

## Funding and Service Agreement<sup>1</sup>

### Generic Sections

#### I General obligations of SWD to service operators

##### *Introduction*

SWD has a range of general obligations to service operators in the context in which it funds and they operate social welfare services. These reflect:

- its role as sponsor of the provision of social welfare services on behalf of the government with an overall responsibility to ensure that they are provided as efficiently and effectively as possible
- its responsibilities in relation to collecting, processing, analysing and disseminating information about service performance and basic data affecting service planning
- its responsibilities for the efficiency and effectiveness of its contributions to the administration of the subvention system and
- its responsibilities for the provision of services in support of service operators.

The obligations set out in this section only cover that aspect of the relationship between the department and the sector which relates to service provision. They do not, for example, cover aspects relating to service development.

These general obligations are expected to apply to all services.

##### *General obligations*

SWD will meet the following obligations to service operators. These are recognised as affecting the ability of the service operators to meet the targets set out in the performance section of the Funding and Service Agreement (the Agreement).

- to make payment of subvention according to the notified timetable.
- to process properly completed Lotteries Fund applications for funds for capital work (e.g. new equipment, renovations, etc.) within 8 weeks

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<sup>1</sup> This Funding and Service Agreement is a sample document for reference only.

upon receipt of comments from relevant parties

- to notify outcome of funding application for capital work within 7 days of approval
- to release payment on reimbursement basis within 28 days upon receipt of completed claim forms together with supporting documents
- to provide support to services (e.g. training and information) to enable them to meet the Service Quality Standards and the requirements specified in the Agreements.

In addition, SWD will meet the following obligations to service operators. In the normal course of events, failure on the part of SWD to meet these obligations is not expected to affect the ability of service operators to meet the targets set out in the performance section of the Agreement.

- to explore and secure the necessary resources to meet the agreed levels of support
- to provide information to service units on statutory requirements executed by the Department
- to provide advice on best practice and the Service Quality Standards
- to provide aggregate data on the performance of service operators as a whole and specific feedback to individual service operators on their own performance
- to facilitate access to relevant staff development and in-service training courses and to inform service operators of the courses available annually
- to respond to complaints, suggestions or requests for information in a timely manner
- to assist in the promotion of social welfare services

## **II Performance monitoring**

### ***Statistical reporting***

Service operators will send statistics relating to the performance of their service unit to SWD on a quarterly basis. They should arrive at SWD within 10 working days of the end of the period to which they relate.

The responsibility rests with service operators to ensure that their reported statistics are both accurate and timely.

The statistics will be in a format determined after consultation with NGOs. At the minimum, they will cover those aspects of the performance of the service unit described in the performance section of the Agreement and will be compared with the target for each aspect.

Only statistics in these categories will be used to assess performance. Any other statistics will be provided for information purposes only.

Where the performance of a service unit falls below the target set out in the Agreement within an agreed time frame, service operators should provide an explanation with the statistical return.

The department will process the statistics to produce information about the performance of individual service units and of the service as a whole. Service-wide information will be provided to each service unit.

Service operators should retain the documents on which they base the completion of their statistical return for a minimum of three years. Such documents should be kept in sufficient detail to enable verification of the accuracy of the return to be carried out as part of the independent Service Quality Assessment.

### ***Financial reporting***

Service operators will send information about the financial performance of their service units to SWD in accordance with:

- the latest edition of Lump Sum Grant Manual (for Lump Sum Grant).
- the Guide to Social Welfare Subventions. The required type of information, format of the return and the frequency of submission will depend on the basis of subvention (for non-Lump Sum Grant).

### *Service Quality Assessment*

Service Quality Assessments are conducted according to the requirements of the Service Quality Standards. Assessment is meant to strengthen and systematize the existing output monitoring system for continuous service quality improvement. The assessment methodology would be constantly kept under review for further modification to the system.

### *Self assessment*

Service operators will make their own assessments of the performance of their service units in meeting the Service Quality Standards. Self assessments will be undertaken at least annually. In exceptional circumstances, for example where a previous assessment has revealed that some improvements are required, service operators may be asked to undertake self assessments more frequently. In these circumstances, it may be sufficient to undertake a partial assessment which only addresses those aspects of performance which are of concern.

SWD will provide service operators with guidelines on the processes to be followed in undertaking a self assessment. The objective will be to undertake an assessment which is as close as possible to the external assessment which SWD will conduct in due course.

SWD will draw up a timetable of self assessments for all service operators. Once the assessment is complete, service operators should send to SWD the completed self assessment report.

Service operators should retain the documentation on which they base their self assessment for a minimum of three years. The documentation should be in sufficient detail to enable a reviewer to understand the reasons for the conclusions which were reached. The documentation should be made available to SWD on request.

### *SWD assessment*

Service operators will be subject to periodic external assessment. The objective will be to assess the performance of their service units in meeting the Service Quality Standards and to examine other aspects of the performance (actual and reported) of the service unit in the context of the terms of the Agreement. Assessor appointed by SWD will undertake the assessments.

At the end of each assessment, SWD and the service unit concerned will agree on action plans on how it may improve its service quality. The frequency of these action plans will be primarily determined by SWD on the basis of the outcome of the previous assessment. Service units which deliver high performance will have their action plans exempted from reviews or reviewed

less frequently.

In examining compliance with the Service Quality Standards, the assessors will follow the processes agreed for conducting assessments of the service unit concerned.

Service operators will be asked to cooperate with the assessors, to set up the relevant meetings in advance and to respond to requests for information and for access to :

- files and documentation;
- administrative support (e.g. access to interview room, photocopier and telephone);
- person(s) responsible for the assessment;
- managers;
- senior management staff and/or board members;
- staff; and
- clients and their families

of the service unit. In particular, the service operator should make available the information on which they based their most recent self assessment.

The assessors will keep the service operator informed of progress during the course of the assessment. At the conclusion of the assessment, the emerging findings will be made known to the service operator in sufficient detail for the service operator to understand the reasoning behind the assessor's view. The service operator can make representations on the findings of the assessor before the outcome of the assessment is finalised. The objective, so far as possible, will be to avoid any difference of opinion between the service operator and the assessor on the outcome of the assessment.

### ***Financial audit***

The accuracy of the financial statistics returned to SWD by service operators should be confirmed by their external auditors during the annual audit process.

In addition, SWD will:

- carry out regular subvention inspections in accordance with the guidelines stipulated in the latest edition of Lump Sum Grant Manual (for Lump Sum Grant).
- carry out regular subvention inspections to service units. Any anomalies in practice will be reported to the management of the subvented agency together with recommendations for rectification and improvement (for non-Lump Sum Grant).

It is a condition of subvention that, on request, service operators provide the Director of Audit or his staff access to all documentation relating to use of the

public money made available for the delivery or enhancement of service.

***Evaluation studies***

From time to time SWD may, in consultation with NGOs, undertake evaluation studies of various aspects of the delivery of social welfare services. Such studies will be in-depth, one-off examinations of specific issues. They may relate to a specified number of

- service units,
- services,
- service operators,
- modes of service delivery or
- programmes.

In all cases, information will be provided in advance about the reasons why the study is being undertaken, the study objectives and their terms of reference, the names of the members of the study team, the time scale of the exercise and the means of making representations to the study team. The findings and the recommendations of the evaluation study will be made available to the service unit(s) involved before finalisation and may, at the discretion of SWD, be made public.

Service operators should cooperate fully with the evaluation study team in the provision of access to files and documentation, and to staff, clients and managers.

### III SWD's role in overseeing the performance of service operators

SWD has an obligation to recognise (and, as necessary, take action) where the publicly funded social welfare service operators deliver performance which :

- either is notably in excess of the expectations of the Agreement;
- or falls short or is at variance with those expectations.

The social welfare sector indicated a very strong preference for inherent incentives that would promote continuous improvement but not foster competition between services. It has been agreed that during the initial stage of the implementation of the service performance monitoring system, the only major built-in incentive for good performance relates to the need to develop an action plan and the frequency of the review of the action plan.

In the event that the delivery of a service unit is found not to be compliant with the terms of the Agreement (either because the agreed performance standards are not met or because some other term of the Agreement is infringed), the first step will normally be to establish the reason for the non-compliance. This may involve both SWD and the service operator. Once this has been established, the next step will be to agree on the process which the service operator and SWD need to follow to enable the service unit to achieve compliance with the terms of the Agreement. This will involve drawing up a plan identifying objectives, key milestones and time scales for completion. The role of the SWD will be to support the efforts of the service operator in the steps which are being taken.

The aim will be to reach agreement between the service operator and SWD on the plan to be followed. However, as the guardian of the public interest, SWD will need to be satisfied that the required improvement in performance is taking place with sufficient speed.

Where the level of performance of a service operator is unacceptable either because of the level of service delivered or because of the speed of improvement, it is open to SWD to take suitable steps to encourage service delivery to be brought into line with the terms of the Agreement.

In these circumstances, the process which will be followed is as follows:

*Step 1* The service operator will be informed in writing that SWD is considering taking action. The reasons for SWD's decision will be explained and the steps which are being considered will be described.

*Step 2* The service operator will be given a reasonable period to suggest reasons why SWD should not proceed as it proposes.

*Step 3* In the light of any comments which the service operator may make, SWD will decide on the action, if any, which it proposes to take. It will inform the service operator, which will be given a reasonable period in which to indicate that it wishes SWD's decision to be submitted for review.

*Step 4* If the service operator requests for a review of the decision, the request will be passed to the Chairman of the Review Board who will indicate the date the review will take place.

*Step 5* In advance of the review hearing, SWD will be invited to make a short written submission setting out its understanding of the issue, the position which it has adopted and the action it proposes to take. A copy of the submission will be sent to the service operator.

*Step 6* The service operator will be given the opportunity and reasonable time to make its own submission. This should set out its own position and, in particular, should describe the grounds on which it has requested the review.

*Step 7* At the review hearing both sides will be given the opportunity to make oral presentations to the Review Board and will be invited to answer questions put by the members of the Board.

In the light of the submission, the oral presentations and the discussion, the Review Board will reach its view. In respect of the issues which are the subject of the appeal, it will be open to the Review Board to offer a view on whether the specific practices of the service operator comply with the provisions of the Agreement and the Service Quality Standards.

The decision of the Review Board will be binding upon both the SWD and the service unit as far as the outcome of the assessment is concerned. The decision should be communicated to the department and the service operator as soon after the meeting as possible.



#### **IV Administration**

This Agreement will remain in force during the period in which SWD subvents the service.

At any time it is open to the service operator(s) to suggest a variation to the terms of the Agreement in respect of a service or a service unit, where appropriate. Such suggestions should be made in writing to the Assistant Director (Subventions) at SWD.

SWD will reply within a reasonable period setting out the action which it proposes to take.

It is similarly open to SWD to decide, after due discussion with the service operator, to vary the terms of the Agreement.