

## Funding Strategy for the Voluntary and Community Sector 2008

### 1. Introduction

The London Borough of Richmond upon Thames and Richmond & Twickenham Primary Care Trust (R&TPCT) have made a clear commitment to working in partnership with the local voluntary and community sector, recognizing the benefits that can be achieved for local people in this approach. The sector plays an important role in the following:

- improving and enriching the quality of life for residents, especially the most vulnerable
- the contribution that volunteers make in terms of skills and time which helps to maintain the fabric of local communities.
- providing services that enable people to live independently for longer without intervention by the statutory services
- acting as a voice for local communities to help improve services
- delivering services which offer people local solutions, tailored to their individual needs

With the conclusion of the arrangement with Richmond Council for Voluntary Service (RCVS) for the management of the Council's and PCT's grants programmes, it is timely to consider the future funding arrangements for the sector.

### 2. How this Strategy has been developed

The Council, Richmond Council for Voluntary Service (RCVS) and the R&TPCT established a joint working group to

1. consider the options for the future management of funding to the voluntary and community sector and make recommendations to the Council and the PCT.
2. make proposals to the Council and PCT on the priorities for future funding of the voluntary and community sector.

A consultation paper on options for the management of the programme was issued for consultation on 2 April 2007 and a half day consultation event held on 8 May 2007. The deadline for responses was 14 May 2007 and a summary of responses is available on the Council's website at [http://www.richmond.gov.uk/home/council\\_government\\_and\\_democracy/council/contacts\\_consultation\\_feedback/results\\_of\\_council\\_consultations/consultation\\_on\\_voluntary\\_sector\\_funding\\_strategy.htm](http://www.richmond.gov.uk/home/council_government_and_democracy/council/contacts_consultation_feedback/results_of_council_consultations/consultation_on_voluntary_sector_funding_strategy.htm)

### 3. Funding Strategy for the Voluntary Sector 2008 onwards.

It is proposed that the Council adopt the following funding strategy for voluntary sector:

#### 3.1. Small grants

The development of a small grants programme to fund one off applications supporting smaller community based initiatives.

### **3.2. Strategic Grant Programme**

To contribute towards the core capacity costs of groups whose focus is a specific community interest or who provide community based services, which are priority areas in the Community Plan.

### **3.3. Buying services**

Inviting proposals for funding via contracts for essential or key services, which must be provided to a specified minimum level, in line with the Council's Procurement Guidelines.

### **3.4. Partnering arrangements**

Entering into partnering agreements where there is significant investment in developmental or capacity building services, which contribute to a long term shared partnership vision.

**This strategy will apply to all funding of the voluntary sector, not just existing grant funding.**

## **4. SMALL GRANTS PROGRAMME**

### **4.1. Features of a small grants programme**

The establishment of a small grants programme to fund one off applications supporting smaller community based initiatives was widely supported in the recent consultation on voluntary sector funding. It is therefore proposed that the Council will establish a small grants programme with the following features:

- Funding will be up to £5,000
- Applicants may be voluntary or community groups, but they do not have to meet the criteria for application to the strategic grants programme.
- Applications can be made at any time during the financial year
- Each group may only apply once per year
- Match funding will not be a requirement, but groups will be encouraged to develop a sustainable funding strategy
- Priority will be given to small groups not receiving other funding from the council or PCT
- Funding will be for one year only with no year on year funding and groups will be expected to have an exit strategy in order to remain viable.
- There will be some flexibility on priorities, with themes for which applications would be particularly welcomed may be decided on each year.
- The application process should be simple and monitoring should be limited to showing evidence of the activity being carried out.
- Funding should be in advance, on receipt of a signed conditions of grant and claw back of funding if evidence not produced.
- Decisions would be made by a panel of partner representatives, 2 Councillors, and voluntary sector representatives
- The Panel would meet quarterly as necessary and be supported by a grants advisor who would manage the programme.
- The Panel would attempt to get a good spread of funding from across the borough.

The criteria for awards will be:

- The funding is to cover an unforeseen or emergency running cost of the organisation
- The funding is for a one off project which will improve the quality of life of local people
- The funding is for an innovative or pilot initiative which meets the general objectives of the Community Plan
- That groups can shown they are not dependant on year on year funding and have an exit strategy.

#### **4.2. Neighbourhood management**

There is an opportunity to have closer involvement of local people in the distribution of small grants. Although the consultation results favoured a single panel for the distribution of small grants, such a Panel could become a focus for funding local initiatives recommended by Neighbourhood Panels/Committees, depending on the future plans for such bodies.

#### **4.3. Total funding available**

Analysis of existing funding shows that £113,205 was spent in 2006/07 on grants under £5k.. to 79 organisations. However of these, 62 grants were from the Local Initiatives Fund (LIF) and 7 were from the Transport Scheme. The remaining 10 are ongoing grants.

The current budget for the LIF is £77,400 for 2006/07. In 2006/07 £25,000 was allocated from Social Services and Housing to the Transport Scheme.

**It is recommended that a budget of £100,000 be established for a small grants scheme by the amalgamation of these two budgets.**

Payments from the Transport Scheme are made to 7 neighbourhood groups for the reimbursement of volunteer's expenses and administered by RCVS. In 2005/06 reimbursements to each organisation varied form £3,200 p.a. to £300 p.a.

**It is recommended that in future an allowance for these expenses should be included within the organisations main grant arrangement.**

### **5. STRATEGIC GRANTS PROGRAMME**

#### **5.1. Aim of the Programme**

The aim of this programme is to contribute towards the core capacity costs of groups whose focus is a specific community interest or who provide community based services, which are priority areas in the Community Plan.

The Council wishes to purchase more services from the voluntary sector and wants to ensure that services are delivered by local groups wherever possible. One of the key objectives of the strategic grants programme will be to maintain and build capacity in the local VCS so that local providers can compete in the marketplace. It will help to ensure that local organisations have the right systems in place for managing staff, budgets and performance, i.e. a minimum capacity to function efficiently. These types of costs have been expressed as "core capacity costs" in the past. The types of costs for which a contribution may be made can include all or some of the following:

- costs of Chief Executive officer
- administrative costs of running the management board
- audit costs
- fundraising and finance function
- health and safety
- ICT systems
- accommodation

The Council will continue to contribute to a proportion of “core capacity costs” for those organisations whose activities are closely aligned with the priorities in the Community Plan. These grants will remain “unrestricted” funding.

It is important to emphasise that these costs relate to the capacity of an organisation to deliver outcomes and funding will be based on the agreed outcomes to be achieved. Therefore, the level of contribution to what is termed “core capacity costs” will vary, depending on the needs of individual organisations in being able to deliver the agreed outcomes.

Because the Strategic Grants Programme will be focused on sustainability and capacity building, the total amount of funding in this programme will be less than the current amount distributed by Grants Direct. The balance of funding will be used to commission services from the VCS. The precise proportion of Strategic Funding will be arrived at as a result of a review of each sector over the transitional period and beyond.

## **5.2. Eligibility**

Organisations must meet the existing eligibility criteria concerning their constitution, management and financial arrangements.

## **5.3. Funding criteria:**

All organisations should meet the following criteria:

- Demonstrate how they are working with other agencies within the borough
- Demonstrate good practice and the ability to lead developments in their field
- Activities should address the priorities of the Community Plan or complement the work of the Council and/or its partners

In addition, consideration will be given to organisations who are addressing the needs of a particular priority group or who play a role in the wider social fabric of the borough and the Council wishes to support them in this role.

## **5.4. Period of funding**

This will usually be for three years where organisations are able to commit to and demonstrate the following:

- Accessibility of services
- Regular consultation with and involvement of users
- A three year business plan
- Implementation of effective financial management and procedures
- Meeting appropriate quality standards
- Meeting health and safety standards
- Ability and capacity to fundraise
- Environmental policy
- Equalities and diversity policy
- Policies for the protection of children, young people and vulnerable adults

Where organisations are not able to demonstrate that they meet all the requirements for three year funding a one year interim grant will be made to give them time to meet the requirements.

### 5.5. Funding Limits

Individual grants under this programme can be up to £99,999. Grants for £100,000 and over are considered to be a significant investment and should be the subject of a partnering agreement.

All organisations will be required to agree conditions of grant: however, the level of detail required in the funding agreements attached to these grants and the monitoring required will vary depending on the amount awarded.

### 5.6. Decision making

A single Grants Panel will be established to award strategic and small grants. It is proposed that the Grants Panel be composed of 11 members as follows:

Cabinet Member for Communities	to provide strategic lead
Opposition Councillor	to provide political balance
Chair/rep. of Community Safety Partnership	to provide integration with developing commissioning priorities
Chair/rep of Health & Wellbeing Partnership	
Chair/rep of Children & Young People's Partnership	
PCT Rep	Joint funder
Cultural Services rep.	Integration with Community Plan priorities (could be voluntary sector representative)
Greener Richmond Partnership rep.	
Business Skills and Employment partnership rep.	
2 Voluntary Sector reps.	Voluntary sector representation, of which 1 at least should be RCVS

The intention is that the membership of the Panel should include at least three voluntary sector representatives.

### 5.7. Funding Priorities

These will be derived from the Community Plan and will be subject to consultation and agreement by the Council's Cabinet/ PCT Board. It is expected that the majority of organisations for whom a strategic grant is made, will also be providing commissioned services to achieve the objectives in the Community Plan. The Grants Panel will therefore need to be aware of the overall objectives of the Plan for each sector and the assessment of strategic grants applications will include input from the thematic partnerships responsible for delivering the Community Plan.

## 6. BUYING SERVICES

6.1. As commissioning develops it is expected that more services will be provide by the voluntary and community sector on a contract basis.

**It is recommended that a Commissioning Code of practice be developed which will include the following:**

- The relationship between commissioned services and grants and how these strands of funding will be integrated
- How services to be commissioned will be identified
- How the council's procurement guidelines will be applied to commissioning from the VCS
- The development of consistent processes for commissioning via partnerships and by departments of the council
- How award of commissioned services will be decided
- Performance management of contracts

Where voluntary organisations are bidding to provide a specific service, it is expected that they will include both direct and indirect costs in the price for the service, applying a full cost recovery model. Within this model, account will need to be taken of any Strategic Grant awarded to contribute to core capacity costs, in order to ensure a level playing field for all prospective providers. It is in this area that close liaison between grants advisers and commissioning officers will be needed.

Funding for commissioned services will be restricted to the provision of the specific services for which it is given.

## **7. FUNDING DATABASE**

**It is proposed that a funding database be established which will identify all the Council funding of the voluntary sector, whether via a small grant, strategic grant, contract , partnering agreement or rent subsidy.**

This will assist grants advisers and commissioners in assessing applications for funding, sharing information and providing a strategic overview when awarding funding to voluntary groups. Grants Direct currently use a database called Benefactor, to track and monitor grant applications, which could be extended to include all types of funding to the sector.

## **8. PARTNERING ARRANGEMENTS**

Funding arrangements of over £100,000 are a significant investment and it is proposed that the council enter into "partnering arrangements" where this is the case. These may be for a period of three to five years and would identify:

- how the organisation will contribute to the Council's meeting its strategic objectives over that period
- the long term outcomes expected from the investment
- the type of partnership relationship expected from the investment.

## **9. RENT SUBSIDIES**

Rent subsidies form part of the core funding needs of organisations and therefore will be considered alongside the strategic grant programme, with notification of rent subsidy being sent at the same time as award of grant notifications.

## 10. STRATEGIC LEADERSHIP

At a political level this is currently with the Cabinet Member for Communities.

There is no dedicated single source to support this role within the Council. Responsibility for management of the contract with RCVS is currently with the Corporate Policy Unit and it is estimated that approximately 0.25 f.t.e. is currently spent on voluntary sector issues, with only a couple of hours per week of that time spent on contract management.

A number of other officers across the Council, particularly within Adults Social Care & Housing, act as liaison officers with Grants Direct as the key contact for particular sectors and lead on projects with voluntary sector partners.

If we wish to further develop our strategic partnership working with the voluntary sector and integrate funding more clearly with our priorities, **it is recommended that resources to lead this work should be more clearly identified within the new Borough Commissioning Unit.**

## 11. TRANSITIONAL ARRANGEMENTS

The funding strategy outlined is a developmental one, requiring review of existing funding arrangements and the development of new ways of working. It is proposed that a transitional timetable be agreed, in line with service developments, to review each sector the aim being to complete the review programme within 3 years. This will fit with the intention to award 3 year funding arrangements and allow for ongoing review of each sector on a rolling three year basis. A key objective within the review will be to identify the most appropriate form of funding, either by Strategic Grant and or by contract via the commissioning process.

There are already comprehensive procedures in place for the management of grants and these should be retained wherever appropriate. In particular the transparency of Grants Direct should be applied to the commissioning process by the development of an agreed Commissioning Protocol.

It is expected that funding arrangements would be maintained at current levels until each sector was reviewed. Where the funding arrangement for individual organisations was changing anyway due to service development or review this would be accommodated within the timetable in the most appropriate year.

## 12. MEASURING SUCCESS

We will measure the success of the strategy in a number of ways as follows:

- Increase in proportion of services delivered by voluntary and community sector (LAA target)
- % funding agreements successfully delivering outcomes
- % instalments paid on time
- Completion of review in line with timetable
- Degree of alignment with Community Plan priorities