

Meeting:	Grants Advisory Panel
Date:	2 July 2009
Subject:	Review of grant criteria and results of the grants consultation
Key Decision: (Executive side only)	Yes
Responsible Officer:	Brendon Hills – Corporate Director (Community & Environment)
Portfolio Holder:	Councillor Chris Mote, Portfolio Holder for Community and Cultural Services
Exempt:	No
Enclosures:	Appendix 1 – Grants Programme – Proposal for change 2010 -11 Appendix 2 – Grants Programme – Proposal for Change Consultation 2010 – 2011 Appendix 3 – A breakdown of the grants budget 2009/10

SECTION 1 – SUMMARY AND RECOMMENDATIONS

This report sets out proposed funding arrangements for 2009/10 and 2010/11.

RECOMMENDATIONS:

The Grants Advisory Panel to agree to make the following recommendations to the Leader of the Council for approval:

1. Changes to the eligibility criteria. – Please see paragraph 2.4.1.3.
2. The availability of different types of grants. Please see paragraph 2.4.2.3.
3. That the grants budget should be divided and a percentage allocated to different size grants. Please see paragraph 2.4.1.3
4. That any supporting documents can be submitted after a grant has been agreed. Please see paragraph 2.4.4.3.

REASON:

1. To clarify the grant eligibility criteria.
2. To provide clarity of information to applicants on how much funding is available.

SECTION 2 - REPORT

2.1 Introductory Paragraph

This report sets out the findings from the Grants Consultation with the voluntary and community sector and feedback from the GAP meeting on 8th June 2009 and makes recommendations based on this feedback, for consideration.

2.2 Brief Background

2.2.1 The Overview and Scrutiny Review in the interim report on 8th July 2008 and 9th December 2008, recommended that the Grants Advisory Panel consult with the Voluntary and Community Sector, to address the concerns raised by the sector, in preparation for the grants round 2010/11.

2.2.2.1 The voluntary and community sector (VCS) were consulted on the proposed changes to the grants programme during a 6-week period, which closed on 5 June 2009. During the same period a discussion paper was presented to the Grant Advisory Panel (GAP) on 8th June 2009, outlining the proposed changes for consideration.

2.2.2.1 Suggested changes to the Grants Programme:

See appendix 1 for Grants Programme – Proposal for change 2010.

- Change 1 – considers options for the statement regarding eligibility criteria for grant aid. (See pages 1 and 2 of Appendix 2 for details).
- Change 2 – considers the size of grants available and whether the grants budget should be divided and a percentage allocated to the different size grants. (See pages 2 and 3 of Appendix 2 for details.)
- Change 3 – considers whether funding priorities should be restricted to a few selected themes each year that reflect Harrow Strategic partnership priorities. (See page 4 of Appendix 2 for details.)
- Change 4 – considers at what stage applicants should be asked to submit supporting documents and whether the amount of supporting documents requested should reflect the amount awarded. (See pages 4 and 5 of Appendix 2 for details).

2.3 Current Situation

2.3.1.1 The Overview and Scrutiny Review found that there was a lack of confidence and trust in the current grant arrangements; and the following concerns were expressed:

- (a) Lack of clarity about what the process is actually for
- (b) Lack of priorities in awarding grants
- (c) Concerns about the transparency of the process
- (d) Concerns about the appropriateness of criteria
- (e) Lack of effective appeals process
- (f) The application process
- (g) The need to strengthen monitoring arrangements

It is recommended that the proposed changes address improvements to concerns (a), (b), (c) and (d), in the interim. Proposals to address items (e), (f) and (g) will be presented at the Grants Advisory Panel meeting on 2nd July 2009.

2.3.1 Proposed Changes:

2.3.1.2 **The current grant eligibility criteria** states:

“The applicant must be a voluntary group based in Harrow with 80% of its beneficiaries either living or working in Harrow”.

This condition requires organisations to demonstrate that they are both based in Harrow, and deliver services to 80% of beneficiaries living or working in the borough.

This statement is open to interpretation, therefore it is suggested that the grant qualifying condition be stated more clearly by splitting it into the following two statements:

(1) “Grant aid will be available to support voluntary and community organisations to deliver services, where this resource is used solely for the benefit of people living in Harrow”

The second part could read as follows either:

“The service provider can be based outside of Harrow but must deliver services in the borough”

or

“the organisation must be based in Harrow”

2.3.1.2.1 **Size of grants:** Each year the council agrees a grants budget for allocation to the voluntary and community sector. Last year, the total grants budget was £769,310 of which £550,987 (72%) was committed to extending the current SLAs for one year and £218,323 (28%) was available for ‘one-off’ projects for the year. Prospective applicants are not informed of the size of the grants budget available or the minimum and maximum grant sizes available. Therefore a number of organisations unwittingly make unreasonable requests for excessive amounts of funding; and are rejected on the basis that the grants budget has insufficient funds to meet these demands. The Overview and Scrutiny also identified this as an issue by stating that:

“...the majority of the grants budget is not actually ‘up for grabs’ each year as it has been committed to SLAs”.

It is suggested that three sizes of grants are made available:

- Small grants – value - £500 - £2000
- Medium grants – value - £2001 - £10,000
- Large grants – value - £10,001 - £100,000

The breakdown of the grants budget presented in Appendix 3 shows that this year’s funding was allocated in the following way:

- Small-sized grant – 2%
- Medium-sized grant – 25%
- Large-sized grant – 73%

This would ensure that applicants are aware of the minimum and maximum grant aid available for each award.

As agreed in 2004, grants with a value of over £10,001 will continue to be issued as SLAs.

To improve transparency, it is also suggested that a percentage of the total grants budget is allocated to the different grant sizes. (See appendix 2 for options.)

2.3.1.3 Funding priorities: Grant aid enables the council and the voluntary and community sector to work in partnership to provide services that contribute to the delivery of Harrow's corporate priorities and address the needs of its diverse community. Since 2004, applicants have been asked to demonstrate how their proposed project addresses funding priorities outlined in the Sustainable Community strategy. The Scrutiny review found that these priorities were considered to be too high level and too broad to properly inform the grants decision-making process and stressed the need for clearer objectives.

The Review also found that the sector believed, that in practice, these priorities had very little influence on the final funding decisions, as historical factors tended to override current priorities, thus restricting applications from new and emerging groups. Evidence from the 2009/10 grants round showed that 10 out of the 15 new applicants were not awarded funding.

It is suggested that the Panel agrees a limited number of funding priorities in advance of the next grants round that are in line with corporate and partnership priorities. See page 3 of appendix 1 for priorities, for consideration.

This approach is similar to other boroughs, for example: Brent Council targets their grants budget on one of the themes from their corporate strategy in a 3-year funding cycle; and during the 2009-12 funding round, the children and young people theme was the focus of the main grants programme.

2.3.1.4 Conditions for approval of grant: Currently applicants are required to provide supporting documents to demonstrate that they have the required structures and policies in place at the point of application. This forms the first stage of the assessment and applications will not be considered for funding if any of these documents are not submitted. The checking of documents is an administrative burden at the point of assessment of applications taking up valuable time that could be spent assessing applications against funding priorities. This requirement also presents challenges to new, emerging organisations who may not have all the required policies in place, and maybe applying for relatively small amounts of grant. It is therefore suggested that applicants be asked to provide this evidence, **only after** the grant has been agreed by Cabinet.

Currently, all applicants are required to submit the same number of supporting documents regardless of the level of funding requested. For example, an applicant requesting £500 would be expected to provide the same amount of information as someone applying for £10,000. It is therefore suggested that the amount of supporting documents required be proportionate to the amount of grant aid requested. (See page 4 of appendix 1 for details of the supporting documents required for each suggested type of grant.)

2.4 Why a change is needed

Findings from the Grants Consultation:

Of the 51 responses received – 75% have previously received funding through the grants programme.

2.4.1 Proposed Change 1: Who will be eligible for Grant Aid?

2.4.1.1 Findings from the Grants Consultation:

61% agreed that the 'grants qualifying conditions' should be replaced with the following:

“Grant aid will be available to support voluntary and community organisations to deliver services and activities solely for the benefit of people living in Harrow”

However, when asked if recipients should be based 'in' or 'outside' the borough: 53% of respondents stated that organisations receiving grant 'must be based in Harrow', whereas only 41% stated that they could be 'based outside of Harrow'.

Some of the comments received included:

“Too many external applicants other funding streams for other boroughs, e.g. NEG”

“2% of members are residents outside Harrow. They were registered 3 years back and they continue to be members. They should not be rejected. However, new recruitment could be solely people living in Harrow.”

“... if a service user has not got a service in the borough they live in then we should not victimise that person as it is not their fault.”

“Could be based in another borough and use grant money just for Harrow people - but also delivering the service in the neighbouring borough. Otherwise Harrow residents choice will be denied”

82% of respondents agreed that the proposed changes to the eligibility criteria would “make it easier to understand”.

2.4.1.2 Comments from GAP members

There was a consensus amongst members that a more general and inclusive eligibility criteria should be adopted and it was suggested that the following statement be adopted:

“Grant aid will be available to support voluntary and community organisations to deliver services where this resource is used for the benefit of people living, (working or playing) in Harrow”

It was suggested that the second part of the proposed statement should not be adopted as it ruled out organisations that were based outside of Harrow but could provide valuable services to the borough's residents.

2.4.1.3 Recommendation - It is therefore recommended that the above statement be adopted as the eligibility criteria for grant aid. The panel should consider however, that 53% of respondents wanted to restrict applications to organisations based in

Harrow.

2.4.1.4 **Proposed change 2: Type of grants available**

2.4.2.1 **Findings from the Grants Consultation:**

96% of respondents agreed that it would be 'useful to know the minimum levels of grants available' as it was felt that this would "manage expectations"

80% of respondents agreed that the "grants budget should be divided and a percentage allocated to the different sizes of grants"

However, those that disagreed with this proposal stated that grants should be allocated in a more flexible way, as good projects should be supported regardless of size and that it may be difficult to manage the demand for one pot. It was also suggested that applications should be considered "on their merit and what the organisation can deliver".

When asked to choose an option for dividing the grants budget the following responses were given:

Responses (%)	Options
20%	1: 20% - Small Grants; 30% - Medium Grants; 50% - Large Grants
35%	2: 30% - Small Grants; 50% - Medium Grants; 20% - Large Grants
8%	3: 50% - Small Grants; 20% - Medium Grants; 30% - Large Grants
12%	4: Remain as it is
25%	Did not select an option

The responses to this question were varied and the following concerns were raised:

"... award should be based on the benefits , not some arbitrary split?"

"Priority to where there is proven need and funding is realistic to meet that need - then priority to piloting new areas of work where outcomes significant not sure of benefits of split."

2.4.2.2 **Comments from GAP members**

Although there was consensus amongst members about the principle of offering different sized grants; there was disagreement with regards to dividing the grants budget amongst the different types of pots. Some members were concerned that this would affect currently funded organisations, whereas other welcomed a fresh approach.

2.4.2.3 **Recommendation:** As there is general consensus that the size of grants to be awarded is clarified, it is recommended that applicants are invited to apply for three different sized grants.

As the Grants panel did not select the option for dividing the grants budget; and there were mixed responses and strong opposition to this proposal from some respondents, it is recommended that this proposal be rejected.

As 73% of organisations currently supported through the grants programme receive over £10,000, this proposal would have an adverse affect on those organisations. Therefore it is recommended that the Grants Advisory Panel take a more flexible

approach and observe the allocation of funds during each grants round to ensure that the grants budget is not disproportionately allocated to a particular sized grant.

2.4.3 Proposed change 3: Funding priorities

Please see separate report.

2.4.4 Proposed change 4: Conditions of Grant Approval

2.4.4.1 Findings from the Grants Consultation:

57% of respondents agreed that supporting documents should only be requested once grants have been agreed.

However there was a misunderstanding amongst some respondents who disagreed with this proposal, as they were concerned that these documents would not be requested and that accountability was being reduced, when in fact the proposal is:

“... that applicants would not be required to provide this evidence until after the grant has been agreed.”

The following suggestions were made:

- Supporting documentation should be submitted at the beginning so that "non-starters" could be “weeded out” and “to highlight where the documentation is insufficient to save overall time and effort by the committee”
- “Time could be wasted if a grant is awarded and then an organisation is unable to provide supporting evidence.”

An overwhelming 92% of respondents agreed that ‘amount requested should reflect the amount of funding granted?’

2.4.4.2 Comments from GAP members

The panel agreed that the following amendment should be made so that all organisations receiving under £2,000 should have:

- A constitution/memorandum or article of association/deed of trust

2.4.4.3 **Recommendation:** As there is general consensus regarding this proposal it is recommended that this proposal be adopted.

3. Implications of the Recommendation

3.1 Resources, costs

The aim is to provide improved clarity and transparency in the grants process that will lead to better use of existing resources. For example, by providing information on the size of grants available and the way that the total budget will be divided provides clear and transparent information to applicants.

3.2 Staffing/workforce

3.2.1 There are no staffing/workforce implications in relation to this proposal.

3.3 Equalities impact

3.3.1 See attached equality impact assessment.

3.4 Legal comments

3.4.1 The Council is empowered to make grants to voluntary organisations under Section 48 of the Local Government Act 1985 as well as under other legislation. Having an approved process will ensure that the Council can comply with its legal duties and its statement of intention of the Compact with the voluntary sector.

3.5 Community safety

3.5.1 There are no legal implications for the Council in relation to this report.

3.6 Financial Implications

3.6.1.1 There are no financial implications for the Council in relation to this report.

3.7 Performance Issues

3.7.1 National Indicator (NI) number 7, which relates to creating an environment in which the voluntary and community sector can thrive, has been included within Harrow's Local Area Agreement. Results from the first national Third Sector Survey indicate that Harrow's performance against this indicator is 10.4%. Harrow will be aiming to improve performance by a statistically significant amount, now agreed as an increase of 4.4%.

The recommendations in this report have the potential to contribute to improving performance against this indicator by:

- Encouraging innovation within the sector.
- Clarifying the eligibility criteria;
- Improving the application process so that it is clear, transparent and easier to access;
- Improving the speed and effectiveness of the grant decision-making process

The provision of grant funding to voluntary and community sector organisations has the potential to contribute to NI 1 '% of people who believe people from different backgrounds get on well together in their local area'. Current performance against this indicator is 49% and target performance is 61%. This will be achieved by encouraging grant applications from all sections of the wide and diverse voluntary and community sector, so that:

- Different sections of the community can identify and address their own needs, in line with the Harrow Strategy Partnership priorities
- Community cohesion can be developed amongst the same and different communities.

The provision of grant funding to voluntary and community sector organisations has the potential to contribute to NI 6 'Participation in regular volunteering'. The target increase in numbers volunteering is 300 for 'socially excluded' volunteers and 1,200 for other volunteers. The current position is an achievement against target on 'socially excluded' volunteers and a slight under-achievement against 'other volunteers'.

3.8 Environmental Impact

3.8.1 There are no environmental implications as this report is only a discussion paper at this stage.

3.9 Risk Management Implications

3.9.1 There are no risk management implications as this report is only a discussion paper at this stage.

Section 4 - Statutory Officer Clearance

Name: Sheela Thakrar	<input checked="" type="checkbox"/>	on behalf of the* Chief Financial Officer
Date: 19 June 2009		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the* Monitoring Officer
Date: 19 June 2009		

Section 5 – Performance Officer Clearance

Name: Alex Dewsnap	<input checked="" type="checkbox"/>	Divisional Director (Partnership Development and Performance)
Date: 19 June 2009		

Section 6 – Environmental Impact Officer Clearance

Name: John Edwards	<input checked="" type="checkbox"/>	Divisional Director (Strategy and Improvement)
Date: 19 June 2009		

Section 7 - Contact Details and Background Papers

Contact: Audrey Salmon, Interim Service Manager – Community Resources and Projects
Kashmir Takhar, Interim Head of Service – Community Development

Background Papers:

Appendix 1: Grants Programme – Proposals for Change: 2010 - 2011

Appendix 2: Consultation questionnaire – 2010 – 2011

Appendix 3 – A breakdown of the grants budget 2009/10