



# Moving Forward: Together

An Accord for Investing in Edinburgh's Third Sector

شہر کی مالی امداد فراہم کرنے سے متعلق حکمتِ عملی

城市資金策略

সিটি ফান্ডিং স্ট্রাটেজী

خطة تمويل المدينة



EdinburghCompact

A partnership agreement between  
the city's public agencies  
and the voluntary and community sector

# Contents

- 6 Forword by the Compact Partnership
- 7 Introduction
- 7 Objectives
- 8 The need for the City Funding Strategy
- 10 Progress
- 11 Grant Aid in the city
- 12 Proposals
- 12 Funding Accord
- 13 Mission Statement
- 14 Conclusion
- 15 Outcomes and Action 2008 – 2013
- 20 Annexe 1  
City Funding Strategy Joint Working Group
- 21 Glossary of Terms



**“Scotland is fully represented and indeed concentrated in the Capital. Edinburgh is a small and contained city, which enjoys influence and a position in the world out of all proportion to its size. This makes the complexity of a Compact manageable.”**

IN EQUAL RESPECT: A SHARED VISION – THE EDINBURGH COMPACT STRATEGY  
DECEMBER 2004

## Foreword

The development of 'Moving Forward: Together' marks another milestone for Edinburgh. Supported by the framework of the Compact relationship, it is a strategy which recognises the need to move beyond traditional funding routes; moving into joint investment and resourcing and shared services; engaging with and offering new opportunities for other public bodies, social/private enterprise and independent bodies within a joint relationship around funding.

The strategy builds on previous commentary and identifies an accord that seeks to secure an equitable and effective framework for a working relationship. The strategy identifies relations across four main themes supporting a basis for mutual respect and understanding between national and local statutory funding bodies and Edinburgh's third (voluntary and community) sector. A collaborative framework for action for all stakeholders to consider and implement is also identified.

Appreciation is due to the Joint Working Group Members and observers for their vision, their active support for the ideas generated both in the group and the earlier consultation process, the City of Edinburgh Council for its resourcing of the strategy development and, in particular, the Funding Strategy Secretariat who have remained committed to finding a mutually acceptable solution to the funding arrangements in the city.

We hope that you support the strategy and feel able to engage in the wide-ranging discussions in taking proposals forward.

THE COMPACT PARTNERSHIP

## Introduction

The Edinburgh Compact Strategy Action Plan (launched in December 2004) includes objectives to develop a joint funding strategy for the voluntary and community sector. This element of the Action Plan (Item 2.4) is scheduled for delivery in 2006 - 8. The strategy as set out below is the partnership's response to this objective and signals further development prospects for the future.

## Objectives

The Compact sought outcomes for a joint strategy in several areas:

- clear guidance on three year funding;
- a framework for determining the type of funding relationship (grant, SLA or contract);
- protocols for operating service level agreements;
- annual reporting and monitoring requirements defined in a standardised approach;
- a reserves policy; and a joint scheme for financial management standards.

A longer term aim (for 2007/8) was also envisaged for establishing common application management processes and monitoring and evaluation frameworks, for all funding bodies in the city.

# The need for an Edinburgh City Funding Strategy

Funding issues between public investors and stakeholders in the third sector have previously been a challenging area – affecting relations that are broader than financial investment. The framework provided by the joint engagement within the Edinburgh Compact has helped to provide a route for examining particular issues, in actively using the Compact’s principles to engage and resolve matters that affect relations between public service partners.

In analysing the strengths, weaknesses, opportunities and threats (SWOT analysis) of the city’s funding relations and the need for this joint strategy, the following was undertaken:

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>Range of funds/funders available</li> <li>Links to funders strategic priorities</li> <li>Improved transparency</li> <li>Level of investment growth</li> <li>Some joint themes and positive outcomes</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>Independence of funders</li> <li>Duplicated Management Arrangements</li> <li>Communication/good practice limited</li> <li>‘Distance’ decision-making</li> <li>Varied funding themes and timeframes</li> <li>Short term funding</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Improved information and communication</li> <li>Common management arrangements</li> <li>Increased collaboration</li> <li>Strategic planning and funding</li> <li>Local priority definition/decisions</li> <li>Investment culture</li> <li>Innovation across funders/sectors</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>Absence of strategy</li> <li>Limited growth/future vision</li> <li>Relationship to communities’</li> <li>Duplication of effort/purpose</li> <li>‘outcomes’ analysis</li> </ul>

During initial consultation respondents suggested a range of policy changes and practical arrangements that could and should be considered in order to improve understanding, practice, efficiency and reducing 'red-tape'. The main findings were:

- that varied time frames, monitoring requirements and separate reporting and evaluation processes were duplicating of effort;
- planning for service provision was fragmented and impractical;
- improved availability of information, transparency and common processes (notably application forms) would improve efficiency;
- strategic understanding of future demand and resource availability for services was absent.

## Progress

In late 2005 work began with a joint working group to develop the Funding Strategy. The group comprised both third sector representation and key public and independent investors and stakeholders with third sector bodies.

In developing the strategy, the joint working group recognised:

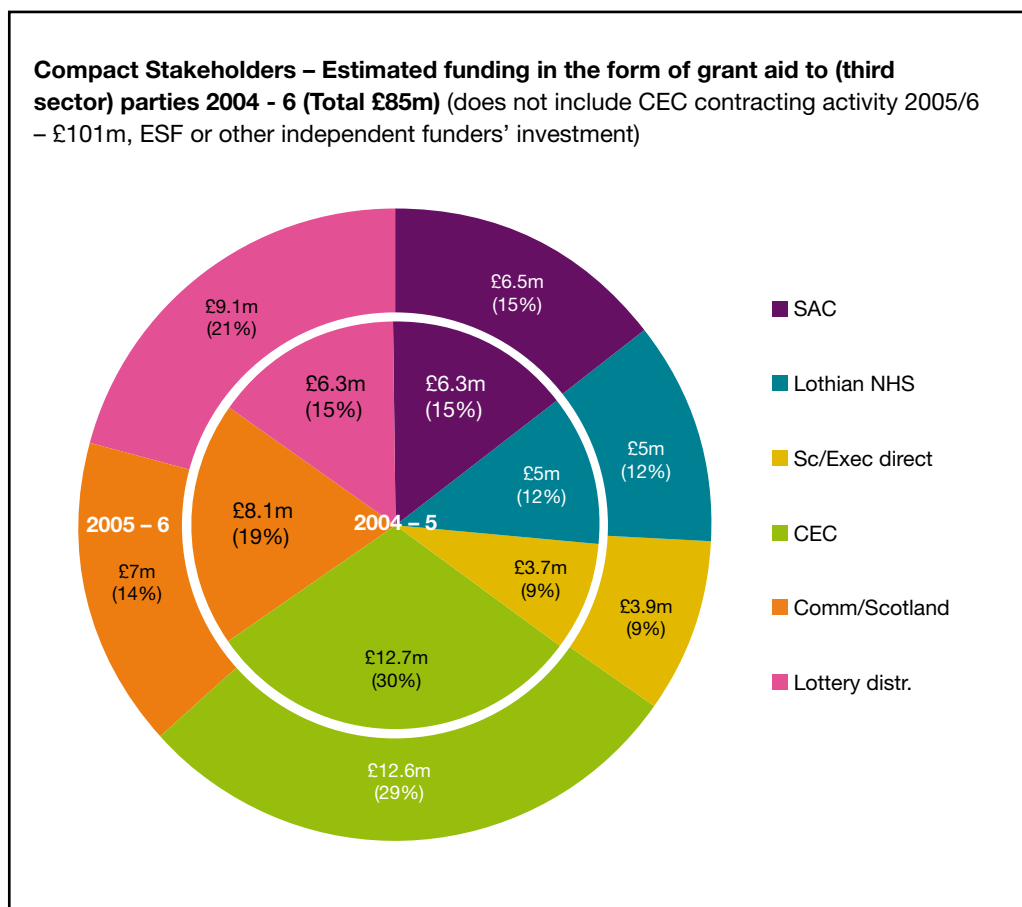
- the changing character of national and local public policy;
- the need for joint action to be demonstrable, leading to cultural change for all;
- the needs and expectations of stakeholders;
- the existing two main types of funding relationship ie grant aid and contracting between public and third sector bodies; and
- the need to be realistic in respect to the action and joint outcomes.

The working group has recognised that public and other funders make funding decisions independent of each other. The strategy does not seek to challenge this or install new funding management structures, but instead identifies issues and actions that are of mutual benefit, supporting cultural change and joint service improvement.

In particular, and in spite of the ambition of the strategy, the limits for initial progress have been recognised, with the prospects for more fundamental change viewed as longer term options.

## Grant Aid in the city

A profile of grant aid in Edinburgh in the years 2004/5 and 2005/6 is described below. A total of £85 million was distributed in this 2 year period. The Council is the largest operator of grant aid, and in addition contracts services from third party providers (including third sector agencies) valued at over £100m per annum.



Analysis also shows that a large number of organisations benefit from multiple funding, often from several agencies; 140 bodies in 2004/5 were aided by two or more public agencies.

## Proposals

In the light of the SWOT analysis, and an assessment of the practical short term options for developing and implementing action, the strategy proposes:

- a number of efficiency improvements from co-operative processes between agencies;
- one key area for local innovation;
- further joint strategic planning arrangements, and;
- a 'standing conference' approach to specific issues which will require both longer term deliberation and the outcomes or influences from national policy before these are resolved.

## Funding Accord

The programme of social investment in the city is significant with partners providing £150m of third party support annually. These services make important contributions to the well-being of the city and meet its community needs.

This agreement will support:

- improved information and operational standards;
- a trust and partnership culture;
- joint development of new approaches to funding management resource planning and investment.

## Mission Statement

The City Funding Strategy aims to improve services and efficiency for the public and third sectors and the city's communities. It will build on the Compact and lead the way in developing a joint policy around funding.

The strategy is the jointly recognised framework for developing; common management arrangements, new funding relations within community planning structures, and joint approaches for the maintenance, and where possible increase of Edinburgh's share of resources.

Outcomes are identified across four main themes:

(i) an inclusive, transparent and equitable funding regime that reflects stakeholder's interests and ensures proactive engagement.

(ii) joint approaches and improved communication around promotion and co-ordination.

(iii) joint leadership and an achievable strategy for Edinburgh's future funding relations.

(iv) equal partnership to provide excellent services within communities of interest and place.

A detailed action plan and timetable is described later, for the period to 2013, but the short term agenda proposes the following:

- the creation of a single city wide information source on agency grant availability and application forms, via an appropriate website;
- a joint protocol on the monitoring and evaluation requirements of grant making agencies, with the aim of reducing duplication.

In the medium term the following are proposed:

- resourcing of a new co-operative joint funding framework for small scale grant aid in neighbourhoods, to assist small, new and untried ideas;
- the subsequent design of a single grant application form between co-operating agencies for the city;
- a strategic planning environment to create and disseminate a forecast of resource availability, service demand changes, and other policy influences, for the longer term guidance of third sector agencies;
- a 'standing group/conference' be sustained with the scope to examine key issues affecting funding strategy issues, such as full cost recovery, reserves, contract and service level agreement development, new procurement requirements and other topics.

The conference approach can be operated in a similar format to the 'Edinburgh Partnership in Conference' events, which guarantee inclusive approaches to all interests wishing to explore and develop policies and proposals to address improvement. It is also anticipated that this framework would allow new initiatives to be mutually identified and developed by users and funding agencies alike. Examples include joint training and development initiatives, new experimental projects and co-funding for these.

## Conclusion

These elements are proposed as a completed strategy and action plan. They recognise the many uncertainties and limits to further progress evident in this field, which are added to by political and other public policy changes.

The focus is upon some early practical action on non-controversial matters, and an open and development planning approach to other matters in the longer term. These require to be developed in concept with funding agencies and grant receiving organisations, recognising the pressures of public sector funding regimes, efficiency requirements and joint service provision.

# Outcomes and Action 2008 – 2013

This Action Plan sets out key outcomes and actions to support the further development of funding practices in Edinburgh from 2008–2013. Some of the required work programme is well defined and ongoing, while other aspects will require further joint effort and development.

## Key Outcomes

- Third sector agencies know where to apply for funding and what schemes are available and applicable.
- Funders are confident that the third sector is aware of their funding streams and management arrangements.
- Achieve efficiencies for both third sector and funding agencies.

### Development of an inclusive, transparent and equitable funding regime that represents stakeholder's interests

Item	Actions	Lead Partner(s)	Time-scale
1	<p>Following agreement of the refreshed objectives in the new city plan, and publication of this strategy, Compact partner(s) (funding bodies) should:</p> <ul style="list-style-type: none"> <li>• re-evaluate respective current funding regimes;</li> <li>• review funding objectives/criteria in light of moves towards an investment culture;</li> <li>• consider the efficiency of current management arrangements and implement change options;</li> <li>• recognise the core operational costs and economic (equivalent) impact of volunteering in funding bids/guidance;</li> <li>• recognise social added value;</li> <li>• implement the outcomes of the Council's Review of Contractual Management Arrangements for the Provision of Social Services.</li> </ul>	<p>All funders</p> <p>CEC/other bodies</p>	<p>2008 onwards</p> <p>2008 onwards</p>
2	The position of funding recipient's accrual of reserves remains unclear and is an issue that requires specific consideration by both funder and third sector interests. Joint work should be progressed to examine this issue.	Standing Advisory Group/ Conference	2008/9
3	Develop and adopt a city-level single grant application form and process. (following consideration by the Funders Forum)	Standing Advisory Group/ Conference	
4	Where a multiplicity of funding is received by an agency, a single investment and monitoring arrangement (covering all funds) should apply and an arrangement of 'lead funder' be defined.	Standing Advisory Group	2008/10

Item	Actions	Lead Partner(s)	Time-scale
5	<p>Partners should:</p> <ul style="list-style-type: none"> <li>• work together to develop a clear and robust framework for resolving difficulties around relevant matters connected to funding;</li> <li>• consider the relative merits of public social partnerships with regard to funding relations.</li> </ul>	Compact Partnership/ Standing Advisory Group	2008/10

## Key Outcomes

- Sources of information on funding-related matters are easily accessible and made known.
- Third sector agencies know where to apply for funding and what schemes are available and applicable.
- Funders are confident that the third sector is aware of their funding streams.
- Achieve efficiencies for both third sector and funding agencies.

### Joint approaches and improved communication across investors around promotion and co-ordination

Item	Actions	Lead Partner(s)	Time-scale
6	New joint strategic planning discussions will be used to produce a regular forecast of resource availability, strategic policy change and other matters	Standing Advisory Group	2009 onwards
7	<p>A single point of information provided via the Compact Website will be developed to:</p> <ul style="list-style-type: none"> <li>• provide funders links for accessing information on funding programmes and announcements – this should include application forms and any associate guidance;</li> <li>• provide an e:diary that identifies key funders dates, events and developments on programmes</li> <li>• access to training opportunities on funding and related Equalities Impact Assessments;</li> <li>• promote sustainability/environmental efficiency</li> </ul>	All partners	2008/9 onwards

## Key Outcomes

- Improved partnership working and greater efficiency.
- Better decision-making.

Joint Leadership, setting out an achievable programme for partnership for Edinburgh's future funding relations

Item	Actions	Lead Partner(s)	Time-scale
8	Installation of a joint standing group and/or conference to: <ul style="list-style-type: none"> <li>• review and design solutions to issues such as Full Cost Recovery, reserves policy, sustainable funding periods and other matters;</li> </ul>	Compact Partnership/ Standing Advisory Group	Early 2008
9	Identify Balanced Scorecard or other method as the preferred option for measuring impacts of the funding strategy and the business of the Standing Advisory Group	Compact Partnership	2009

## Key Outcomes

- Publicise new opportunities.
- Create a fund to respond to locally identified social needs.
- Improve efficiency and data collection.
- Establish good practice.

Equal partnership to provide excellent services within communities of interest and place

Item	Actions	Lead Partner(s)	Time-scale
10	The development of the city's Neighbourhood Management arrangements are in progress, with five areas and 12 local neighbourhoods. New proposals for jointly supported local grants for innovation will be designed.	Standing Advisory Group	2009 onwards
11	Performance improvements will be explored through: <ul style="list-style-type: none"> <li>• the self-assessment (Quality Assurance) system as being piloted by CEC and grant recipients should be utilised by other funders.</li> <li>• the developing multi-equalities scheme (MES) for third sector organisations incorporating the new equalities duties should be adopted and required by all funders reflecting proportion of investment.</li> </ul>	CEC/All partners  All partners	2008/9 onwards  2008/9 onwards

# Annexe 1

## City Funding Strategy Joint

### Identified Public Bodies

Scottish Arts Council

Big Lottery Fund

City of Edinburgh Council

Communities Scotland

NHS Lothian

Lloyd TSB Foundation

Lothian & Borders Police

Scottish Executive (VIU)

### Third Sector Interests

Evaluation Support Scotland (observer)

Edinburgh Central CABx

LAYC

The Broomhouse Centre

Changeworks (formerly LEEP)

Edinburgh Cyrenians

Forth Sector

Volunteer Centre

EVOC

## Glossary of Terms

Edinburgh has around 1,500 active third sector (voluntary and community organisations) operating in the city, of different size, operations, purpose and nature.

In order to advance the Compact it is helpful for us to indicate what we mean by various terms used. These are explained as follows:

### **Third (Voluntary and Community) Sector**

Includes organisations that are:

- for public benefit;
- not for profit/not disperses profit;
- managed by voluntary Committee or Board;
- independent of statutory agencies;
- charities, companies limited by guarantee, trusts, etc.;
- delivering services, providing structural and advice support to the voluntary and community sector, etc.;
- supporting volunteering and active citizenship.

### **Social Economy/Social Enterprise**

Groups of the above that:

- are not-for-profit, but have a trading operation for specific community benefit;
- have objectives to support access into employment and training;
- are based around enterprising or entrepreneurship principles, e.g. a community benefit business, an information service, etc.;
- operate in the community and contribute to the local economy;
- undertake an economic function.

### **Investors and stakeholders**

Public agencies, the voluntary and community sector or other parties:

- that provide funds or other resources to voluntary and community organisations, in support of specific service development;
- communities of interest/place that receive services.

### **Infrastructural Organisations** which:-

- provide advice, structural, communication, resources, and/or independent support to organisations in the sectors.

More information on the Edinburgh Compact is available at [www.edinburghcompact.org.uk](http://www.edinburghcompact.org.uk)

**Other Edinburgh Compact publications** (available from [www.edinburghcompact.org.uk](http://www.edinburghcompact.org.uk)):

- 'In Equal Respect: A Shared Vision' the Edinburgh Compact Strategy, December 2004
- 'A New Way of Doing Business' a Social Enterprise Strategy for Edinburgh, November 2005
- 'Inspiring Volunteering' the Edinburgh Volunteering Strategy, December 2006

You can get this document on tape, in Braille, large print and various computer formats if you ask us. Please contact ITS on 0131 242 8181 and quote reference number 07590. ITS can also give this information on community language translations. You can get more copies of this document by calling 0131 469 3887 or [www.edinburghcompact.org.uk](http://www.edinburghcompact.org.uk).

شہری فنڈنگ سڑکی مالی مدد مہیا کرنے والوں اور رضا کارانہ اور کیوشی کے شعبوں کے لئے ایک پانچ سال کا ڈھانچہ فراہم کرتی ہے تاکہ وہ سرورس کی اصلاح اور خصوصی مشکل معاملات کو زیر غور لانے کے لئے باہمی تعاون سے کام کریں۔ اس کتابچے کے اردو ترجمے کے متعلق معلومات کیلئے برائے مہربانی انٹرنیشنل ایڈز ٹرانسلیشن سروس (ITS) کو 0131 242 8181 پر ٹیلیفون کریں اور ریفرنس نمبر 07590 کا حوالہ دیں۔

城市資金策略提供一個五年的資金分配方案，讓資金提供機關和志願與社區界團體攜手合作改善服務和考慮如何處理特殊難題。欲得到這份文件的中文翻譯資訊，請電愛丁堡市議會傳譯及翻譯服務部 (ITS)，電話：0131 242 8181，並說明參考編號 07590。

تقدم خطة تمويل المدينة إطار عمل مدته 5 أعوام للممولين وقطاع المجتمع والقطاع التطوعي للعمل معاً لتحسين الخدمات والوضع في الاعتبار المسائل التي تدعو بصفة خاصة إلى التحدي. للحصول على معلومات عن ترجمة هذا المستند باللغة العربية، الرجاء الاتصال هاتفياً بمكتب الترجمة (ITS) بواسطة الرقم 0131 242 8181 وذكر الإشارة 07590.

এই 'সিটি ফান্ডিং স্ট্রাটেজী' অর্থতহবিল দাতা এবং স্বেচ্ছাসেবী সংস্থা এবং কমিউনিটি সেক্টরদের পাঁচ বছরকালীন কার্যপরিচালনার কাঠামো প্রদান করে যাতে তারা সার্ভিসগুলির উন্নতিসাধন এবং বিশেষ কোন জটিল সমস্যা বিবেচনা করে দেখার জন্য একসাথে মিলে কাজ করে। বাংলা ভাষায় এই ডকুমেন্ট অনুবাদ করার ব্যাপারে তথ্য পাওয়ার জন্য ইন্টারপ্রেটেশান গ্র্যান্ড ট্রান্সলেশান সারভিস-(আই.টি.এস.)-এর সাথে 0131 242 8181 নম্বরে ফোন করে রেফারেন্স নম্বর 07590 উল্লেখ করবেন।