach in the management and control of funding

9.1 Funding Bodies* should always seek to minimise the monitoring burden on the recipients of funds, seeking only information that is necessary for the purpose of verifying that funding conditions have been met.

9.2 Providers who have demonstrated a substantial and sustained track record of excellent quality provision, management control and governance should be subject to a lighter touch in respect of ongoing monitoring, audit and review.

9.3 Funding Bodies* should aim for a stated percentage reduction in the number of monitoring visits and enquiries that providers deemed to have excellent systems of monitoring and control are subject to. This percentage target should be publicly stated as a spur to excellence.

9.4 'Light touch' arrangements should be applied carefully to formal inspections (such as those conducted by the Adult Learning Inspectorate or Ofsted). Generally speaking inspections are a rigorous examination of all aspects of a provider's operation, conducted at regular, though usually widely spaced intervals. As such, formal inspections are generally expected to be extremely thorough. That said, a degree of common sense needs to be applied. Where a provider has a demonstrably sustained track record of excellent provision since their previous inspection, it will be appropriate to apply a more flexible inspection model in the second and subsequent inspection cycles.

Questions for Senior Managers* and Contract Managers*

a) Have you considered whether you can develop a 'lighter-touch' monitoring regime for those providers with a proven track record of high quality provision and management systems?

b) Have you considered whether other, already collected, data and evidence may be appropriate for your purposes (or some of them). See also Principle 10, overleaf.

c) Have you made guidance on this issue easily available to providers, so that they have a goal to aim for?

d) Have you built appropriate procedures into your 'lighter touch' regime to re-check any assumptions made at appropriate points?

Good Practice Example

The LSC is piloting lighter touch audit of its funding of further education colleges from August 2002. This is in response to the work of the Bureaucracy Task Force, chaired by Sir George Sweeney, which reported in Autumn 2002 on bureaucracy in further education.

At present, all colleges are subject to an onerous annual funding audit by the LSC. Colleges that are able to demonstrate a good track record in maintaining sound systems of internal control, and of making valid and accurate funding claims to the LSC, will have an LSC funding audit less frequently than annually.

Principle 10. Joined-up Inspection and Monitoring

Funding Bodies* should look for appropriate ways to use inspection, monitoring and management data gathered by other arms of Government.

10.1 We acknowledge that it is essentially wasteful for different arms of Government to collect the same data more than once. We are actively seeking ways to reduce the inspection and monitoring burden, and invite Senior Managers* and Contract Managers* to consider whether they can take part in any of the following initiatives.

10.2 In the subsequent paragraphs will be found examples of how we are actively engaging with this issue, and suggestions for further action by Senior Managers* and Contract Managers*

Sharing Data

10.3 The Department for Education and Skills (DfES) has established a Management Information Across Partners (MIAP) Group in April 2002. The group includes members from more than 25 organisations who share an interest in reducing the Management Information demands placed upon providers through more effective data collection and data sharing, in line with the concept of "collect once, use many times". The group commissioned a substantial exercise to map the Management Information demands in the Post 16 sector and to make recommendations aimed at reducing these demands.

10.4 Following this report and it's recommendations, the MIAP group have established a work programme which includes 29 short term or "quick win" recommendations for individual organisations to take forward and 10 longer term projects which aim to make a real difference in the way Management Information is gathered and used. These projects include; a feasibility study for a National Register of Providers (as envisaged in Getting the Best from Each Other's proposal for a 'central database'[4]) formal data sharing protocols between funding bodies, government and other appropriate members of the MIAP group, an assessment of new data collections (similar to the schools Star Chamber concept) and feasibility studies for a Unique Learner Number, a data warehouse and common definitions across the sector - all of which will facilitate more effective data sharing and consequently reduce provider burdens. See the following web-address for more information about the MIAP Group, and a copy of the report referred to in 10.3 above: www.dfes.gov.uk/gettingthebest/index.cfm?action=strands.Default&ID=45

10.5 The OGC provides a Supplier Intelligence Service (www.ogc.gov.uk/index.asp?docid=427) which co-ordinates available information about potential suppliers. This may be of help to some Senior Managers* and Contract Managers*.

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[4](See www.dfes.gov.uk/gettingthebest/index.cfm?action=strands.Default&ID=56 for further details)

10.6 The Public Audit Forum has produced two documents of particular relevance to the use of shared data in the audit and inspection of public bodies: "The Different Roles of External Audit, Inspection and Regulation: A Guide for Public Service Managers" (para 5.5 and following) and "What Public Sector bodies can expect from their Auditors" (paras 6-8 especially). Both documents can be downloaded from the publications section of the Public Audit Forum's website at www.public-audit-forum.gov.uk

Inspection Concordats

10.7 To reduce bureaucracy, we have established Concordats, (or where appropriate Partnership Agreements and Memoranda of Understanding) between:

- The Adult Learning Inspectorate (ALI), The Learning and Skills Council (LSC), Jobcentre Plus and Ofsted

- ALI and ESTYN (Welsh Inspectorate)

- ALI, University for Industry and the LSC

- ALI and the Ministry of Defence

- ALI and the British Council

10.8 By means of these Concordats, (and by way of a good practice example) the ALI shares its schedule of inspections directly with the LSC Provider Financial Assurance Department, in order that duplicate visits to providers are avoided and LSC personnel can attend inspections to carry out their financial assurance work. The LSC and Jobcentre Plus place considerable reliance on the inspectorates' reports on quality and value for money, and reduce their own scrutiny accordingly (see Principle 9 – Lighter Monitoring and Control).

10.9 The LSC also has combined the visits of its financial management and governance review teams with those of the inspectorates, to reduce the number of visits providers are subject to and to yield a more informed picture of the provider.

10.10 ALI also shares its schedules of inspection with Job Centre Plus, Ofsted, ESTYN (Welsh Inspectorate), the QCA and DfES in order to minimise inspection burden on providers (e.g. if a provider delivers Jobcentre Plus and LSC funded programmes, and happens to be a college of further education, the ALI will aim to inspect all provision jointly with Ofsted, covering all contracts at the same time.) Ofsted also shares its inspection schedules with ALI and the LSC, and regular meetings are held to discuss the schedules for college and area inspections.

10.11 Further information about these and other initiatives (including copies of Concordats) is available at www.dfes.gov.uk/gettingthebest/ index.cfm?action=strands.Default&ID=45

Mutual Recognition of Approved Standards

10.12 Funding Bodies* should be pro-active in seeking ways to recognise assessment and approval data collected by other Funding Bodies*.

10.13 The Government empowers a wide range of Funding Bodies* to fund provision for many different activities. For some activities, a number of Funding Bodies* fund the same providers. Traditionally each Funding Body* has often been required to assess each provider before funding it. These assessments are made independently of assessments made by other Funding Bodies*. At least some of the assessment is common to any Funding Body* - for example a provider's financial health, or its general organisation and management. Multiple assessment of the same, or very similar, data is of course wasteful to both the Funding Bodies* carrying them out, and to providers themselves.

10.14 There is much scope for mutual recognition of data held, on the same provider by different Funding Bodies*. Sometimes sharing of information will be limited to areas of general interest, such as financial health. When two Funding Bodies* are funding similar activity through the same provider, there is much more room for sharing of outcomes, or acceptance by one Funding Body* of the results of another's assessment in quite technical fields.

10.15 Before imposing new monitoring structures (e.g. as part of a new funding agreement*) Funding Bodies* should think about whether there is scope to use data and evidence already collected by the provider (whether for their own internal management processes, or for other Funding Bodies*). Serious consideration should always be given to using the same data / evidence collecting procedures where possible, so as to avoid the imposition of further layers of bureaucracy.

Good Practice Example 1:

The LSC and Jobcentre Plus are working together to consider ways in which existing procedures can be adapted to adopt this principle, such as mutual recognition of one another's assessment of new providers.

Good Practice Example 2:

The LSC and HEFCE have reciprocal accountability arrangements set out in financial memoranda, for their funding of each other's institutions. Audit and data returns are in accordance with the lead funding body's rules, which are broadly compatible. Both accounting officers (see Annex 1) exchange annual letters giving assurance on use of the other's funding.
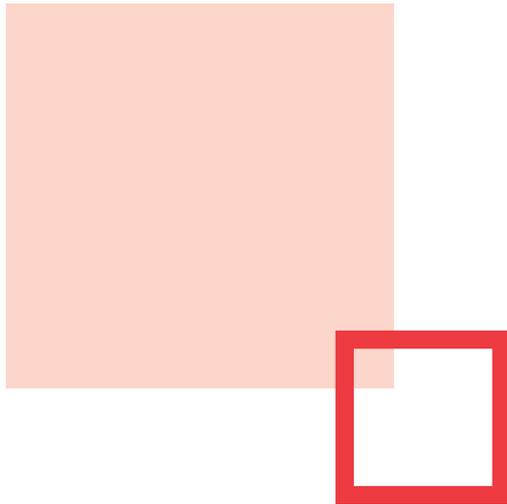
10.16 That said, this is not to imply that individual agreements can be made routinely with individual providers. Development of lighter touch arrangements will need to take account of the possible disproportionate cost which could be incurred by the need to train monitoring officers to comprehend multiple assessment mechanisms. A certain degree of standardisation must inevitably adhere to the proper and systematic monitoring of Government funding.

10.17 As with all principles in this document, Senior Managers* need to be cautious about compliance with EC Rules* and other Public Procurement Regulations – particularly if the development of mutual recognition might begin to become a central 'approved list' of providers (which has the potential to be anti-competitive unless carefully established and which cannot replace the need to advertise relevant contracts in OJEC[5] and apply the EC directives as appropriate). The full involvement of relevant legal experts is very much encouraged.

Lead Funder Arrangements

10.18 Where several Funding Bodies* provide funds to an organisation, they should, wherever practicable, consider agreeing a 'Lead Funder' to undertake monitoring on behalf of them all.

10.19 Once a Lead Funder is agreed between bodies, they will then share relevant information with other funders. This could rationalise both the administrative requirements on Funding Bodies*, and the monitoring burden on recipients of funds.

10.20 Contributing funders will, of course, need to satisfy themselves that the arrangements meet their internal accountability standards. Where there are formal accountability arrangements – such as those of accounting officers of Government Departments (see Annex 1) – the arrangements should be written down in a Memorandum of Understanding or similar document, making clear the responsibilities of the participants. Such documents should always be drawn up with the advice support and approval of internal audit divisions within Departments and agencies.

Good Practice Example 1:

The Department for Work and Pensions is currently developing a pilot Lead Funding Project to discover whether lead funding approaches can be developed from a 'provider's eye view'. This will seek to establish whether practical arrangements can be put in place to reduce the bureaucracy experienced by an individual provider. We expect that a full pilot, involving some national voluntary sector providers will take place in 2004. Further details can be obtained by request to matt.james@dwp.gsi.gov.uk

Good Practice Example 2:

Regional Development Agencies (RDAs) are funded by resources from four Government Departments, whose Accounting Officers are responsible for the proper use of allocated funds. In an agreement of Spring 2002, the four Accounting Officers agreed that the main sponsoring Department (DTI) would issue RDAs' overall budgets and pay grant in aid to the RDAs. The other Departments that fund RDAs supply resources which DTI then appropriates in aid and distributes. The agreement requires that the various funding bodies work in co-operation and "endeavour, so far as possible, to co-ordinate their investigations.

Good Practice Example 3:

Lead Arrangements: the Learning and Skills Council has been in the process, during 2002/3 of reviewing its contracting arrangements for those Work Based Learning providers who have multiple contracts with a number of Local LSCs. As of May 2003, the LSC is now in a position to allocate a 'Lead' LSC for each provider with one contract and one request for development plans, self assessment reports, financial monitoring, health and safety policies etc. The new Lead Arrangements will come into effect as from August 2003 and should reduce bureaucracy considerably.

**Questions for Senior Managers*
and Contract Managers***

a) Are you satisfied that your approach to the management and control of funding is as joined-up as it reasonably can be?

b) Have you checked your assumption with key providers?

c) If providers with whom you have agreements also receive funding from other Funding Bodies*, (including, perhaps, other regions within your own organisation) have you considered whether there is scope to agree 'lead funding' arrangements?

d) Have you considered canvassing your providers to find out where else they receive funds from – to create a map of the most likely targets for 'lead funding' or joint visiting arrangements?

e) Have you considered whether assessment and approval data (that you require to make a decision to fund providers) might already have been collected by other Funding Bodies?

f) Have you had discussions with other relevant funders so that you might be able to recognise – or at least share - aspects of each other's assessment and approval systems?

*Indicates a glossary entry for this word or phrase - see Annex 3.

Next Steps towards Getting Better Delivery

This document has attempted to highlight good practice, spotlight relevant Government policy, and posed questions that, we hope, will continue to stimulate positive change over the coming months and years.

It will be embedded as far as possible via a series of seminars, during May and June of 2003. These will be aimed at officials from Funding Bodies*, and will be designed to give Senior Managers*, Contract Managers* and Funding Officers* the opportunity to meet with each other across Funding Body* boundaries, discuss the principles outlined in this document, and begin to build consensus and action together.

After that? It's over to you (that is providers and Funding Bodies*) to use this document as the basis for discussion and debate; to keep on working together, using these Principles, to keep on getting better, and better, delivery.
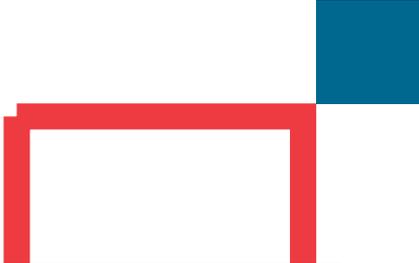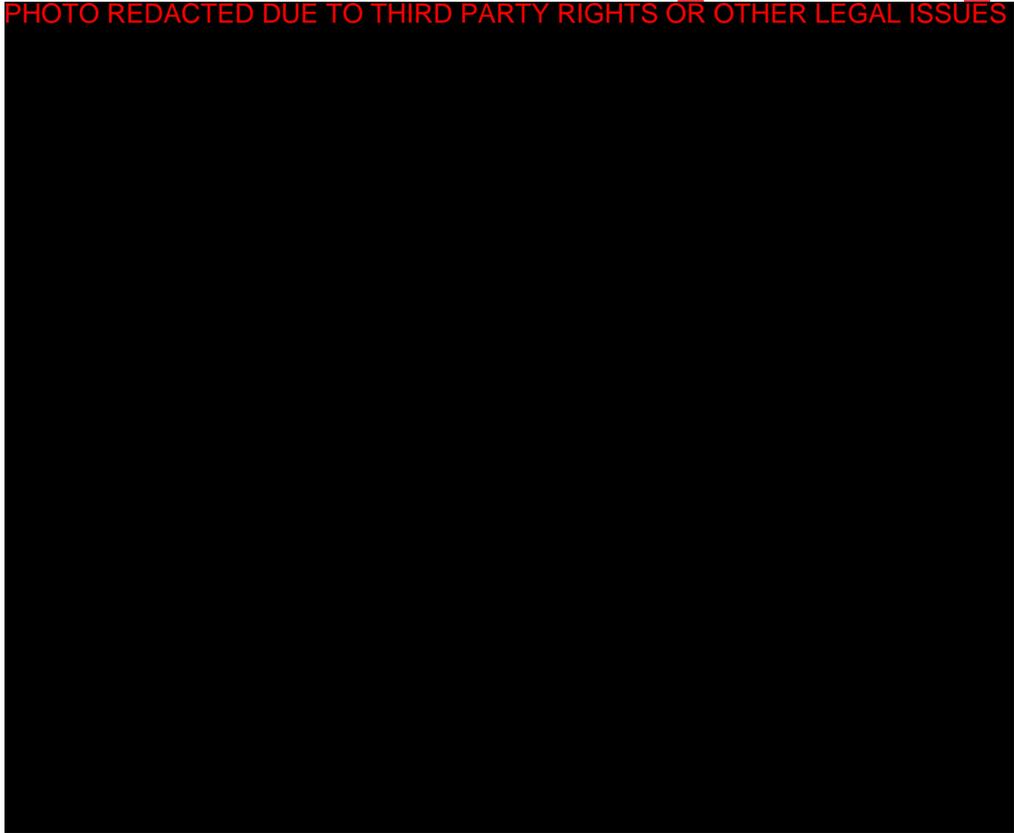
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Annex 1

'Senior Manager*' and 'Chief Accounting Officer' Responsibilities

1. Much of the guidance in this Guide is of greatest direct relevance for 'Senior Managers*' of funding bodies.

2. However, the Chief Accounting Officer[6] of the funding body in question usually governs the Senior Manager's role. Government Departments have to ensure that the money voted to them by Parliament is spent in the proper way, in accordance with the ambit of the vote (the ambit is the formal description of the services that are to be provided using these monies). Chief Accounting Officers are accountable to Parliament for how their Department's money is spent, and therefore they must make sure that there are appropriate controls in place to ensure money goes to the right destinations and is then spent in the right way. These controls, which can be delegated to other funding bodies by Government Departments, will include measures to prevent and detect fraud, and are a necessary part of safeguarding the taxpayer against the misuse of public funds. Funding Bodies* should ensure the following principles are met:

    • **Regularity** – funds are awarded and used only for authorised purposes;

    • **Propriety** – funds are awarded fairly and free from undue influence;

    • **Value for money** – funds are spent with due regard to economy (minimising costs), efficiency (maximising the ratio of outputs to inputs) and effectiveness (achieving intended outcomes). For procurement, value for money is the optimum combination of whole life costs and quality to meet the user requirement.

    • **(For Procurement) Compliance with EC Treaty principles** of transparency, non-discrimintion and free movement and, where above the thresholds, compliance with the EC procurement directives

3. The Accounting Officers of funding bodies are responsible for making decisions on what specific rules to attach to an individual funding stream. They are answerable to Parliament for how the Department's money is spent, and should be able to show that they put in place appropriate controls to ensure that the principles of regularity, propriety and value for money are met.

4. **Therefore**, whilst this document is designed to reflect the best of current good practice (and the provisions of Government Accounting and the guidance of the Office of Government Commerce), nothing contained in it shall override the individual and personal liability of the Chief Accounting Officer, and of any proper instruction which she or he may issue to Senior Managers* in respect of any aspect of the procurement and funding of a given programme.

5. Best Practice Guides for Chief Accounting Officers are available on the Office for Government Commence website at: www.ogc.gov.uk/index.asp?docid=376

[6]Usually the Permanent Secretary of a Government Department or the Chief Executive Officer of other funding bodies.
*Indicates a glossary entry for this word or phrase - see Annex 3.

Checklist for the Establishment
of a Provider Support Service

(See Principle 3 of the main body of this document for context - pages 13 - 14)

Background

The Government recognises that its detailed requirements of programme providers are not always easily accessible. Potential and current providers, in some cases, therefore have little information to help them to build their capacity to deliver the Government's programmes. Such information should be made available *at the same time* as the launch of any new programme, enabling interested parties to gain an informed understanding of the aims, objectives and principles of any new programme. It should always be made available on the Funding Body's website (with hard-copies available on request). Arrangements should be made to enable readers with disabilities to access the information. This will give potential providers the maximum opportunity to identify the skills and disciplines in which they need to develop their capacity to deliver.

Factors for consideration in the planning of a Web-based Provider Support Service.

1) **What am I seeking to achieve?**

   - To raise standards among my providers?

   - To build capacity among potential providers?

   - To attract new providers?

   - All three?

2) **What information about my programme already exists?**

   - Is it available electronically?

   - Can it be easily transferred to a website?

   - Does is need to be re-written?

   - Is it in plain English?

   - Do I need to commission a designer to make it more accessible?

   - Is it available in different formats (e.g. large print, Braille, audio)? If not, why not? What other arrangements have I put in place to ensure full access?
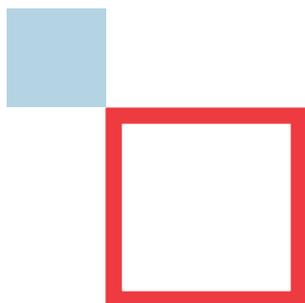
3) Are my Programme's requirements and expected standards clearly set out?

- What are the minimum standards I will accept?

- Should I offer advice about how potential providers could raise their standards - e.g. should I provide a list or web-link to relevant source of training?

- Could any of my programme specific policies be combined with those of another programme, or drawn from a National standard? (e.g. Standard Health and Safety, Equal Opportunities policies.)

- Can I publish examples of the paper-work/forms that I will require to be completed?

4) What new information do I need to write or commission?

- Guidance to Management Trustees?

- What a typical programme centre should look/operate like?

- Good practice guides – e.g. "Developing a learning culture."

- In other words, what is the balance between pro-activity and re-activity in my provision of Technical Support?

5) Have I provided a list of key contact names and email addresses?

6) What questions do our providers most frequently ask us?

- Would it save time and resources for all concerned if I were to publish a list of frequently asked questions?

**7) What sort of competencies do I think are necessary to run one of my programmes?**

- Should I publish some suggested job descriptions and person specifications?

8) How would I like my programme marketed to the Public?

- Should I provide some "jpeg" scans of my programme's logos?

- Should I only make them available to accredited providers via a password?

9) What is the nature of the advice and support I wish to give?

- Do I want to offer programme delivery advice only? Why?

- Do I want to offer help to failing programmes? Why? Am I clear about what I can or cannot advise without stepping into areas of 'shadow-directorship'?

- Do I want to recommend specific management tools - e.g. financial management software that is compatible with that which we use?

*Indicates a glossary entry for this word or phrase - see Annex 3.
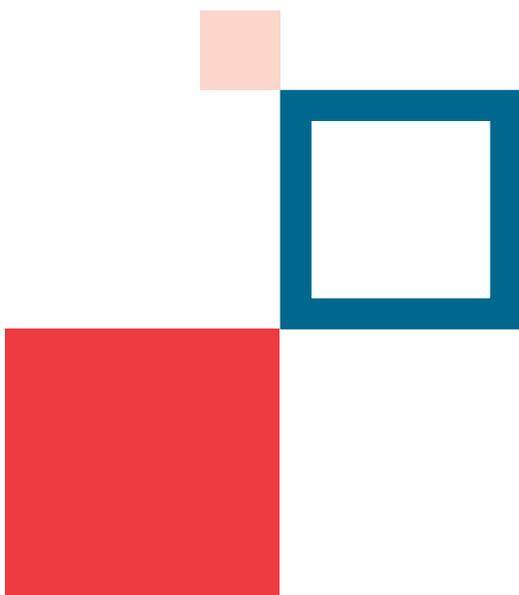
10) In staffing terms, how will I run my Provider Support Service?

- How many web-masters?

- How many contract specialists?

- How many general advice handlers?

- How many peripatetic trainers could I hire out to my providers?

- Should I consider contracting out the face-to-face or other aspects of my Provider Support service?

11) Have I provided an online application form?

- If not, am I clear about why not?

12) Have I ensured that my website is compatible with UK Online?

13) Is my website fun to use?

- If not, why not? Do I wish to send a serious message?

- If yes, have I got the balance right between fun and professionalism?

15) What is my target date for going online?

- Who is responsible for achieving it?

- How will I monitor progress?

16) What is my budget for providing this Provider Support Service?

- How have I set this budget? What percentage of overall spend does it represent?

- Is it enough?

- Can I achieve my objectives with less?

- Can I offset the costs through advertising?

17) How will I measure the success of my Provider Support Service?

- Should I design an online questionnaire?

- Should I commission research into its effects at a later date?

- Have I budgeted for research?

- What savings in terms of time and bureaucracy am I looking for?

- How will I measure the savings I have made?

- How will I incorporate feedback into future updates of the Service?

Annex 3

Jargon Buster

Glossary of terms used in this Document (and other relevant terms in the field)

Aim/Mission

These two terms have and can be used interchangeably to mean the same thing. In essenceit is the overriding purpose for the existence of an organisation. It is usually one or two sentences which explains the organisation's reason for being.

> For example: Mission of the LSC
>
> Our mission is to raise participation and attainment through high quality education and training which puts learners first.

Area Based Initiatives

ABIs are publicly funded initiatives targeted on areas of social or economic disadvantage, which aim to improve the quality of life of residents and/or their future life chances and those of their children. They have one or more of the following features:

• Aimed at particular geographical areas, or intended to have a greater impact in some areas or regions than others;

• Managed through regional, sub-regional or local partnerships;

• Intended to support a number of objectives locally which are the responsibility of more than one Department;

• Put forward as pilots or pathfinders for programmes that will ultimately be rolled out nationally.

Co-ordinating the work of ABIs, to ensure that they operate with maximum efficiency and minimum bureaucracy, is the specific responsibility of the Regional Co-ordination Unit (RCU).

*Indicates a glossary entry for this word or phrase - elsewhere in this Annex

Benchmark

Benchmarking is the means by which organisations seek to enhance their performance by learning from best practices and the processes by which they are achieved. This exercise can be internal or more effectively with other organisations and can be at a strategic, management or operational level. It is not a one-off exercise but an ongoing, integral part of an organisation's improvement process.

Benchmarking is used in the public sector to improve processes and systems and more recently to explore its use as a tool for improving policy implementation processes, by focusing on the framework conditions which underlie the business environment and the economy more generally.

A benchmark is a point of reference against which an organisation's performance may be compared or assessed and conclusions then drawn. A benchmark may be from a single comparative organisation or drawn collectively from a benchmarking group of organisations.

Contract Manager

This is the person directly responsible for agreeing and then monitoring the terms of a contract, grant or other funding agreement* with a Frontline Provider*.

Core Costs

See Full Costs, overleaf

EC Directives

Set of European Directives which apply to all public procurements above certain thresholds (see EC Thresholds below)

EC Rules

The EC rules refer to:

- the EC Treaty (setting out core principles of transparency, free movement and equal treatment through non-discrimination),

- the EC procurement Directives

- ECJ (European Court of Justice) jurisprudence.

All public procurements must comply with Treaty principles and ECJ jurisprudence.

EC Directives only apply to procurements above the EC Thresholds, although some procurements above EC Thresholds may be exempt. These include service concessions and services known as "part B services" which include education and vocational education services, health and social services, recreational, cultural and sporting services.

As a result, many of the post-16 learning, training and community services may be exempt from the EC Directives even where they are above the EC Thresholds, but the EC Treaty principles must still apply.

EC Thresholds

These thresholds define the amounts above which EC Directives apply.

(Visit www.ogc.gov.uk/index.asp?id=397 to view current thresholds).

It is against EC rules to split procurements artificially into lots with the intention of falling beneath the thresholds.

Full Costs

For the purpose of this document, the full costs of provision are the total amount of money that it costs a provider to provide a given service, taking account of the direct costs (employment of staff, purchase of materials etc) as well as a reasonable proportion of the indirect costs of maintaining the provider's essential infrastructure (i.e. often known as their core costs).

Funding Agreement

For the purpose of this document, a funding agreement is any legal process or document which commits a Funding Body* (see below) to pass over money to a provider in return for a service offered by that provider to third parties (clients or customers). Funding agreements can include grants, grant-in-aid or procurement contracts, all of which are legally enforceable.

It is worthy of note that funding to Frontline Providers* is broadly separated into project funding, strategic funding and development funding. The difference between these types of funding is a subject being addressed in a forthcoming Guide to Funders, being produced by H M Treasury. To be notified of publication, please 'register for updates' on the *Getting the Best from Each Other* website at www.dfes.gov.uk/gettingthebest

Funding Body

For the purposes of this document, a funding body is any Government institution, Department, Agency or Non Departmental Public Body, which uses Government money to purchase, or contract for services through Frontline Providers* or to provide grants for Frontline Providers* which may include similar programmes or initiatives. Examples include:

- Government Departments and Agencies (such as Jobcentre Plus)

- Non-Departmental Public Bodies (NDPBs) such as the Learning and Skills Council

- Intermediary agencies, such as, Government Offices and Regional Development Agencies, through which central government funding is allocated to the voluntary or community sector and other community based institutions

- Other bodies – such as charities and regeneration partnerships – funded wholly or in part by public monies and who, in turn, make payment of Government Funds to voluntary or community sector bodies
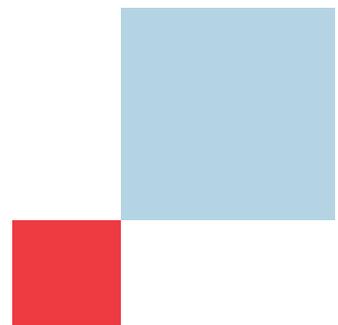
Funding (or Grants) Officer

Similar in function to a Contract Manager*
(see above) but usually used to refer to managers
of funding other than contracts.

Frontline Provider

For the purposes of this document a 'Frontline
Provider' (and a 'provider') is an organisation
which provides a service to directly to individuals
and/or communities on behalf of the
Government, and in fulfilment of one or
more of the Government's social objectives.
Examples include Voluntary and Community
sector organisations, private sector training
providers, social enterprises*, Further Education
colleges and local authority training organisations
which contract directly for Government funding.
For the purposes of this document, the term
excludes Schools and Higher Education Institutions
as these are subject to different legal and
operational frameworks.

The primary focus of this document is on effective
working in the broad area of post-16 training,
learning and community based work, and has
a substantial DfES/DWP focus. However, other
Government departments have been involved in
the development of this document. (See Annex 5.)
In the longer term it is intended that these
principles may be applied on a broader basis across
other Government relationships with this same
group of Frontline Providers.

Inputs

The term "inputs" may be used in a variety
of situations but its meaning remains the same.
Inputs are represented by what is put in, taken
in, or operated on by processes or systems.
Inputs may be tangible such as goods/services
or employee time, or they may be intangible
such as the knowledge base of an organisation
or the high motivation of particular employees.

Objectives

Objectives of an organisation have also often
been confused with aim/mission but are in fact
a more detailed statement of intent. Objectives
are how the organisation will work towards the
overall aim/mission in order to achieve the vision.
Rather than one or two sentences the objectives
are often expressed in terms of a short list.

For example: Objectives of DfES

- Give children an excellent start in
  education so that they have a better
  foundation for future learning.

- Enable all young people to develop
  and equip themselves with the skills,
  knowledge and personal qualities
  needed for life and work.

- Encourage and enable adults to learn,
  improve their skills and enrich their lives.
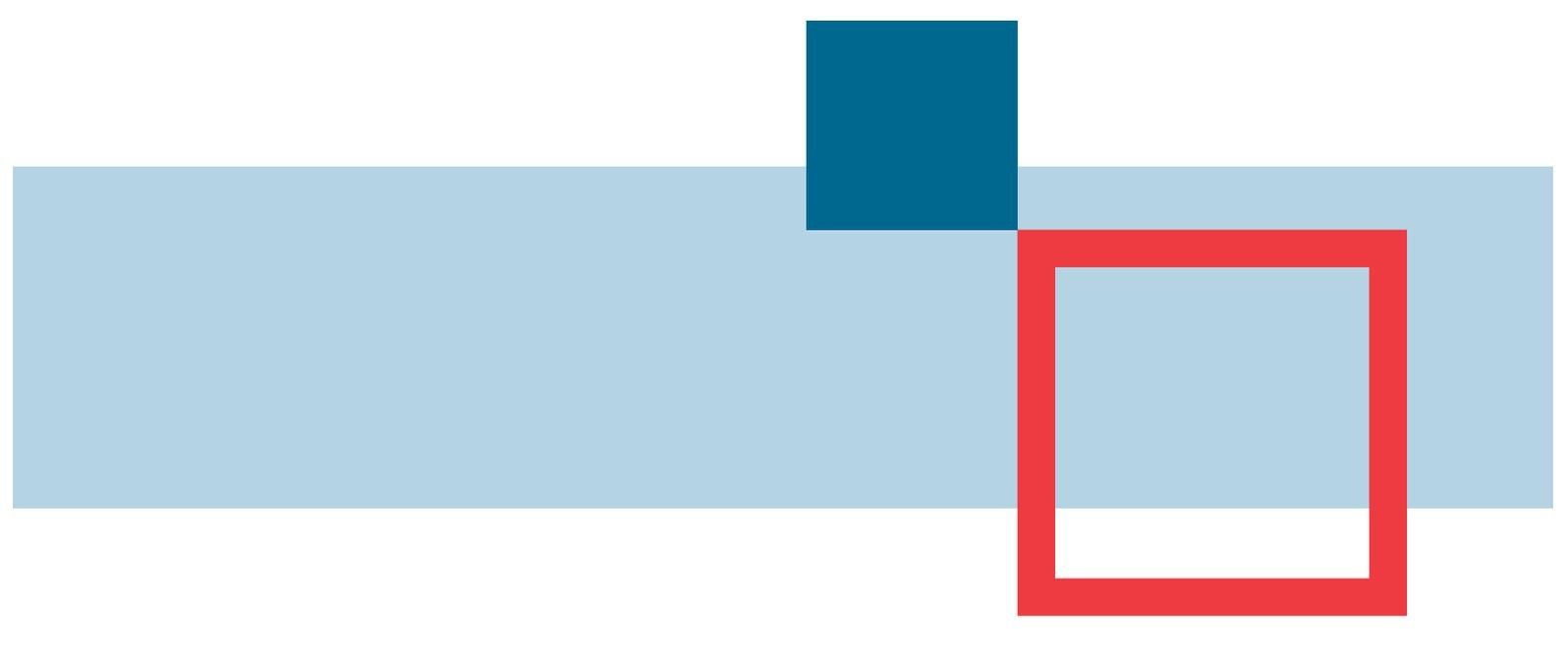
Outcomes

A consequence. The result or effect. Outcomes are the changes, benefits, learning or other effects that happen as a result of your services or activities. Outcomes may be 'hard' (they are easily counted) or 'soft' (they are less easily measurable, as with improved confidence or reduced isolation).

Outputs

The term 'output' may be used in a variety of situations but its general meaning is that outputs are the product of a process or system. Outputs may occur at any point during the process. Outputs may be tangible such as increased productivity or intangible such as increased morale, however for the purposes of this document, we mean the word Outputs to describe a measurable, definable, product of a process or system. Examples are

- a training placement,

- a session of learning, youth work, play etc...

- a qualification

Out-turns

The term out-turns has been used interchangeably with outputs and in essence it is very similar. The out-turn is the final result or consequence of a process or system. It is the end result as opposed to outputs that may occur at any point during the process. Out-turns tend to be the result that is quoted in statistical information about the end products.

Programme

For the purposes of this document a programme is any strategically designed set of activities intended to fulfil a Government objective, and for which funds are provided by a Government Funding Body* to enable providers* to undertake work, or deliver services, which contribute to the fulfilment of that objective. We mean this document to address programmes for the delivery of training, learning and community-based initiatives – excluding formal education (i.e. schools) and higher education as these are subject to different legal and operational frameworks.

Provider

See Frontline Provider above

Senior Manager

For the purpose of this document, the Senior Manager is that person who has overall responsibility for delivery of a programme of funding (whether through grant or contract) designed to achieve a Government objective. They will occasionally be referred to as a 'senior responsible officer' (although this term is subject to a wide range of interpretations and should only be used with care). Essentially, the Senior Manager will be the person with the authority to make the kind of changes to procedures and processes envisaged by this document, and who will monitor the effect of those changes on the programme, and manage all high level risks.

Social Enterprises

A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners. For more information see: www.dti.gov.uk/socialenterprise

Unearned funding

This is funding that has been received by a provider (e.g. via a profile-related payment) but which has not been earned because programme-related activity has been different from that which was originally profiled.

Vision

The vision of an organisation is often confused with aim/mission but actually is a separate element. A vision for an organisation would be to state what outcomes are being sought from the overall aim/mission. Again, this is generally only one or two sentences.

> For example: Vision of the LSC
>
> Our vision is that, by 2010, young people and adults in England will have knowledge and productive skills matching the best in the world.

Annex 4

Aims and Objectives
AIMS of *"Getting the Best from Each Other"*

(first published in June 2002)

1. Focusing on Outcomes

We aim to ensure that the delivery
of Government programmes is:

- Led by the needs and demands of local
labour markets, individuals and communities)

- Clearly focused on the achievement
of specified and agreed outcomes

2. Raising Standards

We aim to keep on raising the standard
of Government programme delivery
by promoting:

- Continuous Improvement

- Shared Learning

3. Better Procurement

We aim to ensure that the Government's
funding and contracting mechanisms help
Providers to deliver, by:

- Being flexible

- Being efficient

- Avoiding unnecessary bureaucracy

- Providing value for money.

We aim to work positively together to deliver
Government policies and programmes, while
maintaining a firm grip on public finances
and accountability.

**Shared Objective of Government
and Providers**

As agreed during 'Getting the Best from Each
Other' (www.dfes.gov.uk/gettingthebest) the
shared objective of Government and Frontline
Providers* is to raise the standard of living
for all by:

- Improving standards of education

- Improving health outcomes

- Increasing skills among the workforce

- Moving people into work

- Helping them to compete more effectively
in the workplace

- Reducing crime

- Driving down poverty and disadvantage

- Developing individual potential

- Encouraging equality and diversity

*Indicates a glossary entry for this word or phrase - see Annex 3.

Annex 5

Endorsements and Other Interested Parties

This document is specifically endorsed by:

Department for Education
and Skills — **Ivan Lewis MP**

Department for Work
and Pensions — **Rt Hon Nick Brown MP**

Department for Trade
and Industry — **Stephen Timms MP**

Home Office
(Active Community Unit) — **Lord Filkin**

Learning and
Skills Council — **Brian Sanderson**

Connexions Service
National Unit — **Anne Weinstock**

Association of Colleges — **David Gibson**

Association of Chief Executives
of Voluntary Organisations — **Stephen Bubb**

Association of
Learning Providers — **Graham Hoyle**

Those contributing to or providing general endorsement of this document

HM Treasury

Office of the Deputy Prime Minister

Department for Transport

MOD (Army) DETS(A)

Office of Government Commerce

Local Government Association

Regional Co-ordination Unit

Adult Learning Inspectorate

Other observers who have been generally involved and informed of the development of this document:
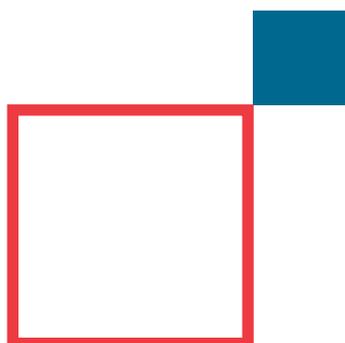
Department of Health

Regional Development Agencies

Government Offices

National Audit Office

Scottish Office

Welsh Assembly

Ofsted

department for
education and skills
creating opportunity, releasing potential, achieving