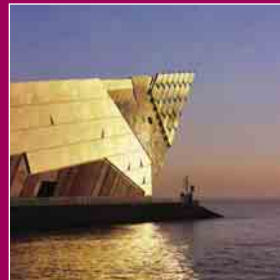


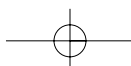
Office of the
Deputy Prime Minister
Creating sustainable communities

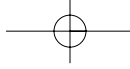
ABI GUIDANCE

TO DEPARTMENTS



**Guidance for the design and co-ordination of
area based initiatives and local partnership
based programmes
Autumn 2003**

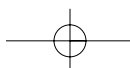
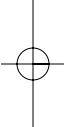
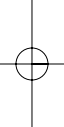




The Guidance has been approved by Ministers. The Guidance explains the essential gate-keeping role that the Regional Co-ordination Unit/Government Office (RCU/GO) network performs in supporting DA(SER)'s collective oversight of new schemes and programmes.

The RCU is part of the Office of the Deputy Prime Minister (ODPM). It is the corporate centre for the 9 Government Offices for the Regions, which are the regional arms of the key central Government Departments.

In fulfilling the ABI Gateway role, the RCU works with Departments to ensure that initiatives are carefully designed to achieve their goals. By drawing on the expertise of the GOs, the RCU offers advice on effective funding arrangements, appropriate targeting, ways to minimise bureaucracy, mainstreaming opportunities, links to other initiatives, and many other issues. The Guidance sets out the key principles that effective initiatives should follow.



Foreword by Jeff Rooker

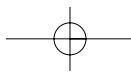
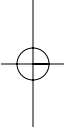
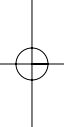
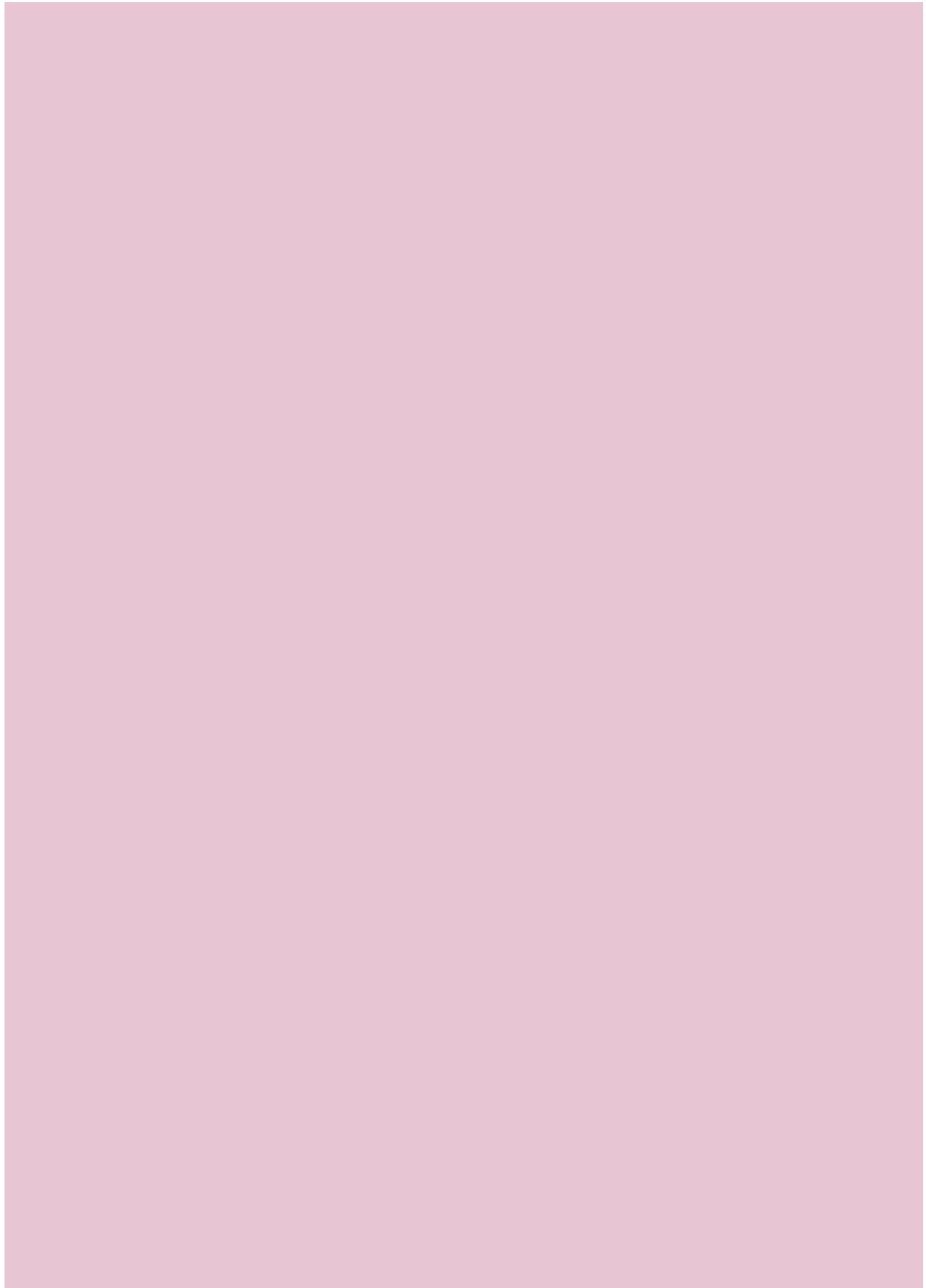
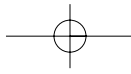
I welcome the publication of this revised Guidance, which has been endorsed by Ministers across Whitehall.

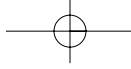
This Government is absolutely committed to narrowing the gap between deprived areas and the rest of the country. We aim to ensure that, within 10 to 20 years, no one is seriously disadvantaged by where they live. Achieving this aim requires improved, co-ordinated mainstream services, and the Government is working hard to put these in place. But in some areas additional interventions may be necessary. Area based initiatives (ABIs), and other local partnership based programmes, can be useful tools to promote change, particularly in the most deprived areas.

However, significant improvements can only be achieved through such schemes if there are effective funding arrangements, appropriate targeting, ways to minimise bureaucracy, mainstreaming opportunities and links to other initiatives. I would therefore urge all officials to contact the Regional Co-ordination Unit (RCU) directly if they are planning targeted activity, to ensure that the lessons the Government has learnt about such programmes are put into practice for the benefit of local communities.

A handwritten signature in black ink, appearing to read 'Jeff Rooker', with a horizontal line underneath it.

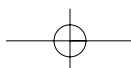
JEFF ROOKER





Contents

	Page
1. Who should use this Guide?	6
2. Why is this Guide necessary?	7
3. What is the ABI Gateway process?	9
4. What principles should new proposals follow?	10
5. Contacts	16
Annex A: Key Questions for Departments	17
Annex B: Common Funding Framework	18



1. Who should use this Guide?

This guide is for any Government Department proposing to:

- develop a new area based initiative (ABI);
- develop a new local partnership based programme; or
- launch a new round or wave of an existing initiative or programme.

This guidance applies to any Government programme that is:

- targeted at particular geographical areas (of any size – from a neighbourhood to a whole region);
- delivered through regional, sub-regional, or local partnerships (even if these partnerships between them have nationwide coverage); or
- intended for launch in a particular area or areas ahead of more widespread roll-out (such as pilot, pathfinder, trailblazer, innovation or exploratory schemes).

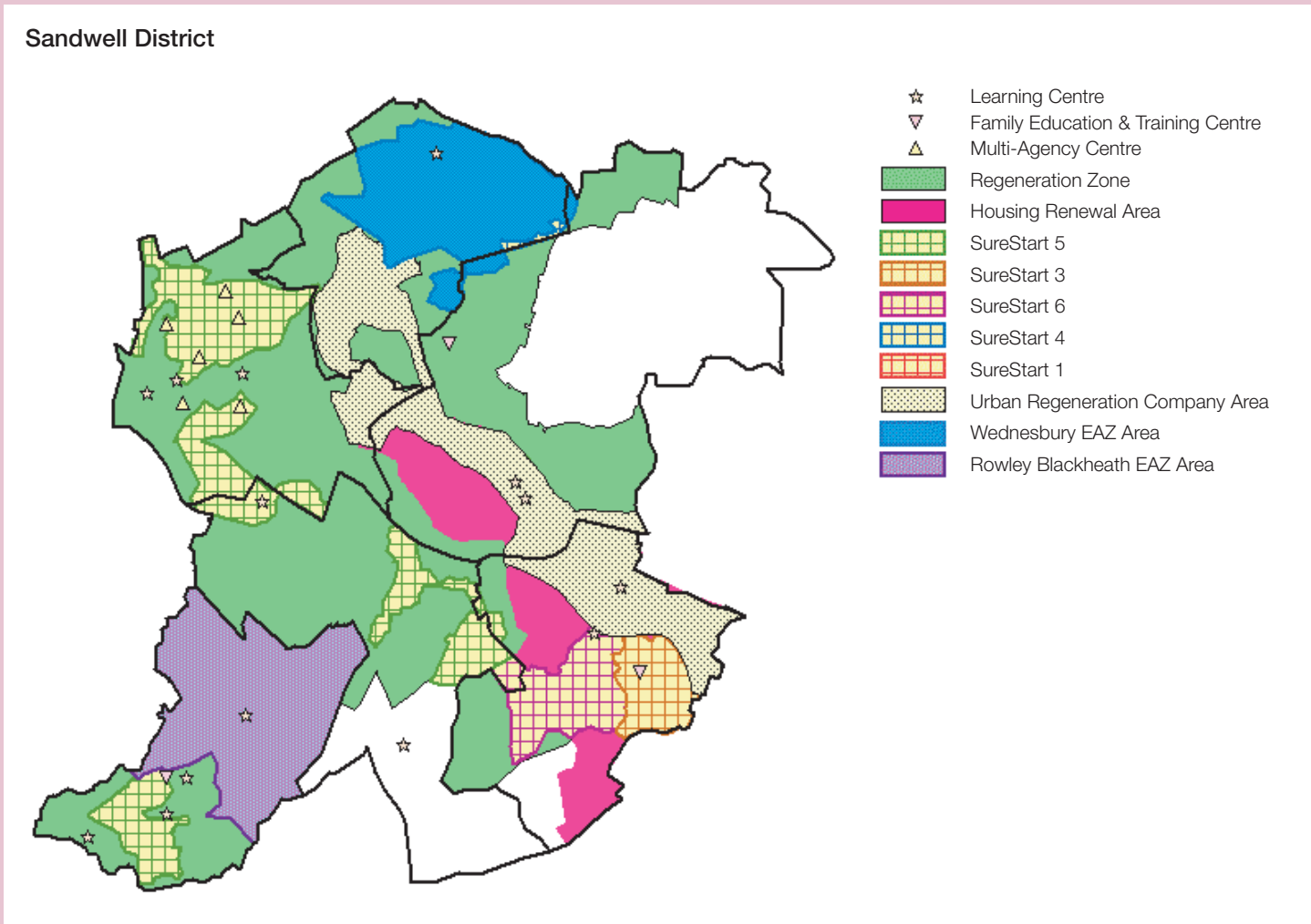
Such programmes may target crime, health, educational attainment, employment prospects, economic performance, neighbourhood renewal, or a range of other issues, often in deprived areas. The definition is deliberately broad, and the list of examples on the map overleaf is by no means exhaustive.

If the initiative or partnership that you are developing or extending falls into one of the above broad categories, you should contact the RCU at the earliest opportunity. Contact details can be found in Section 6 of this guide.

You should NOT wait for an initiative to be fully developed, or the details of a new round to be approved by your Ministers, before contacting us. To do so will increase the likelihood of delays.

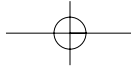
2. Why is this Guide necessary?

The need for this guidance is best illustrated by an example. The map below shows the various targeted initiatives and local partnership programmes in just one small area, the Sandwell District in the West Midlands. As in other areas, the number and complexity of such schemes has made it difficult for local authorities and other bodies to administer them effectively. The RCU has been charged by Ministers with ensuring that new schemes do not further complicate this situation.



As well as the sheer number of such programmes, and their overlapping boundaries, their different administrative arrangements can cause considerable unnecessary work for local authorities and other bodies. Where separate bids, plans, forecasts and monitoring arrangements are required for each funding stream, the duplication of effort involved can be immense. Departments should bear in mind that the Government has publicly committed itself to reducing bureaucracy for front line staff, and should look to harmonise arrangements with other programmes as much as possible. Advice about how to do this can be found on page 7, and in Annex B.

There is also evidence that initiatives targeted at small geographical areas may exacerbate tensions between neighbouring communities, particularly where there is a perception of unfair treatment. Investigations into the riots in Bradford, Oldham and Burnley in the summer of 2001, for example, suggested that ABIs and similar programmes may have

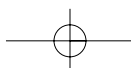


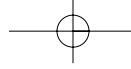
inadvertently increased tensions between BME populations and other groups, and contributed to the causes of the riots.¹

The situation is not clear cut, as well designed programmes can have the opposite effect, and help bring communities together. But Departments should certainly be aware of the potential that new programmes can have for creating further divisions, particularly in areas, which have previously experienced tensions. They should conduct a thorough risk assessment, in line with the recommendation in the Cantle report, and should be aware that failure to do so may constitute a breach of the Race Relations (Amendment) Act (2000). For information about this, Departments should consult the Home Office's Community Cohesion Unit at the earliest opportunity. Further details about this issue appear on page 6.

Given the range of problems that poorly designed ABIs and local partnership programmes can cause, Ministers have decided that all new schemes, and extensions of existing ones (such as new rounds), should go through the ABI Gateway process. This involves consultation with the RCU and Government Offices, and clearance by the Domestic Affairs (Social Exclusion and Regeneration) Sub-Committee which is chaired by the Deputy Prime Minister.

¹ Community Cohesion: A Report of the Independent Review Team. Chaired by Ted Cantle. Home Office, 2001.

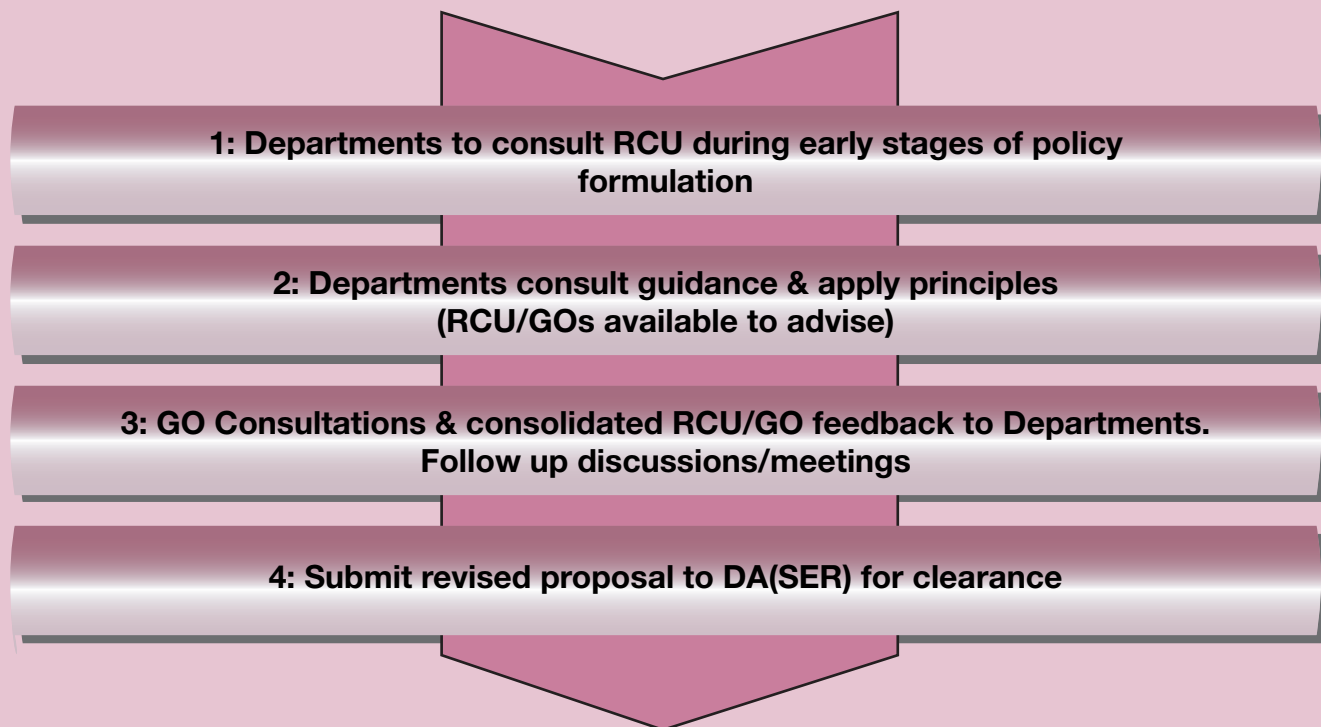




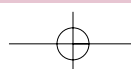
3. The Gateway Process

The Gateway process is designed to ensure that Ministers are content with new proposals. The 4 stages are as set out in the diagram.

We recommend that Departments contact the RCU at an early stage in policy development to allow time to reflect on the feedback given by the RCU/GO network on how the policy may work on the ground and current issues which should be given consideration. The RCU/GOs will then be well placed to work with Departments to identify the most effective methods to deliver the proposed initiative. The process is illustrated below.



After incorporating feedback from the RCU/GO network, Departments should allow sufficient time for DA(SER) clearance. The Economic and Domestic Secretariat at the Cabinet Office provides guidance on handling DA(SER) correspondence, and officials can also consult their *Guide to Cabinet Committee Business*, or ask the RCU for help with this process.



4. What principles should new schemes follow?

The RCU/GO network has played a vital role in ensuring the success of many existing initiatives, and can offer advice on the type of schemes that work well; the links that can be made with existing provision; and the various ways in which new schemes can lessen the demands put on local management capacity and delivery agents. The network is also well placed to advise on local priorities, and the targeting of particular areas. Where appropriate and relevant, the network can also feed in views from the Regional Development Agencies.

This section gives an outline of the key principles that Departments should consider when developing new area based or partnership based programmes.

The RCU will need evidence that the following issues have been considered before recommending a scheme for DA(SER) approval. A one-page checklist for Departments can be found at Annex A.

Early consultation with the RCU and GOs can help Departments to identify options to maximise the effectiveness of their programme delivery as well as providing evidence to support the following principles of ABI design.

1) The need for a new initiative or partnership:

- **No alternative to new ABI** – The over-riding principle regarding new initiatives is that they should only be considered when they are absolutely necessary, and where there is no existing scheme or funding mechanism that could be used instead. Departments should demonstrate that they have considered all existing schemes and mechanisms, and explain why they see the need to create a new one.
- **No alternative to new partnership** – Likewise, new partnerships should only be considered where there is no existing partnership, such as the Local Strategic Partnership (LSP) that could perform the role. LSPs are the key players in each area, and Departments should not create new partnerships in isolation from them. New initiatives should be run or overseen by them whenever possible. Where LSPs do not have the necessary capacity, Departments should look to address this. Where appropriate, they should also consider other existing partnerships, for example by linking in to the Regional Economic Strategies drawn up by the RDAs.
- **Single Local Management Centres** – GOs are also working closely with RDAs, LSPs and other local stakeholders in the 12 SLMC areas, which are seeking to identify local issues and reduce bureaucracy from a working level perspective. Where Departments wish to target any of the SLMC areas (listed on the ABI website), early consultation with the RCU is advised.
- **Evidence-based** – The evidence base underpinning the new policy should be as clear as possible. Except in the case of genuinely innovative pilot schemes, there should be sufficient evidence that the proposed intervention will have the desired outcome. This should include evidence from appropriate consultation with all relevant stakeholders, including voluntary and community groups.

- **Outcome-focused** – New initiatives should focus on achieving clearly identified outcomes, and should not be over prescriptive about stipulating the means used to achieve them. Departments should be clear about the difference between **outputs** and **outcomes**. The former are steps taken towards intended goals, the latter are the goals themselves. So, for example, a Home Office **output** might be the number of CCTV cameras installed in an area; the corresponding **outcome** would be the actual reduction in crime there.
- **Links to existing strategies and targets** – Departments should show how the outcomes identified relate to local or national PSAs or floor targets. Where there is an existing Local Neighbourhood Renewal Strategy or Community Strategy, Departments should demonstrate how the proposed initiative will help to further the aims identified in this.

2) Effective targeting:

- **Objective targeting** – The criteria for selecting areas to be targeted should be carefully thought out, absolutely objective, and publicly defensible. The advice of the RCU and GOs should be sought as early as possible, as well as that of the Community Cohesion Unit (see below).
- **Community cohesion addressed** – Departments should demonstrate that they have considered the community cohesion issues raised in the Cantle and Denham reports², and be aware of the potential for new schemes to exacerbate community tensions. They should consult the Home Office's Community Cohesion Unit about this. For example, funding allocated solely according to need, as identified by census or Index of Multiple Deprivation data, may follow boundaries between different ethnic communities on the ground, and may fuel distrust between communities, and the perception of unfavourable treatment. To address this problem, Departments should be prepared:
 - 1) to consult community groups representing the range of diversity in the areas to be targeted, and to ensure that schemes have the support of each group within that area. However, where large scale consultation is not cost effective Department's will agree an approach, taking advice from the RCU, so that the level of consultation is proportionate to the scale of the programme and its wider context and application;
 - 2) to devise and implement a communication strategy which is transparent about funding decisions and addresses incorrect perceptions about the scheme in neighbouring communities; and
 - 3) to grant significant flexibility to those delivering programmes on the ground to include people from outside the target area/groups, to ensure that the tensions which unnecessarily occur where rigid boundary/eligibility criteria are set can be moderated.

² Building Cohesive Communities: A Report of the Ministerial Group on Public Order and Community Cohesion.

- **Boundaries to promote joint working** – New initiatives should be coterminous with existing ones whenever possible, to allow for joint working and reporting. This will often mean following local authority or ward boundaries, although other boundaries may be considered if there are strong reasons to do so.
- **Capacity to deliver addressed** – Departments should take account of local and regional capacity, and any relevant body's track record of delivery, in assessing which areas should be targeted. The local knowledge of the GOs should be drawn on in making these judgements. Where additional local or regional capacity is required to deliver a programme, Departments should look to provide this.
- **Rural proofing addressed** – The Rural White Paper requires all Departments to assess the impact of policies and programmes on rural people and consider what adjustments might be made to fit rural circumstances³. Departments should show evidence of rural proofing when submitting proposals for new ABIs to the RCU. In particular, it is a characteristic of rural areas that poverty and disadvantage are more dispersed. Reliance on large area statistics for targeting can overlook pockets of poverty and disadvantage. Departments should use a range of techniques in identifying target areas to ensure the needs of rural people are considered.

3) Links with existing initiatives:

- **Awareness of and co-ordination with other activity** – New initiatives should identify all the related, existing schemes in the areas to be targeted, contact them early, and seek to work as closely as possible with them. The RCU and GOs can advise on the appropriate bodies to contact, and the links that can be made.
- **Role of the Government Offices** – It is Government policy to draw on the expertise of the GOs as much as possible. They have a unique overview of regional activities, and new initiatives should have a clearly defined (and adequately funded) role for them whenever possible.
- **Role of the LSP** – LSPs have a key role to play in the rationalisation of partnerships and co-ordination of initiatives in their areas. Departments should consider how the LSPs in the areas to be targeted will be involved in the new initiative.
- **Information exchange** – As a minimum, new programmes should share information with existing schemes, to avoid duplication of efforts, contentious gaps in provision, or competition for funding or suitable clients. If practicable, co-operating on joint projects should also be considered.
- **Use of a common funding framework** – Where possible, new initiatives should work within an existing common funding framework, such as the **Building Safer Communities** umbrella which joins up crime reduction initiatives. In practice this might mean agreeing to:
 - a) announce funding allocations at the same time (usually quite early)

³ Further advice and a checklist is available from the Countryside Agency who report annually to DA(RR).

- b) distribute them at the same time, through the same channels (for example, as part of annual allocations to Local Authorities)
 - c) use the same performance management system, and collect information at the same times, on common forms
 - d) join up evaluation arrangements as much as possible
- **Annex B sets out the principles behind common funding frameworks, and identifies best practice in this regard.** Where no common funding framework is appropriate, new initiatives should be co-ordinated through the LSP or Community Planning process whenever possible, with a monitoring role for the relevant GOs.

4) Effective Delivery and Administration:

Realistic lead-in times are crucial for the development of new plans and partnerships, and the absence of them is a major source of complaint from all those involved in the administration and delivery of initiatives.

Departments should always design their initiatives with a “Year 0”, to allow time for research, consultation, planning, and partnership building. Only in exceptional circumstances should Departments seek to launch initiatives without this lead-in period.

Potential recipients (and the GOs, where appropriate) should be notified not later than 6 months before the start before the ABI’s proposed start date as to what funding they will receive, to allow time for effective planning. In exceptional circumstances this notification may be made up to 1st December (assuming a 1st April start date), but in such cases end year flexibility should be the norm.

- **Minimising and joining up bureaucracy at local level** – Departments should identify the bodies they expect to direct money towards, what funding streams those bodies currently draw on, and how the new funds will relate to them, and to their existing monitoring/reporting systems. Local Authorities and other bodies regularly complain that each new government initiative requires a new delivery plan, monitoring arrangement, audit procedure, etc. Departments should keep new burdens to an absolute minimum by joining up with existing arrangements wherever possible, and DA(SER) will only consider alternative arrangements in exceptional circumstances, and then only if they are supported by the RCU/GO network.
- **Devolution of management** – In general, as much responsibility and discretion as possible, including over resource management, should be devolved to regional or local bodies. It should be presumed that local managers will be best placed to direct funds/activities effectively. This should allow them to take local factors into account, and so achieve the central Government policy objective most effectively.
- **Flexibility of funding** – To achieve local responsibility for delivery and the flexibility to meet both national and local priorities, Departments are encouraged to stipulate that

local managers will have the discretion to vire funds between different schemes where financial regulations permit, and outline the circumstances under which this will be allowed.

- **Direct allocation of funding** – All experience suggests that large, sometimes annual, bidding rounds are particularly bureaucratic and time-consuming for local partners to deal with. They can also create a great resentment in those areas not selected for funding. Departments can avoid this problem. They can allocate funds directly, where there is a fair and appropriate mechanism for doing so. Or, where bids are genuinely necessary or desirable, they can narrow the eligibility criteria to minimise unsuitable bids. Use of GO expertise, as demonstrated in the selection of neighbourhood Management Pathfinders (Round II), is good practice in this regard.⁴
- **Passporting** – Where funding from a number of Departments is involved, particularly where the amount from each Department is small, one should be identified as the “lead funder”, and delegated to run and monitor the scheme on behalf of the others and share information where required.
- **Monitoring** – The impact of monitoring arrangements on delivery agents should be considered carefully. It is important that Departments ensure all the information they request is sought for a good reason, and that it will add value to the monitoring (and any on-going evaluation) of a policy and not duplicate any existing monitoring arrangements. Reporting requirements should be proportional to the size of the scheme.
- **Engaging with VCS** – The Government is committed to increasing the role of the voluntary and community sector (VCS) in service delivery. Departments should consider how they can engage with such groups in the planning and delivery of new programmes.
- **Resourcing for local support** – Roles identified for the GOs, Local Authorities, and the VCS should be clearly defined and adequately funded. For the VCS, this should be on the basis of full cost recovery.
- **Necessary Skills** – Departments should ensure that those delivering programmes both on the ground and within Government have the necessary skills. ODPM’s Neighbourhood Renewal Unit (NRU) co-ordinates a number of learning opportunities for staff from local partnerships.
- **Use of IT** – In line with the Government’s e-strategy for the delivery of public services, Departments should use the web to publicise new initiatives, and make relevant background information and application forms etc available on-line.

5) Evaluation and Future Development:

- **Evaluation strategy** – The evaluation strategy for a new initiative should be clearly identified at the outset. Baseline information setting out the situation prior to the launch of the initiative should be identified, where it is relevant to the evaluation. The evaluation should be detailed enough to assess clearly the success of the initiative against the

⁴ The exception to these arrangements would be in the case of funding through procurement, to which specific policy and EC rules apply.

outcomes targeted and scaled appropriately to the size and cost of the scheme. It should also be broad enough, and sufficiently linked to other evaluations, to pick up any unintended consequences, good or bad, of the initiative.

- **Co-ordination with other evaluations** – Wherever possible, the evaluation of a new initiative should be co-ordinated with those of existing ones, and with those of mainstream services. Departments should identify current and planned evaluations for the targeted areas as part of developing their own evaluation framework.
- **Plans for future development** – There should be evidence that thought has been given to the future development of the programme (further “rounds”, extending it to other areas, national roll-out, incorporation into mainstream services, etc). A menu of possible options, citing the evidence that might lead to it being chosen and how that evidence would be collected and assessed, is essential. Experience to date suggests that the time and resources needed for effective mainstreaming should not be underestimated. Departments should give thought to this at the outset, and revisit proposals for it regularly, throughout the course of the programme.
- **Exit strategy** – There should be a clear exit strategy, explaining when and how the programme will end, and how it could be brought into the mainstream if it proved successful. ABIs are not long-term solutions, yet often the lessons learned fail to get translated to main programmes due to a lack of prior planning for when the initiative comes to an end. In particular, Departments should consider making administration funding available for a limited further period at the end of the programme, to ensure that best practice is integrated into mainstream service provision.

5. Contacts

Departments should contact:

ABI Gateway Team
Regional Co-ordination Unit
2nd Floor, Riverwalk House
157-161 Millbank,
LONDON SW1P 4RR

Tel: 020 7217 3186

E-mail: abi_info.rcu@go-regions.gsi.gov.uk

Electronic copies of this document, including the “Key Questions for Departments” checklist, can be downloaded from the RCU’s ABI website. The site also has information about all existing ABIs and local partnership based programmes, along with a searchable database. The site can be found at: www.rcu.gov.uk/abi

At the DA(SER) stage, Departments should contact:

Economic and Domestic Affairs Secretariat
Cabinet Office
70 Whitehall
London SW1A 2AS

Tel: (020) 7276 0055

Cabinet Committee Business: A Guide For Departments is available on the Cabinet Office website at: www.cabinet-office.gov.uk/cabsec/2003/guide

For information about community cohesion issues, Departments should contact:

Community Cohesion Unit
4th Floor, Allington Towers
19 Allington Street
LONDON SW1E 5EB

Tel: (020) 7035 5491

Further information, including copies of the ACU’s Guidance on Community Cohesion and ABIs, is available on their website at: www.communitycohesion.gov.uk

For further information on learning opportunities the Neighbourhood Renewal Unit co-ordinates for staff from local partnerships, Departments should contact:

NRU Knowledge and Good Practice Team
Office of the Deputy Prime Minister
6th Floor, Eland House
Bressenden Place
London SW1E 5DU

Tel: (020) 7944 8349

Key Questions for Departments

Annex A

	Yes	No
1. Have you consulted the RCU/GO Network, in line with this Guidance and the Government's commitments to (a) reducing bureaucracy and (b) incorporating regional perspectives into policy making?	<input type="checkbox"/>	<input type="checkbox"/>
2. Have you investigated joining up with/expanding an existing funding stream to meet your objectives?	<input type="checkbox"/>	<input type="checkbox"/>
3. Have you considered using an existing partnership to deliver your objectives?	<input type="checkbox"/>	<input type="checkbox"/>
4. Have you communicated clearly evidence that your policy will achieve its aims?	<input type="checkbox"/>	<input type="checkbox"/>
5. Have you identified clear outcomes and illustrated how they link in with PSAs, LPSAs and floor targets?	<input type="checkbox"/>	<input type="checkbox"/>
6. Are your targets objective and publicly defensible?	<input type="checkbox"/>	<input type="checkbox"/>
7. Are the boundaries for your new ABI coterminous with existing LA or ward or other ABI boundaries?	<input type="checkbox"/>	<input type="checkbox"/>
8. Have you targeted local areas which have the capacity to deliver your initiative?	<input type="checkbox"/>	<input type="checkbox"/>
9. Have you conducted a risk assessment in accordance with the Race Relations Amendment Act (2000)? Have you consulted the Community Cohesion Unit and given local delivery agents boundary and other flexibilities to prevent local tensions arising?	<input type="checkbox"/>	<input type="checkbox"/>
10. Has your initiative been rural proofed?	<input type="checkbox"/>	<input type="checkbox"/>
11. Have you mapped out the links with related schemes in the area you are targeting and are you working closely with them to develop the new initiative?	<input type="checkbox"/>	<input type="checkbox"/>
12. Have you involved LSPs in the new initiative?	<input type="checkbox"/>	<input type="checkbox"/>
13. Are you developing systems which enable information sharing between similar schemes, including monitoring/reporting systems?	<input type="checkbox"/>	<input type="checkbox"/>
14. Have you ensured that your initiative is in line with existing Common Funding Frameworks?	<input type="checkbox"/>	<input type="checkbox"/>
15. Have you ensured that there is local discretion over resource management, including the ability to vire funds between similar schemes?	<input type="checkbox"/>	<input type="checkbox"/>
16. Have you considered direct allocation of funding?	<input type="checkbox"/>	<input type="checkbox"/>
17. Have you built a 'year zero' into your initiative? If not, have you allowed a minimum of 6 months notice for funding awards, and plans required, to ensure effective spend?	<input type="checkbox"/>	<input type="checkbox"/>
18. Have you ensured that the resourcing for GOs, LAs and VCS organisations is adequate to deliver the programme?	<input type="checkbox"/>	<input type="checkbox"/>
19. Have you identified what will happen when the funding comes to an end?	<input type="checkbox"/>	<input type="checkbox"/>
20. Do you have an evaluation strategy in place?	<input type="checkbox"/>	<input type="checkbox"/>
21. Have you considered how the monitoring and reporting requirements can be minimised, and linked to other schemes?	<input type="checkbox"/>	<input type="checkbox"/>

Common Funding Framework

Annex B

The aim of the common funding framework is to highlight areas of good funding practice, drawing on HMT's *Guidance to Funders*, DWP's Lead Funder Pilots, and DFES' *Getting Better Delivery*, along with the work of the RCU and the Home Office's Active Communities Directorate. We strongly recommend that Departments follow these good practice principles when designing new initiatives and programmes.

The key elements of the Common Funding Framework are listed below ahead of more detailed explanations of each.

Wherever possible, new ABIs should:

1. Use a common application form (where bidding for funds is unavoidable)
2. Time funding applications and funding distribution according to the timetable set out below
3. Use common monitoring arrangements, including a standard set of definitions and descriptions of the various mechanisms
4. Map potential relationships with existing ABIs

1) Common Application Form

Where possible bureaucratic bidding processes should be avoided in favour of direct allocations. If an application process is necessary, the information requested for funding applications should be kept generic. Bid preparation places significant burdens on all applicants, and this is especially frustrating for those who are unsuccessful. To reduce wasted time and effort, we recommend the use of a simple preliminary form to identify those most likely to meet the criteria.⁵

2) Regular Timetable & Long Term Planning

Wherever possible, new funding should fit in with an established timetable. For example, the announcement of central revenue support grant to councils and police authorities in November/December, and the setting of the Council Tax by the following February each year, define a timetable for the key financial decisions of those organisations.

The recommended timetable for ABIs delivered through the GOs would be:

- Announce provisional allocations (along with any new guidance) by 30th September;
- Proposed plans for delivery to be submitted to regional offices by 31st December; and
- Regional offices to complete assessment of proposals by the end of January so that actual allocations are made to accounts in **April** each year.

⁵ The exception to these arrangements would be in the case of funding through procurement, to which specific policy and EC rules apply.

Inevitably, this particular model is not always possible. However, the funding timetable should always aim to fit into established budget cycles of the organisations which it is channelled through.

Wherever possible, proposed ABIs should be funded for a minimum of three years to support long term planning and sustainable results.

Consideration should also be given as to whether funding may be needed in advance⁶ in line with the Compact Code of Good Practice on Funding and Getting Better Delivery.

3) Common Monitoring

There should be full consultation with other initiatives in the development of financial monitoring systems and options for combining the administration of initiatives should be considered.

Generic financial monitoring is possible and can be broken down into 6 categories: Capital Costs, Building Maintenance/Occupation, Administrative/Management Costs, Cost of Services, Development/Evaluation and Other Costs.

The “Lead Funder” Pilots, led by DWP, have one funder who undertakes the monitoring, audit etc of the funded body and “passports” the information to others to reduce burdens on the funded body. The development of common financial monitoring would complement this process.

Proportionality of monitoring in relation to the amount of money is essential. The National Audit Office has developed “Models of Good Practice in Monitoring and Evaluation”⁷ which should be used as a basis for developing all monitoring and evaluation arrangements.

The development of Performance Management Frameworks (PMF) across ABIs (including NDC and Sure Start) illustrates that there is value in this method. Common PMF enables central government to build trust with front line delivery partners based on historical performance. PMF ensures that over time the monitoring burden can become less bureaucratic, less burdensome, and create proper partnership working between central Government and front line delivery partners.

There must be agreed terms and definitions and agreed datasets so that the same information doesn't need to be provided more than once and to ensure that there is consistency over time, across targets and where possible organisations.

⁶ Funding bodies should bear in mind that payment in arrears can cause recipients of funds to become overdrawn, or potentially, go bankrupt. A large national charity incurred bank charges in excess of £100,000 to finance borrowing to fund service delivery. The principle that payment is not made in advance of need is applied right across the public services, but there is scope for flexibility in some circumstances. These circumstances are outlined in HMT's Guidance to Funders.

⁷ http://www.nao.gov.uk/guidance/focus/9900378_pp60-61.pdf

4) Relationships With Other Funding Streams

Where it is not possible to go through existing funding streams or partnerships, all new initiatives should make it clear which existing ABIs they can link with to provide funding for a particular project. Although the aim will be for most initiatives to be stand alone, the likelihood is that at ground level funds will be brought together on a particular project.

The onus should as far as possible be with the funder to make the connections between funding streams, rather than relying on organisations to discover the links on a website. The development of an interactive funding website, such as the Voluntary and Community Sector portal being developed by CRU, is an important starting point.

5) Links

Work has been undertaken by a number of different Departments to ensure that many of these principles are adhered to across the policy spectrum. Below are links to relevant documents/websites which offer further and more specific information.

- **DfES – Getting Better Delivery**

At: www.dfes.gov.uk/gettingthebest/admin/strands/documents/strand58_doc114.pdf

Guidance, based on 10 key principles, embodying good funding practice and aimed largely at a DFES audience.

- **NAO – Models of Good Practice for Monitoring and Evaluation**

At: www.dfes.gov.uk/gettingthebest/admin/strands/documents/strand58_doc114.pdf

Models for ensuring proportionate monitoring and evaluation.

- **Lead Funder Pilots**

Contact project manager, Matt James at: Matt.James@dwp.gsi.gov.uk

These are DWP led pilots aiming to reduce the administrative burden on VSOs by passporting common information through a “lead funder”.

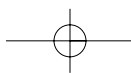
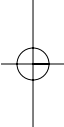
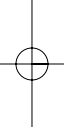
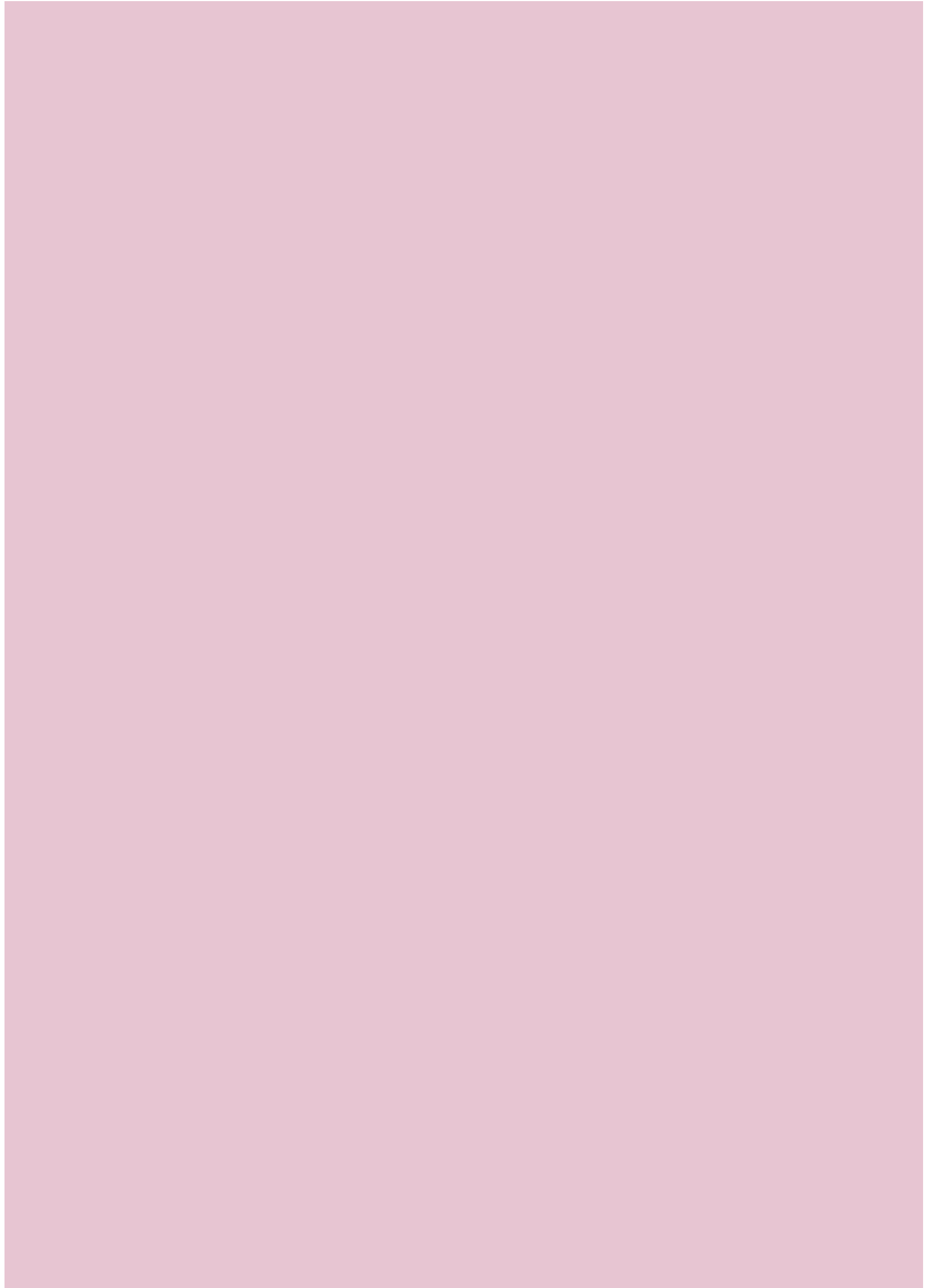
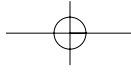
- **HM Treasury – Guidance to Funders**

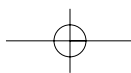
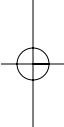
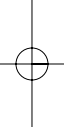
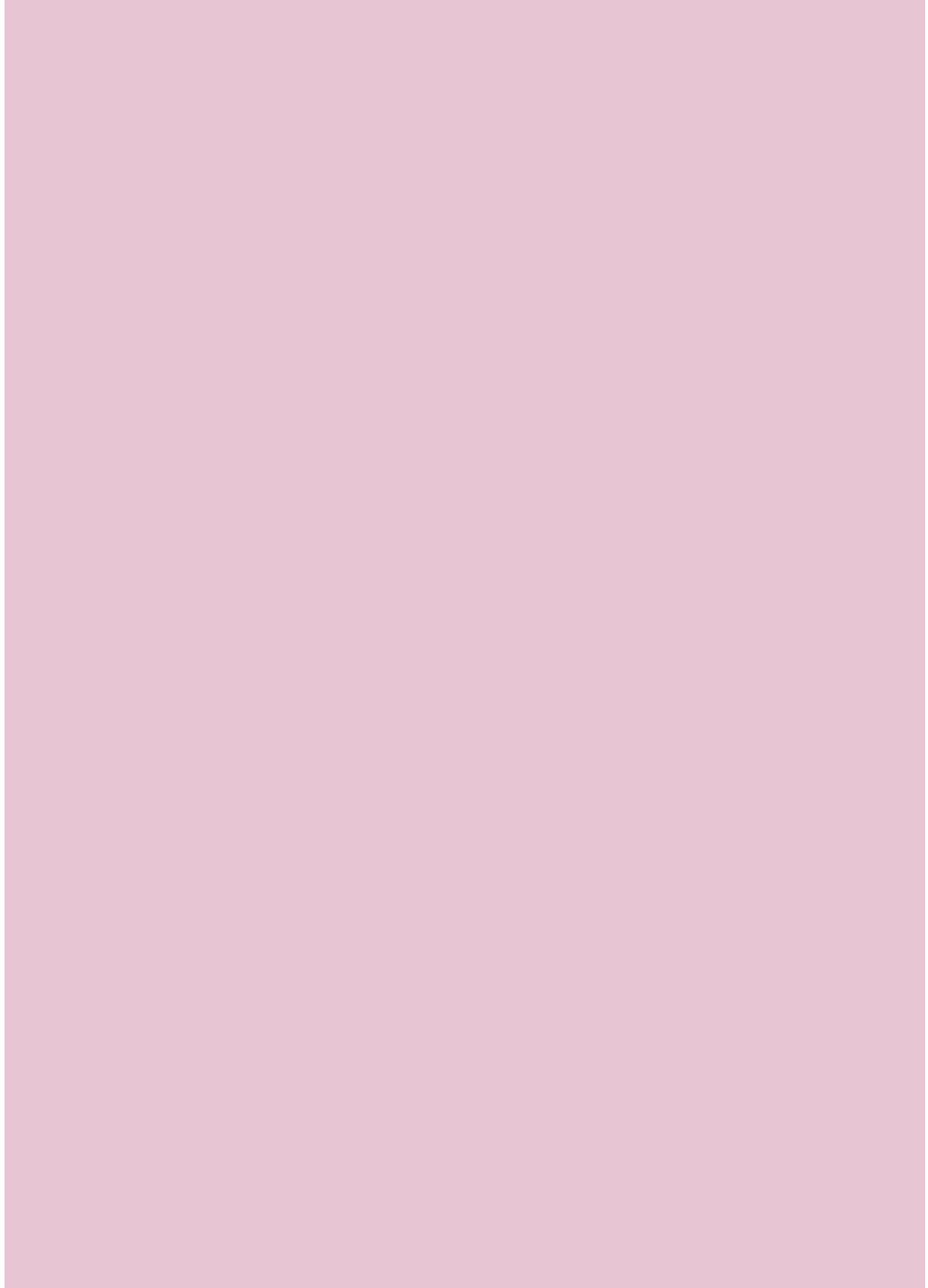
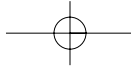
At: www.hm-treasury.gov.uk/media//EF718/CCR_Guidance%20to%20Funders_080903.pdf

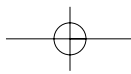
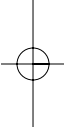
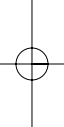
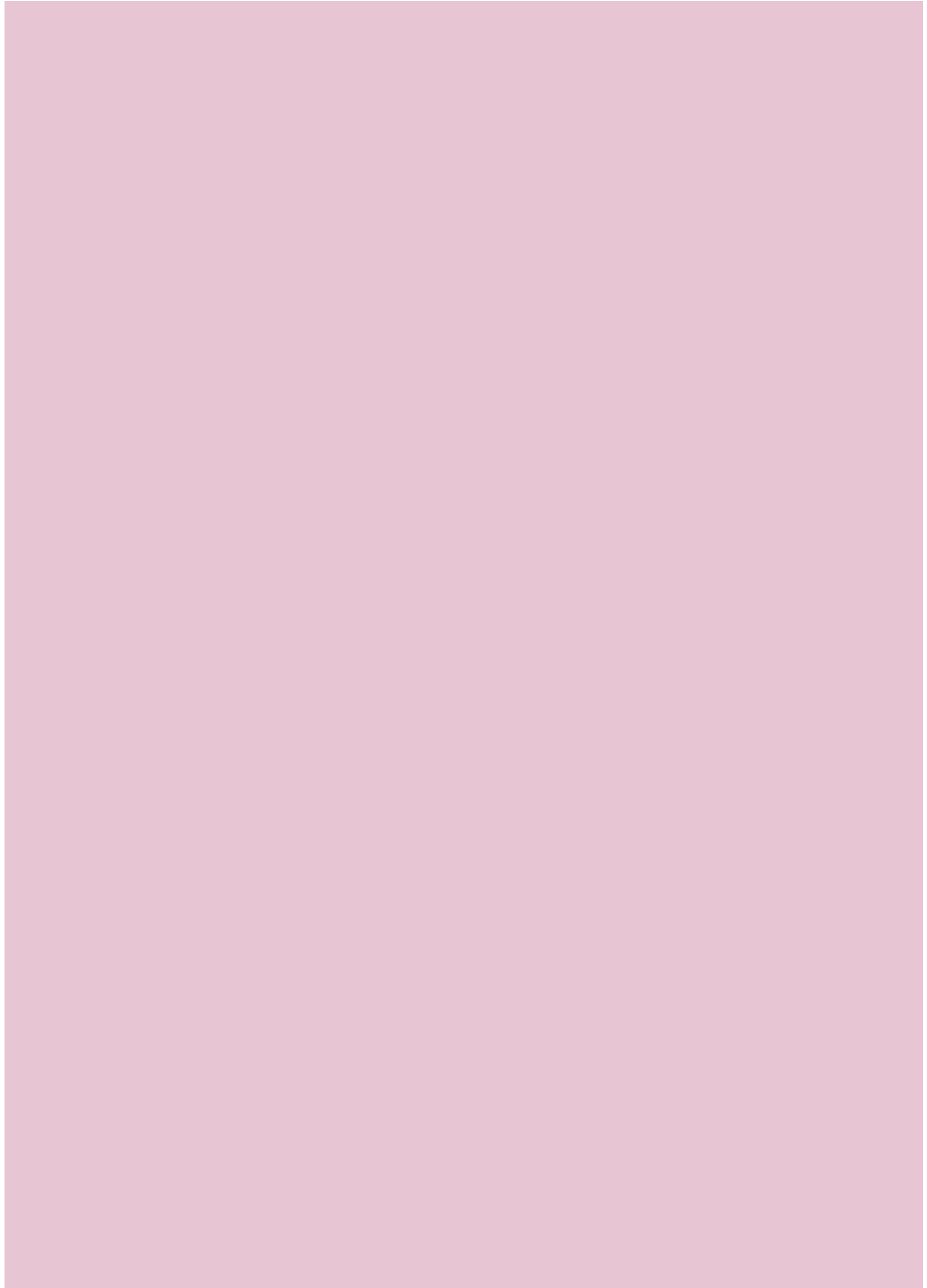
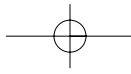
The 2002 cross cutting review identified the need for clear and consistent guidance around funding relationships between the voluntary and community sector and the government. The Guidance to Funders document clarifies what practices are and are not allowed under Government Accounting standards.

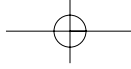
- **Funding: A Code of Good Practice (Compact)**

Found at: www.homeoffice.gov.uk/docs/funding.pdf









Office of the Deputy Prime Minister
Creating sustainable communities



Department for Constitutional Affairs



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

Department for *Transport*



dti
Department of Trade and Industry

DWP Department for Work and Pensions

