Isle of Wight Council
COMMISSIONING THE VOLUNTARY AND COMMUNITY SECTOR:
GUIDE TO INTELLIGENT REPORTING AND MONITORING
(Discussion Draft Paper - Aug 2009)

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1. POLICY OBJECTIVE

It is the objective of the IW Council's and it's public sector partners to grow the proportion of local public services delivered by the Voluntary and Community Sector, often described as the 'Third Sector'.

This guidance provides commissioners with an approach to intelligent monitoring reporting that will benefit funders and voluntary and community organisations. It will of course also benefit commercial organisations providing public services for the IW Council.

This guidance supplements IW Councils Procurement policies and supports the objectives of the Strategy for the Third Sector 2009 and the Isle of Wight Local Compact 2005.

2. BENEFITS OF GOOD MONITORING AND REPORTING:

For funders:
- ensures value for money;
- shows how money is spent;
- demonstrates impact of funding.

For funded organisations:
- showcase the work they are doing,
- helps learning and development.

3. THE PRINCIPLES OF PROPORTIONATE MONITORING AND REPORTING

Principles for funders

1. Understand costs: Monitoring and reporting costs funder *and* recipient.

2. Start early: Discuss with potential funding recipients at an early stage.

3. Explain requirements: Explain and indicate the scale of reporting requirements at the application or tender stage.

4. Justify needs: Ensure that monitoring and reporting are proportionate to the level of funding and risk: be clear how the funding fits with strategic objectives; justify each piece of information; be clear how it will be used.

5. Communicate clearly: Using simple language and forms.

6. Give feedback: Help VCOs understand how you use their information.

7. Use existing reports: Where possible, use existing reports, such as trustees' reports and annual accounts. Encourage standard reports particularly if it is jointly funded.

Principles for funded organisations

1. Understand why reporting is important: Reporting is essential to ensure that public funds are properly spent and have an impact, and reporting can help your organisation prove its worth.

2. Identify useful information: Have a constructive discussion with your funders to agree realistic monitoring and reporting requirements. Question the funder's requirements if you are not clear how it will use information.

3. Meet deadlines: Provide reporting information within agreed timescales.

4. Co-ordinate: Make sure the person who is bidding for funding co-ordinates with the person who will project-manage the work.

5. Suggest using existing reporting systems: Discuss existing or standard reporting systems, especially where other funders need similar information.

4. PRACTICAL RULES OF THUMB

First: Start early:
Begin the discussion about monitoring early, during the design stage. Consult potential providers, Be clear about monitoring requirements when you invite applications or tenders and be prepared to discuss them. Don't leave the discussion about monitoring until during or after the tender or application process, or even after the award. This makes it hard for the provider to cost the monitoring requirement and build that cost into its proposal for funding

Second: Justify your need for information:
Don't impose a requirement. You and the provider should agree the requirement. Expect providers to ask for justification.

Third: Give feedback:
Tell the provider what you will do with the information you ask for.
Sending information into a 'black hole' is demotivating; providers may know a better way or source of what you need.

5. STAGES IN MONITORING AND REPORTING

1. PRE-AWARD MONITORING

A Commissioning Risk assessment
Will the grant itself lead to meeting the outcomes that you desire? Is it the right strategy, is it the right amount, are the timescales realistic.

The main areas for risk assessment are:

- Financial
- Performance
- Reputational
- Opportunity

Equal Opportunities
Will any of the elements of commissioning from intended outcomes to service delivery have unwanted or unintended impacts on people and communities?

An Equal Opportunities Impact assessment of the Commissioning strategy, channels and outcomes should be undertaken and refreshed as the commissioning programme is awarded.

Due diligence
Before a commissioner enters into a financial agreement with a VCO, they must be sure that the organisation is a suitable organisation to do business with; fit to receive public money. This is often known as due diligence.

Tests for suitability include:

- Accounts;
- Insurance;
- Policies and procedures;
- Quality frameworks and memberships;

Providing due diligence information can be a burden to providers. Is it all necessary? For example, do you need to see a provider's health and safety policy or is it sufficient to know it has one.

In a two-stage process, you might ask all the organisations in stage 1 to submit (or confirm they have, or signpost you to) initial information, such as their annual accounts (or signpost to their entry on the Charity Commission website). In stage 2, you might ask for more detailed information, such as bank details, information about the VCO's constitution and public liability insurance.

2. DURING THE OPERATION OF THE FINANCIAL AGREEMENT

Outcomes
Funding agreements set out grant objectives that should be framed as outcomes.

Outcomes monitoring shows performance against these outcomes.

The outcomes in the funding agreement should link back to the service outcomes of the commissioner, which should link back to strategic objectives.

Outcomes should be SMART. This will focus minds, reduce the number of objectives and make monitoring straightforward. Each programme should have no more than five or ten milestones or outcomes, that can be monitored.

Value for money
Firstly: The payment formula is a key part of the funding agreement or contract, with clear criteria, timing and a procedure for making payments to the provider. This shows progress against those criteria.

Secondly: you can spell out to what degree the fund is a 'restricted fund' (i.e., only for the service specified), and is to be accounted for separately in the VCOs annual accounts. This can ensure that spending is focussed on designated activities, but can also create a burden for VCOs.

Thirdly: Effective VCOs carry out and share with commissioners their own evaluations of effectiveness. This can include their effectiveness in delivering on a funding agreement. Agreeing a provider evaluation will impose little or no additional work on the provider.

3. SUPPORT MONITORING

Continuing risk
You and the VCO should regularly share up to date and open information about risk. If done proportionately, this protects you and reduces the amount of other monitoring.

Commissioners might want to agree a risk register with the provider.

A small number of large, high-risk providers, may create the need for a risk register for each provider or activity. A large number of low-risk providers delivering similar services can be subject to a generic risk register. Whichever route, this provides a basis for monitoring with periodic updates.

If at update the assessment of risk is assessed as greater, defences against risk such as more focused monitoring can be initiated, or grants can be terminated. Lower risk can lead to a reduction in monitoring.

Serious incidents
The agreement should require the provider to inform you about serious incidents or cases. You and the provider should develop a working level of trust around this issue.

Many providers are familiar with the principles of reporting serious incidents. This can be done on a by-exception basis and use agreed criteria and procedures.

Process Monitoring
Commissioners may want to know how a provider carries out the work they fund (the process) as well as what is achieved (the outcomes).
This should only be used in certain circumstances, where external financial constraints or high levels of risk are identified. Consequently, a particular model of service or intervention should be expressed this as an outcome and set out in the funding agreement.
Monitoring could be through ensuring appropriate professional qualifications and memberships, licensing arrangements, other external inspections, or visits to the provider. In all cases, process monitoring must be by prior agreement and focus on jointly agreed standards.
Process monitoring should be avoided where possible. It is a burden and costly. It deters innovation and undermines staff confidence.

4. EVALUATION OF THE COMMISSIONING PROGRAMME

Policy evaluation and development
You will need to evaluate the impact and effectiveness of your policies and strategies. You will need information about the programme and it's environment so that you can detect and explore its impact. You may gather some of this information from providers; for providers, good monitoring and reporting will help them to showcase and learn from the work they are doing.

An evaluation should have:

- Evaluation tools, for example Social Return On Investment (SROI);
- Evaluation skills;
- A plan or programme;
- A list of information needed;
- A method for collecting information.

This will place an additional workload on a provider. The provider should be paid for collecting evaluation information.

6. HAVE WE GOT IT RIGHT?

MONITORING CHECKLIST: VALIDATING QUESTIONS		
1	What is the lowest frequency for reporting?	
2	Can the information be provided in line with the provider's own reporting systems?	
3	Can the information be reported only by exception?	
4	Are there alternative items of information, perhaps more cost-effective, that could be used instead?	
5	Can information that the provider already collects for another funder be used instead?	
6	Can information be collected on a sample basis?	
7	Can information be collected other than from the provider – a survey?	
8	How can you assure the reliability of this information?	

7. MONITORING SCHEDULE (AN EXAMPLE)

What to Monitor	Information to be collected	Frequency
Risk	Violent incidents on site	By exception
	Low user satisfaction	By exception
	Programme will not be able to recruit clients	By exception
	Clients will drop out of course before the end of the course	By exception
Equal Opportunities	Impact assessment of grant programme	At programme decisions and at least 3 yearly
Due diligence	Charity Commission website entry	One-off
	National Money Advice Federation membership	Yearly
Outcome	No. of people who have been through the course and no longer in debt a year later	Quarterly (after one year)
Milestone	No. of people been through a course and have begun to reduce their debt	Quarterly
Output	No. of people been through a course	Quarterly
Value for money	No. of people been through course	Quarterly
Serious incidents/cases	No. of serious assaults on staff	As occur
	No. of serious assaults on clients	As occur
	Unspecified other serious incidents/cases	As occur
Accountability	No. of interviews by sex and ethnic origin	Half yearly
	No. of disabled interviewees	Half yearly
Evaluation	No. of cases referred by other agencies	Yearly
	No. of cases self-referred	Yearly
	No. of cases on tax-credits before joining a course	Yearly
Policy	No. of clients who are ex-offenders	Half-yearly
	No. of clients who were in LA care	Half-yearly
	No. of clients with debts to ‘loan sharks’	Half-yearly