

---

**POLICY ON THE FUNDING OF VOLUNTARY AND COMMUNITY  
SECTOR ORGANISATIONS**

---

(Report of the Head of Strategy and Partnerships)

**1. Summary of Proposals**

The Committee is asked to agree two new policies that will implement key recommendations of the Overview and Scrutiny Third Sector Task and Finish Group. In addition, the Committee is asked to agree recommendations for how future work proposed by the Third Sector Task and Finish Group is undertaken.

The first policy will implement the Shopping, Investing and Giving model for funding voluntary and community sector organisations.

The second will introduce a new policy for the Council to provide grant funding to voluntary and community organisations within the Shopping, Investing and Giving framework.

**2. Recommendations**

**The Committee is asked to RECOMMEND that**

- 1) the policy for funding voluntary and community sector organisations using the Shopping, Investing and Giving framework, attached to this report at Appendix 1, be approved; and**
- 2) the policy for award of grants by Redditch Borough Council to voluntary and community sector organisations, attached to this report at Appendix 2, be approved; and**
- 3) further work is undertaken into the Council's relationship with the voluntary and community sector, as recommended by the Third Sector Task and Finish Group, in the manner outlined in paragraphs 5.10 to 5.15 of this report.**

**3. Financial, Legal, Policy, Risk and Sustainability Implications**

Financial

- 3.1 The policies will define a new framework for how the Council provides financial assistance to voluntary and community sector organisations.
- 3.2 The current voluntary and community sector grants budget is £244,800. However, the total financial assistance from the Council to the voluntary and community sector is much higher than this,

including both direct financial assistance and assistance in kind, for example through discretionary rate relief and subsidised rents. These policies will introduce a framework for developing a corporate overview of all this assistance, giving a better overall indication of the financial contribution made by the Council to the voluntary and community sector.

### Legal

- 3.3 Under Section 137 of the Local Government Act 1972, the Council has the power to incur expenditure which in its opinion is in the interest of and will bring direct benefit to its area or any part of it or all or some of its inhabitants. The direct benefit accruing must also be commensurate with the expenditure to be incurred. There is further power to make grants to voluntary organisations providing recreational facilities under Section 19 of the Local Government (Miscellaneous Provisions) Act 1976

### Policy

- 3.4 The Council does not currently have a policy on the funding of voluntary and community sector organisations.

### Risk

- 3.5 Unless a policy is in place, requests for financial assistance from voluntary and community sector organisations may not be dealt with in a consistent manner. This could both leave decisions open to challenge, and adversely affect the Council's reputation as a fair and transparent grant-maker.
- 3.6 The Council needs to put a policy in place to demonstrate that it is meeting its obligations under the Worcestershire Compact. Failure to demonstrate this may result in an adverse Comprehensive Area Assessment score.
- 3.7 The proposed policies will bring current grant-funding arrangements to an end. This may pose a risk to the future viability of one or more voluntary sector organisations that have received regular funding under current arrangements.

### Sustainability / Environmental

- 3.8 No direct implications.

**Report**

**4. Background**

- 4.1 The Council's Overview and Scrutiny Committee commissioned the Third Sector Task and Finish Group to undertake a thorough investigation of the Council's grants process and of the various options that could be utilised to improve these arrangements from 2010/11 onwards. The Group was chaired by Cllr Diane Thomas, and undertook its work between June and December 2008.
- 4.2 On the 19 January 2009, Council resolved to accept the recommendations of the Third Sector Task and Finish Group.
- 4.3 The Third Sector Task and Finish Group recommended that the Council adopt a written Grants Policy and Procedure (recommendation 1). The Group's final report provided detail on the Group's recommendations regarding the content of this policy.
- 4.4 The Third Sector Task and Finish Group recommended that the Council's purpose for funding the third sector should be aligned to the following mission statement "Redditch Borough Council supports Voluntary and Community Sector organisations because we believe that a vibrant third sector is vital to our community" (recommendation 2a), and that the criteria for grants applications be aligned to the Redditch Sustainable Community Strategy priorities (recommendation 2b).
- 4.5 The Third Sector Task and Finish group recommended that the Shopping, Investing and Giving funding framework be adopted for the Council's grants process (recommendation 3).
- 4.6 The Third Sector Task and Finish group recommended that further work be undertaken in six areas relating to the Council's relationship with the voluntary and community sector. On the 19 January 2009, Council resolved to accept these recommendations.

**5. Key Issues**

- 5.1 The proposed policies address a number of issues with the Council's current grants process, as identified by the Third Sector Task and Finish Group. These are:
- a) a lack of continuity in the grants process;
  - b) inconsistent linking of grants to Redditch Borough Council's priorities;
  - c) weak monitoring arrangements;
  - d) a cycle of dependency amongst a number of third sector organisations on Council sources of funding;

- e) procurement issues, particularly overlaps between the grants process and procurement arrangements that have not been resolved;
  - f) a lack of confidence in the Council within the sector, mainly for the reasons listed in a) to f) above.
- 5.2 For several years, the Council has provided 'core-funding' to five organisations and 'donations' to a further two organisations. These arrangements represent a total allocation of £207,500 from the total voluntary sector grants budget of £244,800 for 2009/10.
- 5.3 These seven organisations were given written notice in August 2008 that the Council would be introducing a new grants process with effect from 1<sup>st</sup> April 2010. These letters "strongly advised" the organisations to plan "for the possibility of receiving no funding from Redditch Borough Council after 1<sup>st</sup> April 2010".
- 5.4 There is a risk that the Council will be perceived negatively should any of the previously 'core funded' organisations experience difficulties following the introduction of the new policies.
- 5.5 Some individual services of the Council provide funding to voluntary and community organisations to support specific objectives of their service. The proposed policies will cover this financial support, and so regularise voluntary sector grant-giving across the Council.
- 5.6 The Shopping, Investing and Giving Policy (Appendix 1) provides a framework for all arrangements where the Council provides assistance to voluntary and community sector organisations. This includes support 'in-kind' and contractual arrangements as well as grant-giving.
- 5.7 The introduction of the Shopping, Investing and Giving Policy will require a review of other areas where the Council provides support to voluntary and community sector organisations, such as peppercorn rents. This may require the introduction of further policies in these areas in order to fully implement the Shopping, Investing and Giving model.
- 5.8 The proposed policies will meet the Council's obligations under the Worcestershire Compact for an open and transparent approach to funding voluntary and community sector organisations.
- 5.9 The Third Sector Task and Finish Group made six recommendations for further work to be undertaken regarding the Council's relationship with the voluntary and community sector. The Executive Committee on 13 January 2009 requested that officers provide recommendations on how these pieces of work could be progressed. Initial officer recommendations were presented to portfolio holders on 9 April 2009, and have been amended according to the

instructions of portfolio holders. Paragraphs 5.10 to 5.15 present the six areas for future work as recommended by the Third Sector Task and Finish Group (in bold), and recommendations for how this work should be progressed.

- 5.10 **A review of ways to enhance Voluntary and Community Sector involvement in Redditch Partnership.** Officers consider that the current arrangements provided for Voluntary and Community Sector involvement in Redditch Partnership are adequate and responsive to the needs of the sector. The Partnership Management Board has a representative from the Voluntary and Community Sector through BARN, the infrastructure organisation for the Borough, and the board has also agreed that a representative from the Community Forum will join the Management Board.
- 5.11 **A review of the Council's provision of non-grant support to the Voluntary and Community sector.** Officers are requested to undertake an exercise to determine the full extent of the Council's support to the voluntary and community sector.
- 5.12 **A review of how the Council should meet its responsibilities as set out in the Worcestershire Compact agreement.** The Worcestershire Compact Steering Group are currently undertaking a review of the Compact, its codes of practice and how well it has been working. Redditch Borough Council has an officer representative on this theme group and officers consider that the Council's active engagement in this wider review will enable the Council to identify any shortfalls in meeting the responsibilities of the Compact.
- 5.13 **A review of how the six equalities strands could be embedded in the working practices of Redditch Borough Council and Redditch Partnership.** Officers consider that the formation of the Community Forum and ongoing training and the completion of equality impact assessments will enable both the Council and Redditch Partnership to undertake sufficient action to embed the six strands of diversity.
- 5.14 **A review of the Council's procurement code.** Work is currently being undertaken to review the Council's procurement code by the Head of Legal, Democratic and Property Services. This review will incorporate the Shopping, Investing and Giving funding framework contained in Appendix 1.
- 5.15 **A review of how multi-year funding arrangements should be implemented as part of the Council's grants process.** Options for provision of multi-year funding will be presented to the Executive Committee in advance of the launch of the next grants round in October 2009.

- 5.16 The Third Sector Task & Finish Group requested that consideration of Officer support and capacity building for the sector be increased within the Strategy & Partnerships department. A report will be presented to the Executive Committee on the 1 July 2009 regarding this request.

## 6. **Other Implications**

- Asset Management - Some voluntary sector organisations currently rent premises from the Council. If the future viability of organisations is at risk, as outlined in paragraph 3.6, this may reduce rents received and increase vacant Council properties.
- Community Safety - The award of grants to organisations may involve provision of services that address issues related to Community Safety.
- Human Resources - The proposed policies will be administered within existing staffing structures of the Strategy and Partnerships unit.
- Social Exclusion - The award of grants to organisations may involve provision of services to individuals who may experience social exclusion.

## 7. **Lessons Learnt**

- 7.1 It has been acknowledged that by not having a written voluntary and community sector grants policy, the Council can be accused of not operating an open and transparent grants process. This in turn has led to the sector having a lack of confidence in the Council.

## 8. **Background Papers**

Third Sector Task and Finish Group Final Report  
Worcestershire Compact and Codes of Practice  
Executive Committee minutes 13 January 2009  
Full Council minutes 19 January 2009  
Letters to 'core funded' organisations 8 August 2008.

## 9. **Consultation**

- 9.1 This report has been prepared in consultation with relevant Borough Council Officers
- 9.2 Extensive consultation with representatives of external bodies, including local voluntary and community sector organisations, was undertaken as part of the Third Sector Task and Finish Review. The draft policies have taken full account of the recommendations made by the Third Sector Task and Finish Group.
- 9.3 The draft policies have been circulated to voluntary and community sector organisations. A record of comments received and action taken is contained in Appendix 3.

## 10. **Author of Report**

The author of this report is Peter Rose (Policy Officer), who can be contacted on extension 3527 (e-mail: [peter.rose@redditchbc.gov.uk](mailto:peter.rose@redditchbc.gov.uk)) for more information.

## 11. **Appendices**

- Appendix 1 – Draft Policy for funding voluntary and community sector organisations using the Shopping, Investing and Giving framework.
- Appendix 2- Draft Policy for award of grants by Redditch Borough Council to voluntary and community sector organisations.
- Appendix 3- Record of consultation responses