

# APPENDIX 4

## VOLUNTARY AND COMMUNITY SECTOR GRANTS POLICY

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## 1. Introduction

- 1.1 Redditch Borough Council supports Voluntary and Community sector organisations because we believe that a vibrant Third Sector is vital to our community. The Council is committed to supporting organisations that deliver projects and activities which have a beneficial impact on the local community.
- 1.2 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.
- 1.3 There is further power to make grants to voluntary organisations providing recreational facilities under Section 19 of the Local Government (Miscellaneous Provisions) Act 1976.
- 1.4 This policy is written in conjunction with the “Let’s Do It Smarter – Worcestershire Compact: Funding and Procurement Code of Good Practice”. The Compact is a commitment to improve relationships between public and voluntary and community sector organisations, with a mutual objective of ‘delivering high quality, good value services and support to the local community’.

## 2. Scope

- 2.1 This policy applies only to the allocation of grants to voluntary and community sector organisations. It does not apply to any other means of financial support from the Council that may be available under other schemes.
- 2.2 This policy applies to all grant funding from Redditch Borough Council to voluntary and community sector organisations. This includes grants made available from individual service budgets.

## 3. Funding Framework

- 3.1 The Council uses the ***Shopping, Investing and Giving*** funding framework
- 3.2 **Shopping**: refers to procurement and contractual arrangements that are legally binding, where Redditch Borough Council seeks bids from external organisations to provide a specified service that Redditch Borough Council either has to provide by law, or it has made a decision to provide within its legal powers.

***The technical differences between grants and contracts are as follows:***

**• A public sector grant involves the provision of subsidy (capital or revenue) funding, by the relevant public sector body, in support of a charitable, or other public benefit, service, which the public body wishes to support, as part of fulfilling its own public benefit remit.**

**A grant is provided on conditions aimed at ensuring the proper application of the grant funds, but not in return for anything.**

**• A public sector contract involves the provision of goods or services, to the relevant public sector body, directly in return for payment representing the price of the relevant goods or services. Terms and conditions of a contract regulate the exchange of services for payment.**

**The Council is committed to extending the opportunities available to voluntary and community sector organisations and are committed to actively encourage the VCS to be more involved in the design and delivery of more public services because of the 'added value' they can bring.. However, this policy does not apply to those arrangements which will be managed using a contract.**

**3.3 Investing:** refers to the Council providing funding to develop the capacity of the voluntary and community sector. This may include making funding contributions to voluntary and community sector infrastructure support services, or making funding available for training or business development activities within organisations. ***This element of the funding stream will be aligned to the overall strategy of Redditch Borough Council, thus ensuring a strategic investment in VCS in order to skill up and strengthen front line VCS organisations to deliver value for money services and give a platform for the delivery of projects that strengthen and support the local communities. Themes and the percentage of funding allocated for this element will be set prior to November by the Executive Committee for projects commencing after the 1<sup>st</sup> April of the following year. If this element is undersubscribed at the end of the Grant application process the remaining funding will be transferred into the giving element in order to support the Stronger Communities priority.***

**3.4 Giving:** refers to the Council providing funding to voluntary and community sector organisations to support work that contributes to the Council's aims, but which the Council does not have a statutory duty to provide. Awarding grants to the VCS is a key opportunity for the Council to reinforce its community leadership role. Small grants to local community groups (a maximum of £500.00 per application) can generate a significant amount of community activity and positive impact. Percentage of funding allocated for this element will be set prior to November by the Executive Committee for projects/events commencing after the 1<sup>st</sup> April of the following year.

***The percentage for this element may increase if the funding allocations from the investing element are undersubscribed through the Grant application process. These groups will not need to be formally constituted but will need to have a recognised role within the community they serve.***

***The giving element will consist of 3 rounds of grant making:***

- ***April***
- ***July***
- ***November***

***with the total percentage of funding allocated to the giving element evenly distributed to each round. Head of Community Services, in consultation with the Grants Panel, to agree the allocation of community grants under the Local Strategic Partnership 'Stronger Communities' theme.***

3.5 This policy applies to grants made to support the ***Investing*** and ***Giving*** elements of the Council's funding framework. For the purposes of this policy, a **grant** is a financial contribution to an activity designed and delivered by a voluntary and community sector organisation which the Council has chosen to support because it is broadly aligned with the Council's own objectives. A grant can be given either to contribute towards organisational costs, or to wholly or partly fund a specific piece of work. A grant is a financial contribution with an expectation of mutually agreed, clearly defined outcomes. These outcomes are specified in a grant funding agreement, and monitoring arrangements are commensurate with the value of grant given.

3.6 ***The giving element is regarded as sums of up to and including £500.00 and the investing element is regarded as sums valued at over £500.00. These limits will affect risk considerations (section 7), grant assessment criteria (section 9) and monitoring requirements (section 11).***

#### **4. Purpose of Grant Funding**

The Council provides grants to assist the development of a vibrant voluntary and community sector that delivers projects and activities of value to the local community.

Funding will only be provided where it can be demonstrated that a defined impact will be made. Organisations should demonstrate an outcomes focus in applications for funding.

The Council will require that all grant awards support Council objectives. The specific objectives to be supported will be made clear in all publicity relating to each grant opportunity.

Demonstrating support of Council objectives may include:

- a) ***linking grant awards to an approved list of Council priorities, the current priorities are Enterprising Communities, Safe, Clean and Green. With the option of including LSP or other priorities as identified by Redditch Borough Council***
- b) the Council choosing one or more specific outcomes in advance that will be achieved with the grant award. This will be particularly appropriate for individual departments wishing to make grants available to support the delivery of a particular service aim.

## **5. Which Organisations are eligible to apply for a Grant?**

5.1 In order to be eligible to apply for a grant, an organisation must be able to prove that:

- a) it is voluntarily run, non-profit making and operated with no undue restrictions or limitations on membership;
- b) it has a democratic structure and can demonstrate effective management of the organisation's business;
- c) it has a bank account that requires the authorisation of at least two people who are unrelated to each other to make payments or withdrawals of any kind from the account;
- d) it operates in the Borough of Redditch on behalf of Borough residents;
- e) it can demonstrate the need for financial assistance. An organisation will not normally be eligible for grant assistance if it holds reserves in excess of six months' average expenditure, unless the Council is satisfied that this position is justified by the organisation's reserves policy. Reserves are defined as those assets in the unrestricted funds of an organisation that can be made available for all or any of the organisation's purposes, once known commitments and planned expenditure have been provided for;
- f) it can demonstrate the service it is providing by giving details of its activities and the number of people it is in contact with;
- g) it meets all applicable legal requirements;
- h) it actively promotes equality issues within its structure and operations;
- i) all previous grants received from Redditch Borough Council have been spent in accordance with the grant award conditions attached to them.

- 5.2 The Council will not make grants to any organisation that it deems to be a political party, has the nature of a political party, or is engaged in campaigning for a political purpose or cause.
- 5.3 The Council will not provide funds for the furtherance or propagation of a faith promoted by any organisation which is, or is deemed by the Council to be, of a religious nature. This will not preclude religious organisations applying for assistance to provide social or welfare work connected with their organisation and which do not directly promote a religious aspect.
- 5.4 *The Council will not make grants to organisations wishing to redistribute the funding applied for via their own bidding / application process.***

## **6. What will and will not be funded by a grant**

- 6.1 Grant aid will only be considered for work that will be undertaken in the Borough of Redditch, and/or will be wholly or principally for the direct benefit of residents of the Borough of Redditch.
- 6.2 *Grants will only be approved for clearly defined projects / services on the basis that they support the themes identified for the applicable grant funded period.***
- 6.3 Grants cannot be used for retrospective funding; that is to replace money that has already been spent, or to cover items or services that have already been bought, ***this will include consultancy and brokering fees.***
- 6.5 Any grant awarded must only be spent for the approved purpose, i.e. applicants must be able to demonstrate that the funding has been spent as outlined in the grant application form as amended by the final grant offer letter for example by providing receipts.
- 6.6 Full cost recovery will not be considered for any grant awarded for projects under £5,000.

## **7. Risk considerations in grant giving**

- 7.1 The Council has a duty to ensure that best use is made of its resources. This section considers risk in grant giving related to failure to achieve best use of Council resources. It does not consider risk assessment of, for example, items related to health and safety, which should form part of the grant assessment criteria as outlined in paragraph 9.6.
- 7.2 The Council acknowledges that the creativity and innovation of the voluntary sector can carry risks for non-delivery, for example where a new idea does not work out as intended.

- 7.3 The Council uses the general principle of requiring a lower level of risk the higher the amount of funding provided. Maximum levels of funding will only be provided where the risk of non-delivery is very low.
- 7.4 In order to achieve an appropriate balance between managing risk and supporting innovative ideas or new organisations, a grant limit of £5,000 will apply to:
- a) organisations that have been in existence for less than one year;
  - b) organisations that do not have audited accounts;
  - c) organisations that are not registered with either the Charity Commission or Companies House, or other appropriate government regulator;
  - d) innovative pieces of work testing a new approach to service delivery.
- 7.5 Assessment of all voluntary and community sector grants made by the Council will look more favourably on applications that:
- a) have a strong evidence base of need;
  - b) provide strong evidence that the proposed approach is likely to achieve the desired outcomes;
  - c) do not contain high revenue costs that cannot be sustained;
  - d) demonstrate how a lasting benefit will be achieved.
- 7.6 The higher the sum of money applied for, the greater the need for applications to:
- a) be from organisations with a good track record of delivery;
  - b) be from organisations with a range of funding streams;
  - c) meet wider aims and objectives of the Council;
  - d) support delivery of Redditch Sustainable Community Strategy or other appropriate document;
  - e) demonstrate co-operative working relationships with other organisations.
- 7.7 Payment schedules will balance the need for the Council to ensure proper accountability for use of public money with appropriate recognition of cash-flow issues that may be experienced by voluntary and community sector organisations. The general principle will be that payment is made in advance of project delivery, with instalment frequency and size commensurate with the overall size of the grant awarded.

General guidelines for payment schedules are:

- a) Grants of a total of £5,000 or less will be paid in full in advance of the project being delivered, payment will be made to successful applicants within 1 month of the submission deadline date, with monitoring information required following the project;
- b) Grants of between £5,000 and £10,000 will be paid in two instalments of 50% each. The first instalment will be paid in advance of the project being delivered. The second instalment will be paid after satisfactory monitoring information has been supplied on the progress of the project. For projects lasting one year, the second instalment will usually be due to be paid six months after the start of the project.
- c) Grants in excess of £10,000 will be paid by quarterly instalments in advance of project activity. Each instalment will only be released after satisfactory monitoring information has been supplied on progress of the project.

## **8. Grant Conditions**

- 8.1 Information on the conditions that will apply to a grant will be made available to applicants before they apply.
- 8.2 Monitoring information will be required on all grants, as outlined in section 11.
- 8.3 All grant offers will be subject to the grant recipient accepting the grant conditions. A full set of grant conditions and monitoring requirements will be agreed with grant recipients before the final grant award is made. No changes will be made after this time.

## **9. Assessment Process**

- 9.1 Themes and the percentage of funding allocated for the 'Investing' and 'Giving' elements will be set prior to November by the executive Committee for projects commencing after the 1<sup>st</sup> April of the following year.
- 9.2 All opportunities for Voluntary and Community Sector grant funding from Redditch Borough Council will be openly advertised using a minimum of:
  - Notice of the opportunity on the 'Voluntary Sector Support' section of the Redditch Borough Council website;
  - Notice of the opportunity circulated among an appropriate network or infrastructure organisation.



9.3 In addition to the minimum requirements outlined in paragraph 9.1, other advertising may be undertaken to promote grant opportunities as openly as possible.

9.4 Information provided to grant applicants will include as a minimum:

- The amount of money that is available in total;
- The minimum and maximum amount of money that is available to each applicant;
- Clear information on the purposes for which funding is offered;
- Clear information on eligibility criteria;
- Details of the full assessment criteria against which applications will be judged;
- A full list of conditions that will apply to the grant, including payment schedules and required monitoring information;
- The deadline by which applications must be submitted;
- The date by which applicants will be informed of the outcome of their application.

Grant application forms will be made available in paper and electronic formats.

9.5 Applicants must complete a Standard Application form and provide relevant supporting documents. This is to ensure objective assessment of all grant applications. The Council will not award any grant to an organisation whose application has not been formally assessed.

9.6 All grant applications will be assessed using pre-selected assessment criteria. The details of the assessment criteria will be made available to all applicants before they apply for funding. The assessment criteria will be chosen as relevant for the funding opportunity, but as a minimum will include:

- Clear outline of how the purposes for which the grant is made available will be met;
- The outcome(s) that the proposal will achieve;
- The structure and delivery plan that will support the achievement of the stated outcomes;
- The clarity of the proposal's financial outline;
- The organisation's ability to successfully manage finance, evidenced by submission of accounts, bank statements and cash flow forecasts as appropriate;

- The approach to health and safety, duty of care, and other appropriate best practice requirements, and the organisation's ability to successfully manage these on the project;
  - The sustainability of work after the period of grant aid.
- 9.7 All assessment criteria will be based on meeting need within the community. There will be no pre-determined demographic allocation of funds. Some funding opportunities may be restricted to a particular delivery area, e.g. to a specific ward, but only where this is to address a specific identified need.
- 9.8 Full cost recovery is the process of sharing an organisation's core costs proportionately between its projects and areas of work. The Council supports the principle of full cost recovery for all grants over £5,000. However, applicants must provide clear explanations and justification for all calculations related to full cost recovery, which will be judged on a case by case basis.
- 9.9 All grant applications will be assessed by the Council's Grants Panel. The Grants Panel will consist of a minimum of five elected Members, with a minimum of three Members required to make decisions regarding grant awards. Conflicts of interest will be recorded, and members with a conflict of interest for a particular grant round will not participate in the assessment of any application in that grant round.
- 9.10 The Grants Panel will receive appropriate training in grant assessment, and will be supported by at least one officer with appropriate knowledge and expertise in the area for which the grant is being offered.
- 9.11 The Grants Panel will report its recommended decisions on grant applications to the Council's Executive Committee for approval.
- 9.12 Unsuccessful applicants will be offered feedback on the strengths and weaknesses of their application
- 9.13 *Only 2 applications may be submitted by any one organisation under each theme of the grants programme.***
- 9.14 Appeals against the process used to award a grant will be dealt with using Redditch Borough Council's complaints procedure. ***The Head of Community Services will handle the initial complaint.*** There is no right of appeal as to the decision itself.

## **10. Assessment Timescales**

- 10.1 Other opportunities may be made available to apply for grants, for example from individual Council services seeking to deliver a specific objective.

In all cases, there will be a minimum of three weeks from announcement of the grants opportunity to the closing date for applications, and a maximum of 12 weeks from the closing date for applications to applicants receiving notification of the outcome. The length of the bidding process will be proportionate to the type and value of the grant.

**10.2 For the 2012/13 grants round Officers will ensure that the Grants process begins in August 2011. Advertising from September 2011 and approval by December 2011 for projects commencing 1st April of the following year – allowing successful applicants to place the project into their delivery calendar and to apply for match funding grants and giving unsuccessful applicants feedback and enough time to secure funding from alternative channels.**

## **11. Monitoring**

11.1 All grant funded projects will be regularly monitored with applicants obliged to submit details of how the project is progressing. Monitoring requirements that will apply to a grant will be commensurate with the amount of money awarded, and will be agreed with the funded organisation before final confirmation of a grant award is made.

**11.2 All Grant panel members will be offered a training support package to ensure they are up to date with current trends and policies within the grant giving arena that affect the VCS.**

**11.2 All grant recipients will be required to attend Quarterly monitoring workshops. These will be delivered to gauge the outcomes and effectiveness of the funding is consistent with the Funding application.**

**11.3 A quarterly breakdown of the funding expenditure is submitted to the Grants team for review.**

11.4 Receipts and other monitoring information must be submitted to the Council as proof of spend within six months of the grant being received by the organisation (till slips, credit card vouchers, photocopied or altered receipts will not be accepted).

11.5 The Council reserve the right to withhold future payments and reject any further applications if they are dissatisfied with how grants funds have been used.

## **12. Collaborative Working**

12.1 The Council recognises the potential benefits of working collaboratively with other funders.

The Council will investigate all opportunities for working with other funders where this will provide a better use of Council resources.

**12.2 Working with Economic Development the Grants Officer will work with the Local VCS to highlight and advertise all tendering and procurement opportunities available to the Sector.**

**12.3 The Grants Officer will engage with the VCS to initiate partnership working with the Sector itself.**

**12.4 To enable the collaborative working to take place with both external funders and local VCS organisations / groups, it will be agreed on a year on year basis for a fund of £2000.00 to be allocated from the grants fund for the Grants team to enable delivery of:**

- **Workshops, Networking and promotional events**
- **Advertising and communication support**
- **Newsletters: and**
- **Support packages.**