

**REPORT FOR: GRANTS ADVISORY
PANEL**

Date of Meeting:	4 th February 2013
Subject:	Grant recommendations for Outcomes Based Grants 2013-2016 and Small Grants funding 2013-2014
Key Decision:	Yes
Responsible Officer:	Paul Najsarek, Corporate Director Community Health and Well-Being
Portfolio Holder:	Councillor David Perry, Portfolio Holder for Community and Cultural Services
Exempt:	No - except Appendix 5a, 5b, 6b and 6a. This is exempt from publication under paragraph 1 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) as it contains information relating to any individual and information relating to the financial business affairs of any particular person.
Decision subject to Call-in:	Yes

Enclosures:

Appendix 1: Funding scenarios

Appendix 2a: Assessment scores for Outcomes Based Grant applicants

Appendix 2b: Assessment scores for Small Grant applicants

Appendix 3a and 3b: Summary of grant applications

Appendix 4: Equalities Impact Assessment

Appendix 4a: Analysis of applications by protected characteristics

Appendix 5a and 5b: Grant applications (Part 2)

Appendix 6a and 6b: Assessment score sheets (Part 2)

Appendix 7: Attendee list for Grant Information sessions

Appendix 8: Summary of feedback on grant applications

Appendix 9: External Funding Guidance

Section 1 – Summary and Recommendations

This report sets out information regarding applications that have been made for Council funding under the Outcomes Based Grants programme for 2013-16 and the Small Grants programme for 2013-14.

Recommendations:

The Grants Advisory Panel (GAP) is requested to recommend to Cabinet the following:

1. That £75,000 is ring-fenced from the Grants budget to fund the commissioning of an infrastructure support service for the Third Sector during 2013-14. (paragraph 2.2.2)
2. That grant applicants be awarded funding at the levels set out in paragraph 2.2.3, subject to:
 - (a) receipt of satisfactory references and supporting documents by the 11th March 2013;
 - (b) confirmation from applicants that the proposed project or activity can be delivered at the same or different level as described in the application with the amount of grant recommended by the 11th March 2013;
 - (c) satisfactory responses to any queries raised by the grant assessment panels by the 11th March 2013;
 - (d) completion of the appeals procedure and any changes to the amounts awarded necessitated by decisions on appeals.
3. That authority is delegated to the Corporate Director Community Health and Well-Being in conjunction with the Portfolio Holder for Community and Cultural Services to withdraw funding offers where organisations do not comply with the conditions as detailed in Recommendation 2 above.
4. That authority is delegated to the Divisional Director Community and Culture in conjunction with the Portfolio Holder for Community and Cultural Services to consider and determine appeals with the support of an Independent Adviser and vary both the percentage grant awarded and the threshold above which grant awards are made in light of decisions taken on appeals.

Reason: (For recommendation)

To award Council funding under the Outcomes Based and Small Grants programmes to Third Sector organisations to support them in delivering their services to Harrow residents.

Section 2 – Report

2.1 Introductory paragraph

- 2.1.1 The allocation of funding under the Outcomes Based and Small Grants programmes and beyond is determined by an open, competitive application process. This process invited eligible Third Sector organisations to apply for funding for 2013-14 to deliver a range of projects or activity for the benefit of Harrow residents.
- 2.1.2 In line with the principles set out in the Third Sector Investment Plan (2012-2015) the aim is to ensure that funding is awarded to projects and services that are aligned to the delivery of the Council's corporate priorities and core outcomes. This report outlines the results of the process for Outcomes Based Grants and Small Grants and request the Grants Advisory Panel to make recommendations to the Portfolio Holder for Community & Cultural Services on the award of grant funding for 2013-14 based on those results.

2.2 Options considered

- 2.2.1 The total amount of funding available for distribution is subject to final decisions on the Medium Term Financial Strategy (MTFS) to be agreed by Cabinet in February 2013. In response to concerns expressed by voluntary organisations at the previously proposed total grant budget available, the recommended protected grant budget is now **£600,000**. The options for allocation of these funds are as follows:
- 2.2.2 To facilitate the development of a new CVS service the Council has been providing support to local voluntary organisations to assist them with further engagement activity to establish local needs and develop potential delivery options. To ensure that continued support is available to local organisations, GAP is requested to recommend that **£75,000** be ring-fenced from the available budget to fund this service. This would leave **£525,000** available for allocation to applications received under both grant programmes. If no funds are set aside for the development of a new infrastructure service, then an additional number of applications could be funded. However, at a time when competition for funding is increasing and organisations are struggling to maintain services, it is even more likely that organisations will need support in areas such as fundraising, capacity building and the recruitment of volunteers. A new CVS service would also help address some of the equalities concerns identified in paragraph 2.9 of this report.
- 2.2.3 The options available for allocation of the remaining funds to grant applicants are set out in **Appendix 1**. This shows the different funding scenarios available for consideration:

Small Grants:

The total amount applied for by small grant applicants is £158,504. Cabinet agreed at its meeting on the 13th September 2012 to increase the proportion of the budget allocated for small grants from last year to encourage more

applications from smaller organisations. Last year, GAP recommended awarding funding as follows;

- *applications scoring 70-100% be awarded 90% of the amount requested*
- *applications scoring 50-69% be awarded 60% of the amount requested*

As a result £76,817 was allocated to small grants representing 12.9% of the available budget.

This year it is recommended that **£80,000** of the available budget is allocated to small grants. The maximum number of applications that could be funded within this is 23 ie. those with an assessment score above 63% awarded 70% of the grant amount requested. This would allocate £78,212 of the available budget. However, GAP may wish to consider a similar scoring as in 2012/13.

Outcomes Based Grants:

If £75,000 of the budget is ring-fenced for the development of an infrastructure service and £80,000 is allocated to small grants, the amount available for the allocation of Outcomes Based Grants is **£445,000**.

Within the budget available GAP is requested to consider the funding scenarios provided in Appendix 1. The range of scenarios available includes funding five applicants 100% of the amount requested (ie. those scoring above 92%) or 14 applicants 70% of the amount requested (ie. those scoring above 84%).

The annual award would be made for a period of three years from 2013/14 to 2015/16 inclusive, subject to delivery of a Service Level Agreement and to an annual confirmation according to the Council's financial situation through the budget setting process.

- 2.2.4 In considering their recommendation GAP are reminded that awarding a significantly lower level of grant than that requested may mean that some projects or services can not be delivered or will be delivered at significantly different levels.
- 2.2.5 GAP are also reminded that any recommendations made to Cabinet are subject to the appeals process and therefore the number of awards and amount of grant awarded may change.
- 2.2.6 GAP is therefore requested to make the following recommendations to Cabinet;
1. That £75,000 is ring-fenced from the Grants budget to fund the commissioning of an infrastructure support service for the Third Sector during 2013-14. (paragraph 2.2.2)
 2. That grant applicants be awarded funding at the levels set out in paragraph 2.2.3, subject to:

- (a) receipt of satisfactory references and supporting documents by the 11th March 2013;
 - (b) confirmation from applicants that the proposed project or activity can be delivered at the same or different level as described in the application with the amount of grant recommended by the 11th March 2013;
 - (c) satisfactory responses to any queries raised by the grant assessment panels by the 11th March 2013;
 - (d) completion of the appeals procedure and any changes to the amounts awarded necessitated by decisions on appeals.
3. That authority is delegated to the Corporate Director Community Health and Well-Being in conjunction with the Portfolio Holder for Community and Cultural Services withdraw funding offers where organisations do not comply with the conditions as detailed in Recommendation 2 above.
 4. That authority is delegated to the Divisional Director Community and Culture in conjunction with the Portfolio Holder for Community and Cultural Services to consider and determine appeals with the support of an Independent Adviser and vary both the percentage grant awarded and the threshold above which grant awards are made in light of decisions taken on appeals.

2.3 Background

- 2.3.1 This year's grant application process has been delivered in accordance with the new process agreed by Cabinet at its meeting on the 13th September 2012 which was subject to an equality impact assessment. Applications for funding made under the **Outcomes Based Grants** (OBG) programme were expected to support the delivery of one of seven core outcomes linked to corporate priorities as follows;

Supporting and protecting people who are most in need

- Outcome 1: Harrow residents are able to lead independent and fulfilling lives.
- Outcome 2: Harrow residents are helped to overcome poverty, worklessness and homelessness.

United and involved communities

- Outcome 3: Diversity is celebrated and people feel they get on well together.
- Outcome 4: Harrow residents participate in art, sport, leisure and cultural activity.
- Outcome 5: A strong and sustainable voluntary and Third Sector able to deliver diverse, efficient and tailored local services.

Keeping neighbourhoods clean, green and safe

- Outcome 6: Harrow's streets, public buildings and spaces are kept free of litter, fly-tipping and vandalism.

Supporting our town centre, our local shopping centres and businesses

- Outcome 7: Harrow residents and businesses enjoy local economic prosperity.

- 2.3.2 Support for grant applicants was provided during the application period. This included four grant information sessions (two for the Small Grants programme and two for the OBG programme) which were attended by 75 potential grant applicants. 42 organisations were represented at these sessions, a list of these is provided in Appendix 7. In addition to these sessions one to one assistance with completing the application form was provided by the Interim CVS service, 22 groups accessed this support.
- 2.3.3 All applications were assessed by a panel of three officers. Panels were convened around the core outcomes. Although Small Grant applicants were not required to indicate a core outcome relevant to their application, the same categorisation was applied to ensure that the same panel assessed all applications relevant to a particular outcome. In one instance an application was assessed against a different outcome to the one stated on the form, but this was agreed with the applicant beforehand. The reason for this was that the outcome stated on the form did not appear to relate to the proposed activity.
- 2.3.4 All panels were chaired by a single Chair and membership of the panels was restricted to a fewer number of officers. The panel comprised Chair, one officer from Community Development and a third panel member with relevant knowledge of the service area as follows;
- (1) Harrow residents are able to lead, independent and fulfilling lives (third panel member from Adults and Housing or Children's' services depending on client group to be served by proposed activity)
 - (2) Harrow residents are helped to overcome poverty, worklessness and homelessness (third panel member from Economic Development services)
 - (3) Diversity is celebrated and people feel they get on well together (third panel member from Community Development services)
 - (4) Harrow residents participate in art, sport, leisure and cultural activity (third panel member, from Sport, Leisure and Cultural services)
 - (5) A strong and sustainable voluntary and Third Sector able to deliver diverse, efficient and tailored local services (third panel member from Corporate Resources)
 - (6) Harrow's streets, public buildings and spaces are kept free of litter, fly-tipping and vandalism (third panel member from Environment & Enterprise)
 - (7) Harrow residents and businesses enjoy local economic prosperity (third panel member from Economic Development services).

- 2.3.5 Approximately 117 hours in total were spent undertaking the assessment of applications this year. Each Outcomes Based Grants assessment took between one and a half to two hours to complete.
- 2.3.6 A review of assessments was undertaken by two independent officers at various stages of the assessment process to ensure fair and consistent marking. These officers checked a sample of assessments and provided their feedback to the Chair.
- 2.3.7 Panels applied a proportionate approach to assessing Small grant applications compared to that applied to Outcomes Based grant applicants. This meant that small grant applicants were not expected to have provided as comprehensive responses as those applying for Outcomes Based Grants.
- 2.3.8 In accordance with the process agreed by Cabinet, assessment panels were able to query information provided by applicants to the Outcomes Based Grants programme. 27 queries were raised and responded to, most of these related to the financial information provided by applicants. The information provided in response to a query was used by panels as part of the assessment process. In some cases a score was adjusted where the panel felt that the applicant had provided satisfactory clarification to the query. In other cases the score remained unchanged where the information provided did not alter the panels' original assessment. The aim of the queries was to clarify information provided by applicants it was not intended to give applicants an opportunity to provide new information.
- 2.3.9 In line with the process adopted last year a request for voluntary sector observers was sent to local organisations. The request was sent to a list of approximately 200 contacts held by the Community Development team, as well via the e-newsletter sent out by Ealing CVS to approximately 300 contacts. Unfortunately there was no response to this request therefore it was not possible to include voluntary sector observers in the assessment process this year.
- 2.3.10 As in previous years there appears to have been some improvement in the quality of grant applications received. The OBG application form included new questions on value for money, delivering quality services and partnership working. The quality of responses to these new questions was variable with some applicants struggling to provide relevant or adequate responses. Some of the small grant applicants also unfortunately continue to provide poor quality applications. Appendix 8 sets out some general observations and feedback on the quality of applications received this year. This identifies areas where organisations might benefit from some further training to assist them in understanding how to submit good quality funding applications in future.
- 2.3.11 A number of queries were identified across both the Outcomes Based and Small Grant applications. These queries ranged from the need for further clarification on beneficiary numbers, queries regarding the need for safeguarding policies for the proposed activities and queries regarding the financial information provided. To ensure that funding is awarded

appropriately it is recommended that these queries are satisfactorily resolved before a grant award is confirmed. In addition, Lessons learnt from the small grant applications include the need to review whether it is appropriate to request a reserves policy from smaller organisations that may be operating on a very tight turnover or may be new organisations. On this basis, officers recommend that GAP review the requirement to have a reserves policy for the Small Grants programme in the future.

2.3.11 Grant applicants that have been unsuccessful in securing funding this year will be sign-posted to other sources of funding. Appendix 9 sets out some guidance on external funding sources which will be sent to all unsuccessful applicants with their outcome letter.

2.3.12 In 2012/13, a support service has been provided by an interim CVS (Council for Voluntary Service) delivered by a consortium of CVSs from Ealing, Hillingdon, and Hammersmith and Fulham. The contract for this service will run until the 31st March 2013 and at the end of this period it is the Council's intention to commission a new service to support local Third Sector organisations. The Interim CVS service has been providing valuable support to local organisations in areas such as volunteer recruitment, skills training, capacity building and fundraising support. The amount of £75,000 is based on the current costs per annum of the interim service which although below the level previously provided for HAVS (Harrow Association of Voluntary Service) reflects the fact that there would be lower costs in the first year of operation.

2.4 Current situation

2.4.1 For 2013-14 and beyond, Harrow Council has approved the new Outcomes Based Grants and Small Grants programme which offers large grants for a three year period of up to £75,000 pa (depending on the outcome applied for) and an annual small grants programme for grants of up to £5,000. The large grants are offered against delivery of the Council's core outcomes and organisations were invited to identify which of the outcomes specified they would be delivering against. An equality impact assessment of the process was undertaken which did not identify any potential for an adverse impact on the protected equality groups. The assessment further identified that the likely impact was unknown due to the competitive nature of the application process.

2.4.2 79 applications were received by the deadline. Of these 46 were for the Outcomes Based Grants programme (seven of these described themselves as partnership applications) and 33 were received for the Small Grants programme. This compares with 78 applications received last year of which 48 were for large grants ie. £5,001 and above and 30 were for small grants ie. less than £5,000. The assessment scores for applications is provided in Appendix 2a (Outcomes Based Grants) and 2b (Small Grants).

The Outcome Based Grants applications were made against the following core outcomes:

Outcome Based Grants applications	Number of applications
Harrow residents are able to lead independent and fulfilling lives	23
Harrow residents are helped to overcome poverty, worklessness and homelessness	10
A strong sustainable voluntary and third sector able to deliver diverse efficient and tailored local services	5
Harrow residents participate in art, sport, leisure and cultural activity	5
Diversity is celebrated and people feel they get on together	3
Total	46

Small Grant applicants were not required to apply against a core outcome however for assessment purposes these were categorised in the same way based on the description of the proposed activity:

Small Grant applications	Number of applications
Harrow residents are able to lead independent and fulfilling lives	14
Harrow residents are helped to overcome poverty, worklessness and homelessness	4
A strong sustainable voluntary and third sector able to deliver diverse, efficient and tailored local services	1
Harrow residents participate in art, sport, leisure and cultural activity	6
Diversity is celebrated and people feel they get on together	4
Harrow's streets, public buildings and spaces are kept free of litter, fly tipping and vandalism	3
Harrow residents and businesses enjoy local economic prosperity	1
Total	33

Applicants were also asked to indicate which corporate priority their proposed activity supported. The number of applications received against each of the corporate priorities is shown below:

Outcomes Based Grants

Corporate priority	Number of applications
Supporting and protecting people who are most in need	33
United and involved communities	13
Keeping neighbourhoods clean, green and safe	0

Small Grants

Corporate priority	Number of applications
Supporting and protecting people who are most in need	21
United and involved communities	9
Keeping neighbourhoods clean, green and safe	3

The total amount of funds requested by applicants was over £2 million. This report sets out options and recommendations for the distribution of grant funding under both programmes within the financial resources available.

2.5 Why a change is needed

- 2.5.1 The Third Sector Investment Plan sets out a strategic framework for the delivery of Council support to the Third Sector. The new Small Grants and Outcomes Based Grants programme helps deliver the principles set out in this Plan.
- 2.5.2 The new Outcomes Based Grants programme is aligned directly to the delivery of the Council's priorities and core outcomes. In addition the system offers security to organisations that require ongoing funding and improves their ability to plan services for the longer-term to achieve better value from the funding.
- 2.5.3 The new arrangements recognise and support the diversity of the sector by offering longer-term funding for those organisations that need it, as well as opportunities for smaller organisations to access and apply for grant funding. Harrow Council now needs to make decision on the award of grants through the Outcome Based Grants and Small Grants programmes.

2.6 Implications of the Recommendation

2.6.1 Legal comments

The Council may distribute grants in accordance with its agreed criteria. Due weight must be given in terms of equalities duties, procedural fairness and the statement of intention of the Compact with the voluntary and community sector. Should the Council distribute funds not in accordance with these principles, then it could be at risk of legal challenge.

- 2.6.2 Decision makers should have due regard to the public sector duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. Consideration of the duties should precede the decision. It is important that GAP has regard to the statutory grounds in the light of all available material. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:

A public authority must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;*
- (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;*
- (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.*

The relevant protected characteristics are:

- *Age*
- *Disability*
- *Gender reassignment*
- *Pregnancy and maternity*
- *Race*
- *Religion or belief*
- *Sex*
- *Sexual orientation*
- *Marriage and Civil Partnership*

2.7 Financial Implications

2.7.1 The total budget available for grants is subject to final decisions on the Medium Term Financial Strategy (MTFS) to be agreed by Cabinet in February 2013. The amount to be recommended for approval is **£600,000**. From this budget GAP is requested to recommend that £75,000 is set aside to fund the commissioning of an infrastructure support service in 2013/14. GAP is further requested to make recommendations to Cabinet regarding the distribution of the remaining budget **of £525,000** to applicants under the Outcomes Based and Small Grants programmes as described in paragraph 2.2.3 above.

2.7.2 The Outcomes Based Grants process offers funding for a three year period. The annual award to successful applicants would be made for a period of three years from 2013/14 to 2015/16 inclusive, subject to delivery of their

Service Level Agreement and also subject to an annual confirmation according to the Council's financial situation through the budget setting process. The Small Grants process is for annual awards only.

- 2.7.3 GAP recommendations are made subject to the conditions set out in paragraph 2.2.6. If following the appeals procedure further grants are awarded or amounts to be awarded are adjusted this will be managed within the budget available.

2.8 Risk Management Implications

- 2.8.1 The risks associated with the provision of grant funding to Third Sector organisations are;
- (i) Funding is not used as stated by the applicant in their grant application.
 - (ii) Organisations misapply or make fraudulent use of the funding.
 - (iii) Stated service outputs and outcomes are not achieved;
 - (iv) Organisations in receipt of funding cease operating and the funding is put at risk.
 - (v) The activities of the grant recipient put the Council's reputation at risk.

These risks are mitigated by;

- (i) Ensuring that the release of funding is subject to organisation's signing and agreeing to the conditions set out in the Council's standard Service Level Agreement. This Agreement sets out the Council's expectations regarding appropriate financial and management controls that an organisation should have in place to manage the funds. It places a requirement on organisations to notify the Council if there are any significant changes to the organisations operations and sets out a service specification including expected outcomes for the proposed service.
- (ii) The annual monitoring process that requires organisations to provide reports on service delivery, expenditure and equalities information twice during the funding period (at the mid-year point and at the end of the year). This process should assist the Council in identifying any issues regarding the use of Council grant funding at an early stage

2.9 Equalities implications

- 2.9.1 An equality impact assessment of the application process (Appendix 4) does not indicate any potential for an adverse impact on any of the protected characteristics. The application process is competitive and offers no guarantee of funding to any particular organisation. The application process attracts applications from a range of organisations serving most of the protected characteristics. It is therefore likely that the process will result in funding being distributed to organisations that serve the needs of a range of people across all protected groups. Applicants are asked to indicate which of the protected groups will be targeted by the proposed activity. Appendix 4a provides an analysis of these responses.

2.9.2 During the consultation phase some voluntary organisations indicated some concerns about the application process and the potential for a differential impact on small groups. To address these concerns the following measures have been put in place; (1) a separate and simplified application form for small grant applicants; (2) improved guidance notes included throughout the form (3) separate assessment of small grant applications using a proportionate approach to assessment; (4) the ring-fencing of 15% of the budget for allocation to small grant applicants.

2.9.3 In addition to the above the proposed ring-fencing of funds to support the development of a new CVS service as outlined in paragraph 2.2.2 would ensure that continued support is available to these organisations. Both large and small groups have accessed the services available from the Interim CVS and any new provision would be expected to continue to offer a range of support that is accessible to all groups in the borough.

2.10 Corporate Priorities

2.10.1 The distribution of grant funding to the Third Sector supports the delivery of the Council's corporate priorities. Each applicant is required to indicate which corporate priority is addressed by the proposed project or activity. An analysis of all applications shows how many applications have been received against each priority:

Corporate priority	Number of applications
Supporting and protecting people who are most in need	54
United and involved communities	22
Keeping neighbourhoods clean, green and safe	3

Section 3 - Statutory Officer Clearance

Name: ...Kanta Hirani.....	<input type="checkbox"/>	on behalf of the* Chief Financial Officer
Date: ..23rd January 2013.....		
Name: .. Jessica Farmer.....	<input type="checkbox"/>	on behalf of the* Monitoring Officer
Date: ...22nd January 2013.....		

Section 4 - Contact Details and Background Papers

Contact: Kashmir Takhar, Service Manager Community Sector Services, 020 8420 9331

Background Papers:

(1) Cabinet report 'Third Sector Investment Plan 2012-15', 18th October 2011
<http://www.harrow.gov.uk/www2/documents/g60641/Public%20reports%20pack,%20Tuesday%2018-Oct-2011%2019.30,%20Cabinet.pdf?T=10>

(2) Cabinet report: 'Voluntary sector commissioning: Outcomes Based Grants 2013-16', 13th September 2012
<http://www.harrow.gov.uk/www2/documents/g61071/Public%20reports%20pack,%20Thursday%2013-Sep-2012%2019.30,%20Cabinet.pdf?T=10>