THE CROYDON TOOLKIT:

A Capacity Building and Organisational Development Framework

THE CROYDON TOOLKIT – DRAFT REVISION 4

1. Background

There is a national focus on capacity building and performance improvement in the Voluntary and Community Sector (VCS). In order for this to happen, organisations in the sector need to know how good they are at present and where they need to improve.

The recent Best Value Review of Croydon Council's relationships with the VCS locally highlighted the need for a more pro-active approach to performance improvement from the Council as the main local funder of services.

Croydon Voluntary Action (CVA) has also been working on a scheme to improve the capacity of organisations that it works with.

This toolkit is produced by CVA, in partnership with Croydon Council, Croydon People's Housing Association (CPHA) and the Asian Resource Centre, Croydon (ARCC), in order to help local VCS organisations improve. It contains a framework that defines minimum good practices that (generally larger) organisations should be following.

2. How it will be used

The toolkit is designed to be used by any agency involved in funding or capacity building in Croydon, in order to help improve the organisations that they deal with. Staff using it will need to be fully trained in its use.

A 'capacity check' will be carried out against the requirements of the framework. This will identify where the 'gaps' are, by comparison with the framework. The agency may then provide support to the organisation in order to help them build their capacity and fill the gaps.

The requirements should <u>not</u> be considered to be 'best practice' and organisations that meet these requirements should still strive to improve what they do and how they do it.

It should also be stressed that these requirements are <u>not</u> intended to be used for self assessment by organisations, as in many cases they require interpretation. This will be provided in the training for staff using the framework. They are not therefore a 'Standard' that organisations should strive to meet, but a tool to help them improve.

3.   <u>Overview of the Framework</u>

There are seven Good Practice Areas (GPA's) in the framework. These are:

1. Governance and Leadership
2. Business Planning
3. Managing People
4. Financial Management
5. Managing the Organisation
6. Partnership Working
7. Monitoring, Evaluation and Improvement

For each GPA, there is an overview of what it covers, a description of each of the requirements (practices that must be in place), and spaces to enter comments on what exists at present and what action is required to meet the framework.

Where this document refers to a ***procedure,*** this means a written down description of a process or task. This must be communicated to people in the organisation and followed by them.

Evidence provided must be appropriate to the size, context and scope of activities of the organisation. This will require interpretation in many cases. In addition, not all the requirements will be appropriate for all organisations – for example, organisations may not use volunteers.

4. Carrying out a Capacity Check

3.1 Staff who carry out capacity checks must be trained. They are called 'assessors' in this toolkit.

3.2 The purpose of a capacity check is to identify where the organisation does not meet individual requirements, report this to the checked organisation, and enable the organisation to improve over a period of time so that it does meet all the requirements.

3.3 A capacity check will be carried out in three stages:

- The organisation will be asked for a list of documents so that the assessor can carry out a desktop assessment. The purpose of this is to identify potential areas where capacity needs to be improved, to help the assessor prepare for the visit, and to enable the assessor to gain an understanding of the organisation. Appendix A contains a suggested list of documents that should be asked for, referenced to the individual requirements of the framework.

- The assessor will go 'on-site' and carry out an in-depth assessment to validate the results of their desktop assessment, look for further evidence and come to conclusions. This will involve talking to staff and examining documents, especially records of what has taken place.

- The assessor will then write a report on what they have found, including a suggested action plan for the organisation to meet all the requirements of the framework. They will meet management of the organisation, talk the draft action plan through with them, and agree a final version of it. This will be 'signed-off' by both parties.

3.4 A follow-up visit/s by the assessor may be necessary to check progress with the action plan. This will be agreed at the time of the site visit. The assessor's organisation may also provide practical help for the assessed organisation, or signpost them to where that help is available.

APPENDIX A – DOCUMENTS THAT COULD BE ASKED FOR

The following documents are required, or referred to, by the framework. They should be asked for, for the desktop review. Please note however that not all these documents may be relevant for all organisations – the test must be one of appropriateness.

The numbers in brackets refer to the Good Practice Area and then the item within it.

Governing document/Constitution (1.1)
Mission, aims and objectives (1.3)
Budget (1.4 and 4.4)
Financial reports (1.4)
Results of financial audits (1.4)
Funding strategy (1.5)
Minutes of relevant meetings (1.7)
Trustee roles and responsibilities (1.14)
Submissions to the Charity Commission and Companies House (1.18)
Financial accounts (1.18)
Trustees' Handbook (1.20)
Results of CRB checks (1.22)
Performance reports to the Management Committee (1.24 and 7.12))
Annual Business Plan (2.2)
Results of needs analysis (2.5)
Relevant policies and strategies (2.12)
HR policy and procedure (3.1)
Employer liability insurance (3.1)
Organisation chart (3.9)
Job descriptions for staff and role descriptions for volunteers (3.15)
Employment contracts for staff and agreements for volunteers (3.16)
Financial policy and procedures (4.2 and 4.3)
Relevant procedures for key processes (5.7)
Equal Opportunities policy (5.10)
Heath and Safety policy and procedures (5.11)
Relevant records (5.12)
Partnership arrangements with key partners (6.2)
Annual report (7.7)

In addition it would be helpful to see:

List of Trustees
Minutes of latest Board meeting
Names of key partners
Organisational targets/performance indicators

THE FRAMEWORK

Area 1 - Governance and Leadership

The organisation must appoint trustees who meet as a governing body or Board (sometimes called a Management Committee). They have a key role in governance. Senior managers also have a role to play as leaders.

The organisation must have a satisfactory constitution or other governing document that adequately describes the work the organisation is trying to achieve

L = Legal   R = Recommended practice   G = Good practice

The Board of Trustees must:

Issue	Comments	Action required	
1. Produce a governing document/constitution which is appropriate for the size and role of the organisation			L
2. Review and revise the governing document at defined intervals			G
3. Provide strategic management for the organisation, including agreeing its mission, aims, objectives, policies, strategies and business plan			G
4. Agree the budget, receive and review regular financial reports and ensure that appropriate financial auditing takes place			G
5. Agree a funding strategy			G
6. Ensure that there is a clear process, and take overall responsibility for, appointing staff and agreeing conditions of employment			G
7. Keep minutes of its meetings, including any sub-committees, and ensure that these are distributed to trustees and senior staff			R

Issue	Comments	Action required	
8. In its membership, reflect the demographic make-up of the organisation's users as far as possible			R
9. Receive regular, timely and sufficient information on performance to make informed decisions, and monitor performance and progress towards achieving objectives			G
10. Regularly review its own performance			G
11. Provide support and appraisal to the Chief Executive/senior member of staff			G
12. Regularly review the structure of the organisation to ensure that it can meet its objectives			G

Individual Trustees must:

Issue	Comments	Action required	
13. Have clearly defined roles and responsibilities			R
14. Receive an induction within a defined time of joining			R
15. Declare any conflict of interest			R
16. Have a copy of the governing document, understand the mission, aims and objectives of the organisation, and operate within them.			G
17. Understand what is required by, and ensure that the organisation meets, all its legal requirements, including: a. The requirements of the Charity Commission (if a charity)			G

Issue	Comments	Action required	
b. The requirements of Companies House (if a company) c. Any other financial reporting and regulatory requirements d. Employment requirements e. Health and Safety requirements			
18. Attend most meetings of the management committee			R
19. Have access to (and preferably a copy of) a handbook or document containing information about their responsibilities, organisational objectives, policies, contact details, etc			G
20. Have their skills and competencies developed to meet the need of the organisation			G
21. Be subject to a CRB check where they are working with vulnerable children and adults			R

Senior staff/managers must:

Issue	Comments	Action required	
22. Implement the decisions of the management committee			G
23. Ensure that the management committee is provided with regular reports on performance			G
24. Keep the management committee in touch with the key issues that arise			G
25. Ensure that they are available and accessible by staff and trustees when required			G
26. Provide support and encouragement to staff			G

27. Provide recognition of good performance by teams and individuals			G
28. Ensure that staff and other stakeholders are aware of the organisation's aims, objectives and relevant policies			G

Area 2 – Business Planning

Planning involves having a defined strategy/ies for the organisation, and putting this into practice through defined policies and plans. Voluntary and community organisations need to carry out business planning over the short and medium terms to define how they are going to meet their aims and objectives.

The organisation must:

Issue	Comments	Action required	
1. Undertake medium term planning (for example over three years)			R
2. Produce an annual business plan, based on the medium term plan. This should define how they are going to meet their mission and overall aims and objectives. It should also include clear and realistic targets and detailed objectives (for large organisations, annual team plans as well) and describe who the main user / client groups are			R
3. Ensure that resources are available to meet the business plan, and identify any potential gaps: this must be co-ordinated with the funding strategy			R
4. Base its strategies and planned actions on consultation with all stakeholders and the assessment of users' present and future needs, particularly those of under-represented or marginalised persons			R
5. Undertake needs analysis and identify a clear need for specific projects and services			R
6. Identify future services required and/or potential user groups			R

7. Involve all relevant stakeholders in planning what services it will provide and how			G
8. Involve stakeholders in developing and reviewing its strategies at regular intervals			G
9. Understand and anticipate developments in its sector when planning			G
10. Take account of the needs of partner organisations when planning			G
11. Ensure that policies and strategies are consistent with the mission and objectives			G
12. Ensure that policies are useful, relevant, up-to-date and cover all key activities			G
13. Undertake regular reviews and development of business plans to assess whether they are still relevant, and whether adequate resources are available to meet them			G
14. Regularly review progress towards meeting targets in business plans			G
15. Identify potential funding opportunities			G
16. Ensure that the planning process is co-ordinated with the budget setting timetable and the fundraising strategy			G
17. Publicise plans, policies and strategies and ensure that all relevant stakeholders are aware of them			G
18. Adopt a planned approach to marketing and communications – in larger organisations this may require defined strategies			G

Area 3 – Managing People

'People' are <u>all</u> the staff and volunteers that provide services on behalf of the organisation, whatever their employment status. The following apply to everybody, although the method of provision may be different for employees and volunteers.

The organisation must:

Issue	Comments	Action required	
1. Have appropriate Human Resources (HR) policies and procedures that all people have access to and are aware of, and that are followed (for example: recruitment (including CRB checks), induction, grievance, disciplinary)			R
2. Regularly review and improve the HR policies and procedures			R
3. Maintain current employer liability insurance			L
4. Have clear lines of accountability			R
5. Carry out regular, ongoing and effective support and supervision for people			G
6. Have regular team meetings			R
7. Carry out planned development of people, so that they have the skills, knowledge and competencies to do their jobs			G
8. Regularly assess training needs and provide suitable learning opportunities			G

9.	Have an organisational chart that shows relationships			G
10.	Ensure equality of opportunity in recruitment, management of staff, access, etc			R
11.	Regularly and formally seek the views of people on important issues that affect them, and use this feedback to improve how the organisation manages people			G
12.	Appraise the performance of people at regular intervals, use the results of appraisal to improve performance and provide feedback on the appraisal			R
13.	Ensure effective processes are in place for upwards, downwards and sideways communication			G
14.	Encourage people to come forward with ideas and suggestions and use these where practicable			G
15.	Have a clear job (staff) or role (volunteers) description for all people			R
16.	Provide an appropriate employment contract, with written terms and conditions of employment (staff) or agreement (volunteers), for all people			L
17.	Ensure that the specific needs of volunteers are considered and incorporated in all policies and procedures that relate to people			R

Area 4 – Financial Management

The organisation must have effective financial management systems in place, produce regular financial reports and keep proper records. There must be clear financial accountability, with financial responsibilities delegated to the appropriate levels.

They must also systematically attract and generate funds to support their work and ensure that they can provide the level and type of services that they aim to do.

The organisation must:

Issue	Comments	Action required	
1. Have a trustee and (where appropriate) a staff member/volunteer responsible and accountable for financial management, with sufficient skills to do this			R
2. Have a structured approach to financial management and planning, including a financial policy for larger organisations			R
3. Have clear procedures for financial management that are regularly reviewed and improved. These should include: • Handling and banking income • Signing cheques • Expenses • Petty cash • Salaries • Purchasing and invoicing • Book-keeping			R
4. Produce an annual budget and monitor progress against the budget at regular intervals			R
5. Carry out budget planning and financial forecasting			R

			R
6. Implement the funding strategy and manage funding applications effectively, ensuring that applications are correctly made and co-ordinated			R
7. Keep the records required by procedures and legislation			R
8. Ensure there are adequate contingencies and reserves to meet possible demands on the organisation, planned activities and funders' requirements (for example for the replacement of vehicles)			R
9. Identify potential financial problems in advance and take action to prevent them happening			R
10. Undertake cash flow analysis, to ensure that they have enough money to pay bills on time			R

Area 5 – Managing the Organisation

This Area focuses on 3 aspects: services, processes and resources.

Services *are the outputs of the organisation that are provided to users. They must be based on the agreed needs of funders and users.*

Processes *are all the internal activities that are carried out in order to provide services to users. They include processes for meeting users' needs as well as internal and administration processes.*

All processes need to be designed and managed effectively so that services are delivered effectively, efficiently and to the right standard.

Organisations need to identify what are their key processes – these are the important ones that affect the quality of what they do and are usually related directly to their aims and objectives. These need to be particularly well managed.

A procedure is a written description of a process – they are usually required in situations where staff need to be formally told how to carry out a process or something must be done in a certain defined way.

Resources *are used to undertake processes and provide services. They must be managed effectively and efficiently. They include materials, information, equipment and buildings*

For *services*, the organisation must:

Issue	Comments	Action required	
1. Ensure that the range and type of services provided are based on the present needs of users and funders			R
2. Anticipate the future needs of users and funders when planning what services to provide			R
3. Ensure that the target groups of users are aware of the type and range of services provided			R
4. Ensure equality of access to services and regularly review this			R

5. Work with funders to ensure that the organisation and the funder are satisfied that services are meeting users' needs			G
6. Make it easy for users to comment on service provision, have a user complaints procedure and deal promptly with complaints			R

For *processes* the organisation must:

Issue	Comments	Action required	
7 Identify the key processes (those that relate directly to their aims and objectives) and ensure that they are carried out correctly. This could involve: • Written procedures that define how processes are carried out • Ensuring staff are correctly trained to do their jobs • Setting clear targets and standards for staff • Monitoring how well processes are working			R
8 Keep written policies and procedures up to date and make sure that staff have access to them			R
9. Review and improve key processes at regular intervals			R
10 Have an Equal Opportunities policy and implement it			R
11 Have a Health and Safety policy and procedure(s). These must ensure that health and safety issues are effectively addressed			R
12. Keep effective records of what has been done			R

For *resources*, the organisation must:

Issue	Comments	Action required	
13. Ensure that suitable equipment is provided for staff to carry out their processes			R
14. Ensure that sufficient information is made available for staff for them to carry out their activities			R
15. Have controls to ensure that suppliers provide the organisation with the correct goods or services on time			G
16. Ensure that the requirements of the Data Protection Act are met			L
17. Manage its records and filing systems well, so that they are kept up to date, comprehensive and accessible			R
18. Have effective processes for dealing with the post, faxes, emails and phone messages.			R
19. Manage the provision of Information and Communication Technology (ICT) effectively – suitable hardware and software must be provided and people trained in its use			G
20. Ensure that buildings are appropriately accessible to all users and staff and the requirements of the Disability Discrimination Act (DDA) are met			L
21. Ensure that the physical environment is appropriate to the needs of staff, the processes carried out and the services provided			R

Area 6 – Networking and Partnership Working

Partnership, multi-agency provision and collaboration are key issues for VCS organisations. They must work with others to develop strategies and oversee delivery and progress in achieving the policy outcomes required.

A partnership is a working relationship between two or more parties creating added value for the customer.

The organisation must work well with other organisations in delivering its services. This means having formal partnership arrangements where necessary, sharing information and joint working where appropriate.

Appropriate networking should be encouraged and staff helped to achieve it, as this can provide valuable support.

The organisation must:

Issue	Comments	Action required	
1. Identify its key partners and their needs and expectations			R
2. Establish formal partnership arrangements with key partners			R
3. Regularly review these arrangements			G
4. Be clear about the types of partnerships it is entering into and the rationale for them			G
5. Maintain regular contact with partners – there will usually be a key link person			G
6. Work with partners on joint improvements to services and common processes			G
7. Ensure that partnerships meet the organisation's own aims, objectives and values			G
8. Ensure that partnerships add value to the work of both parties			G
9. Exchange information about services with other relevant organisations			G

			G
10. Encourage and allow staff to go to meetings with other organisations, conferences and other networking opportunities			G
11. Have clear referral mechanisms for users to other appropriate organisations			G
12. Maintain up-to-date information about other relevant organisations			G

Area 7 – Monitoring, Evaluation and Improvement

Processes, services, outputs and outcomes must be monitored and the results of monitoring evaluated. This information is then used to report on what has taken place and to identify possible improvements.

Monitoring and reporting has two purposes:

- *internally to enable managers/Trustees to identify what has been achieved, for control and to learn/improve*
- *externally to report back to funders or regulators on progress against their requirements*

The organisation should be a 'learning' one – that is, it should be positive about learning from its users and other organisations about how and where it can improve. Improvements can relate to <u>what</u> the organisation does or <u>how</u> it does it.

Organisations must:

Issue	Comments	Action required	
1. Establish what are the key outputs and outcomes that relate to aims and objectives			R
2. Establish SMART performance targets for them			R
3. Have defined processes for the regular monitoring and evaluation of processes and key outputs and outcomes			R
4. Ensure that all stakeholders (particularly users) are involved in giving regular feedback regarding type of service provision and delivery of services			R
5. Record, evaluate and use this information to: • Compare with targets • Improve the types of services provided • Improve the quality of services provided • Improve processes • Report back to funders			R

6.	Ensure that targets and monitoring include marginalised and under-represented groups			R
7.	Produce an annual report, which contains details of what was achieved in the previous year			G
8.	Evaluate individual projects in accordance with the requirements of funders and report back to them on this; also use this evaluation to improve the project performance			G
9.	Identify best practice elsewhere, to help improve what they do			G
10.	Carry out some comparisons of results with other similar organisations and use this for improvement			G
11.	Gather and use demographic data about users for improvement			G
12.	Produce regular reports for the management committee and funders containing performance data and progress towards meeting objectives			G
13.	Evaluate failed funding applications so that lessons are learnt from them			G
14.	Use suggestions and complaints to improve what they do			G

DEFINITIONS

Business Plan – A document that provides an overview of the services that will be provided over a defined period (usually a year), including the resources allocated to the activities, who will carry them out and the standards that will be achieved for those services

Customer – anyone outside the organisation who receives services, products or some other benefit from it.

Governance – defining and implementing a system of rules, processes, procedures and relationships to manage the organisation and fulfill its legal, financial and ethical obligations.

Mission – a statement that describes the purpose of the organisation. It describes why it exists.

Outcome – a visible or measurable result of what the organisation has achieved as a result of its activities.

Output – the result of a process that is delivered to a user

Partnership – a working relationship between two or more parties creating added value for the customer.

People – anyone who works for the organisation in any capacity (can be full-time, part-time, temporary, volunteers, trustees, etc)

Policy – a description of how a strategy will be undertaken

Procedure – a written description of a process. It can be in the form of prose/text, a flowchart, a checklist, etc. A procedure may be in hard copy or electronic

Process – an internal activity or series of activities that is carried out in order to deliver a service to users. Key processes are those that relate directly to the organisations aims and objectives

Record – data that shows the result of a process

Senior Management – the staff members who manage the organisation: typically those in the top two or three levels of the organisation.

Service – the outputs of the organisation that are provided to users

SMART targets – Targets that are **S**pecific, **M**easurable, **A**chievable, **R**ealistic, and **T**ime-specific

Stakeholder – anyone who has a direct interest in the organisation and what it does.

Strategy – an outline of the way an organisation implements its mission and vision: this may be simple in a small organisation

Users – all the people and organisations that receive services from the organisation

Vision – a statement that describes how an organisation wishes to be in the future.