

BABERGH DISTRICT COUNCIL

**FROM: Project and Programmes Executive and
Economic and Community Development
Manager**

REPORT NUMBER G93

**TO: OVERVIEW AND SCRUTINY
(COMMUNITY SERVICES) COMMITTEE**

DATE OF MEETING: 4 September 2007

REVIEW OF GRANTS

1. PURPOSE OF REPORT

- 1.1 To inform the Committee of the findings to date of the grants review.
- 1.2 To seek approval for a new, streamlined grant making process for launch in April 2008.
- 1.3 To approve the process to devise a formal grants policy for the Council for implementation by 2009/2010.

2. RECOMMENDATIONS

- 2.1 That a new, streamlined grant making process to replace the existing varied and numerous grant/funding schemes (as set out in section 5.4 of this report) be launched in April 2008.
- 2.2 That the Head of Community Development be authorised to make minor changes to the process in consultation with the Chairman of Overview and Scrutiny (Community Services) Committee.
- 2.3 That the process to devise a formal grants policy for the Council (as set out in section 5.5 of this report) be approved.

The Committee is asked to make recommendations to Strategy Committee on the above matters.

3. FINANCIAL IMPLICATIONS

- 3.1 The proposals involve a realignment of existing grant and funding budgets. If approved, the grant administration will utilise existing staffing resources initially. A focused review will be taken following the initial implementation year to ensure an effective and efficient service is being provided. There are no additional financial implications in the report.

4. RISK MANAGEMENT

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
Opportunity to better target Council resources via prioritisation	B - high	II - critical	Adoption of new grants policy in 2008 to target resources

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
Hardship for groups losing funding due to prioritisation of other activities and associated negative publicity	B - High	III – marginal for Council II- critical for affected groups	Officer and partners support to find alternative funding. Involvement of PR team in managing media response.

5. **KEY INFORMATION**

- 5.1 A review of the Council’s numerous grant and funding schemes by officers has been underway for a little over a year. The review team is made up of the following officers: Neil Henry (lead officer), Tim Mutum, Sara Jackson, Josephine Beever, and a representative of the voluntary and community sector – Marian Sedwell of Babergh Communities Together (BCT). The scope of the review covers all capital grants (e.g. village halls etc), and all revenue funding from major support to theatres, citizens advice bureaux sports and countryside projects to small levels of sponsorship given to a range of organisations (see Appendix 1). The outcome of the review will lead to (i) improvements to the process in applying to the Council for grant aid or funding, and (ii) the introduction of a formal Grants Policy to ensure resources are better targeted at the Council’s objectives and at areas of need.
- 5.2 The grants review team has made significant investigation of the Council’s current approach to funding, and looked at examples of best practice in other local authorities. Meetings have been held with key managers involved in the current grant schemes to engage them in the development of the proposals. A consultation event chaired by James Long (Chairman of Overview and Scrutiny (Community Services) Committee) with voluntary and community groups and organisations, Overview and Scrutiny (Community Services) Committee Members, Parish Councils etc. was held on 23 July 2007.
- 5.3 The key findings of the review of the current grants and funding system are summarised below, and set out in more detail in Appendix 4:
- Strengths:
 - Significant level of funding support provided
 - The funding supports a range of projects that delivers important services and projects that benefit our community and align with Corporate Objectives
 - On an individual basis, there are good links between Members and officers with many of the supported organisations
 - Weaknesses:
 - Funding is spread across many schemes and budgets with limited ability for cross-cutting or redeployment of underspent funds elsewhere
 - Patchy and inconsistent measurement of outputs and outcomes from funding
 - No strong link between corporate objectives and decision making or monitoring
 - Patchy advice for groups and poor signposting for alternative funding
 - Limited strategic Member input into prioritisation of funding and operation of schemes

- Opportunities:
 - Potential for more efficient use of funding and of officer resources
 - Opportunity to increase capacity of voluntary and community sector (VCS) to deliver more and better services
 - Increase levels of external funding to support project delivery in Babergh by increased leverage of Babergh funds
- Threats:
 - Increasing need for efficiency and cost savings within local government could impact on new and existing funding
 - Local authorities are increasingly reliant on VCS to deliver services
 - Current annual funding offers inhibit the capacity of VCS to deliver services

A new grants scheme should seek to provide a number of benefits to applicants and the Council:

- Benefits for applicants:
 - provide easy access and a single contact point
 - improved funding and development advice
 - ongoing support from Babergh and Babergh Communities Together
- Benefits for Babergh:
 - effective monitoring of outputs and outcomes
 - stronger links to Corporate Objectives
 - strategic involvement for Councillors
 - efficiency gains by freeing up time of officers that administer current funding schemes

5.4. Improvements to the process of applying for grants or funding

- All current arrangements will be discontinued after this financial year (with the exception of housing grants) and all existing grant aided bodies will need to apply.
- All existing funds will be combined and pooled across three new programmes (without specific allocations for each):
 - Community – capital and revenue grants awarded annually
 - A ringfenced ‘small grants’ pot of £10,000 is proposed to fund small grants of up to £750. This will be reviewed after one year of operation (by Overview and Scrutiny (Community Services) Committee) to test effectiveness.
 - Core – minimum three year service level agreement revenue funding to provide greater certainty in relationships with key partners
 - Business support – discretionary rate relief and business expansion loans
- Housing improvement grants will not be included in the scheme as they are statutory; they have a bespoke form and a dedicated administration scheme.

- The proposed application process is as follows:
 - all enquiries through front office and then to grants team, if needed
 - all applications to grants officer
 - referral for grants advice by grants team, BCT or other appropriate advisers to ensure other funding has been applied where appropriate
 - input from specialist/expert officers on detailed matters during assessment
 - appraisal and approval by officers using scoring system (with flexibility to bypass in certain circumstances)
 - offers all made by grants officer and monitored by them through specialists
 - service standard (to be decided) on ‘turnround’ of completed applications
 - ongoing relationship with groups by relevant BDC officers and/or BCT

- It is proposed to introduce the new scheme in April 2008. However, it will be a phased introduction taking into account existing legal agreements and the need to engage with funded organisations. Any organisation which is unsuccessful in a funding bid that can show evidence of the need for time to put in place alternative funding will be supported through an “exit strategy”. Funded organisations have been aware of proposals for a change through a consultation event held on 23 July 2007, which was hosted by the Chairman of the Overview and Scrutiny (Community Services) Committee. A further event is planned for November to explain the process in more detail to current funded organisations.

5.5 Introduction of a formal grants/funding policy

- A formal grants policy will enable Members to prioritise Council funding towards activities that they wish to support, and to influence their efficiency, focus and delivery. In setting the direction of this policy, Members will need to be aware of current delivery against Corporate Objectives and the impact of any prioritisation on the many organisations that the Council funds at present.

- The integration of the Council grants and funding into a centralised process from 2008/09 will for the first time enable all funded organisations and projects to be assessed upon the same criteria, and be measured using the same outputs and outcomes. This will provide a clear picture to Members of how funded activities meet the Council’s corporate objectives, and also how any future prioritisation of funding towards specific objectives will impact on the many projects and organisations that the Council supports. A mapping exercise is currently being undertaken by officers to estimate fit of current projects with corporate priorities, and the results will be validated by information gathered from applications using the new 2008/09 application forms (measuring impact on the emerging Corporate Objectives).

- Interim policy is being developed to assess applications received in 2008/09 to ensure value for money and coherence with the Council’s priorities (see Appendices 2 and 3). These transitional arrangements will enable those organisations whose activities/projects do not fit strongly with corporate priorities, time to work with officers to change the focus of the activity/project or to find alternative funding from 2009/10.

- A new grants policy will be developed for adoption by Spring 2008 upon which the scoring of funding applications from 2009/10 onwards will be based. It is proposed that the grants policy is reviewed on a regular ongoing basis by members to ensure that Council funding is delivered to activities and projects that meet the Council’s Corporate Objectives.

5.6 Role of Overview and Scrutiny (Community Services) Committee

- It is proposed that the role of this Committee would be to receive an annual report on how the grant money has been spent, the types of projects supported, examples of good practice and cases where projects had not been so successful and the lessons learnt and the contribution of projects to the Council's Corporate Objectives.

6. **APPENDICES**

Appendix 1 – grants and funding included within the review

Appendix 2 – proposed grant aid programmes

Appendix 3 – key principles for all applications

Appendix 4 – SWOT analysis

7. **BACKGROUND PAPERS REFERRED TO:**

None.

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GRANTS INCLUDED WITHIN THE REVIEW**CAPITAL GRANTS**

<u>SCHEME</u>	<u>VALUE 2007/08</u> (£)
1. Village halls and sport and recreation	100,000
2. Conservation areas and country side management	8,500

REVENUE GRANTS

<u>SCHEME</u>	
1. Voluntary Bodies (Annex A)	87,560
2. Countryside Fund	10,330
3. Historic Buildings	11,000
4. Business Workspace	10,000
5. Passenger Transport Support	10,910
6. Energy Efficiency	37,000
	(2005/06 figures)
7. Small Business Service	1,500
8. Business Expansion Loans	10,000
9. Village/Community Shops	3,300
10. Parish Plans	6,000
11. Discretionary Rate Relief for Shops and Voluntary Bodies	76,500
	(varies each year)

INDIVIDUAL

12. Ipswich Women's Aid Ltd	1,020
13. Bury St Edmunds Woman's Aid Centre	1,290
14. Quay Theatre, Sudbury	47,380
15. Dual Use Sports Centres	66,850
16. East Bergholt Swimming Pool	6,000
17. Great Cornard Swimming Pool	1,500
18. MAPPA	1,000
19. Racial Harassment Initiative	3,460
20. Suffolk Coasts & Heaths Project	16,730
21. Dedham Vale & Stour Valley Project	21,470
22. Eastern Angles Theatre Company	800
23. Gainsborough's House, Sudbury	500
24. Suffolk Museum Partnership	1,000
25. Eastern Orchestral Board	2,680
26. Solo Housing	3,300
27. Dance East	5,640
28. Rural Cinema	750

VALUE 2007/08
(£)

29. Local Government Association	13,680*
30. Regional Employers Group	12,290*
31. Rural Services Partnership	4,400
32. Suffolk Chamber of Commerce	900
33. Ipswich & Suffolk Small Business Association	150
34. Rural Shops Alliance	80
35. Princes Trust	1,000
36. IPSENTA	4,000
37. MENTA	500
38. Suffolk Development Agency	24,000
39. Suffolk Tourism Partnership	8,000
40. Haven Gateway Partnership	1,000
41. Hadleigh Business Centre	5,000
42. Community Enterprise	2,300
43. Sudbury Market Town Partnership	2,000
44. Hadleigh Tourist Information Point	2,240
45. Active Sport	6,000
46. Homestart	5,000
47. Suffolk Safeguarding Children's Board	10,000
48. Greenways Countryside Project	5,960
49. Disabled Facility Grants – Statutory	Tbc
50. Renovation Grants/Loans	Tbc
51. Western Suffolk LSP	Tbc
52. Babergh East LSP	200

* Subscriptions – not to be considered as part of review

ANNEX A

VOLUNTARY BODIES
ORGANISATIONS

AMOUNT 2007/08
£

1. Arts Anglia Limited	150
2. Ipswich & Suffolk Council for Racial Equality	1,500
3. Ipswich Citizens Advice Bureau	7,270 c
4. Sudbury Citizens Advice Bureau	67,090 c
5. Suffolk ACRE	4,500
6. RELATE – Bury St Edmunds	500
7. RELATE – Ipswich & District	250
8. Victim Support – Ipswich & District	200
9. Sudbury & District Mentally Handicapped	100
10. Suffolk Accident Rescue Service	150
11. Gatehouse	200
12. Babergh Communities Together	5,000 c
13. Hadleigh Elderly People's Welfare Committee *	400
14. Suffolk Preservation Society	150
15. National Playing Fields Association	100

* Commitment since 1974 to pay room hire – averages £400 per annum

PROPOSED GRANT AID PROGRAMMES**A. COMMUNITY FUND – Head of Community Development – Budget Manager:**

The fund will support capital and revenue projects. It is intended to support applications for activities and facilities provided by community groups. A small grants pot will be set aside to fund applications up to £750 per project with a streamlined application process. Applications will be considered where the applicant can demonstrate the value of Babergh's contribution to the project.

Eligible Activities

- Provision of new community facilities or capital improvements to existing facilities which provide a focal point for the local community.
- Repair/restoration of community facilities
- Setting up or restoration of play areas and equipment;
- Supporting core running costs and delivering services and programmes that support the Council's Corporate Objectives.

Level of Grant Aid**CAPITAL PROJECTS**

The Council will only consider grant aid where the capital cost exceeds £1,000. The amount sought from the Council must be matched at least on a pound for pound basis with local money. For example, if a project costs £40,000 and £20,000 has been received from non-local funding sources e.g. lottery, then a grant for £10,000 could be sought from the Council provided £10,000 has been raised with local funding.

REVENUE PROJECTS

The Council will consider applications for revenue projects that require at least £750 from Babergh. Applicants will be expected to demonstrate that matched funding has been sought from other sources, and priority will be given to those groups that have matched funding.

A small grants pot will be available for small projects of up to £750 Babergh funding. Ability to demonstrate matched funding is preferable but not essential.

B. CORE FUNDING – Head of Community Development – Budget Manager:

This fund would be utilised for funding organisations on a longer term basis and would support operational/running costs as well as projects. A minimum 3 year service level agreements (SLAs) will be provided with close monitoring of outputs and outcomes. New applicants to the Council will be expected to apply to the community fund in the first instance before being considered for core funding in subsequent years.

Where existing legal agreements are in place these complied with where necessary.

Eligible activities

The purpose of the Core Funding Support is to assist the effective delivery and improvement of services operating within Babergh that are needed by, and which bring direct benefit to local residents. Emphasis is given, in particular to those who are disadvantaged or experience limited access to fair and affordable services.

Core funding is available for the operational activities of the service, including management, administration and overhead costs and delivery of services.

Applications can come from parish groups, community groups, registered charities, service providers, voluntary bodies, companies limited by guarantee and individuals – anyone proposing to improve or establish a local service.

Applicants can apply more than once, provided the proposal is for the provision of different services.

Level of grant aid

Successful applicants will be subject to a 3-year funding deal set out in a service level agreement. There are no stated maximum or minimum levels of funding for core applicants. To be eligible applicants must meet one or more of the following criteria: -

- Be a strategic organisation – a partnership body that Babergh needs to work with to deliver the Council's Corporate Objectives
- Provide an important local service – an organisation that delivers Babergh's Corporate Objectives or the Local Area Agreement
- Brings in additional funding from other sources
- Makes a significant contribution to delivery of Babergh's Corporate Objectives
- Delivers key/core services on Babergh's behalf
- Provides a service that the Council would otherwise have to provide
- Demonstrate a proven track record of delivery in Babergh funded by the Council

C. BUSINESS SUPPORT – Head of Community Development – Budget Manager:

This fund incorporates two main activities:

- Discretionary Rate Relief for Shops and Voluntary Bodies
- Business Expansion Loans

Eligible activities

The eligibility for discretionary rate relief is set out in the Council's rate relief policy which is currently being reviewed. Business expansion loans are available to start-up businesses and those business employing up to five people. A range of activities to support business growth will be considered providing an acceptable business plan can be produced.

Level of grant aid

Discretionary rate relief is available either as a top-up to statutory rate relief or as an entirely discretionary relief. Level of relief depends upon the type of activity being supported.

Business expansion loans of up to £2,500 are available to start-up businesses and up to £5,000 to growing businesses of up to five staff. The loans are interest free and are repayable over three years.

KEY PRINCIPLES FOR ALL APPLICATIONS

The following key principles apply to the Babergh Grant Aid Programme:-

1. Grants may be applied for by organisations or individuals as appropriate in line with eligibility criteria
2. Voluntary or community organisations who apply will only be considered if they:
 - provide a service for the benefit of Babergh people;
 - can produce evidence to show advice has been sought from a recognised source e.g. Babergh Communities Together or Suffolk County Council's external funding team.
 - are a registered charity or have an agreed constitution, and is capable of obtaining from its own funds or other sources, the balance of the costs;
 - are able to evidence suitable financial management.
 - have an equal opportunities and health and safety policy or statement for employees and volunteers;
 - provide services which accord with the Council's own priorities (as expressed in the Council's Corporate Plan), do not duplicate services already being provided/grant aided, and that will meet proven identified needs. In the case of 'start up' initiatives, evidence of the need for the new service to be supported will have to be substantiated and reflect community demand; in the case of existing services evidence of continuing need and threat of loss must be shown.
 - Can demonstrate the value of Babergh's contribution to the funding of the project.
 - have, or are intending to introduce an appropriate system for monitoring and evaluating activities and outcomes of the services to be funded.
3. In keeping with Babergh District Council's Corporate Plan, applications will only be considered for activity in keeping with our Corporate Objectives:
 - Promote healthy living and reduce health inequalities;
 - Increase the supply of housing that local people can afford to rent or buy;
 - Maintain a safe, clean and sustainable environment;
 - Give easy convenient access to quality services;
 - Raise individual and community ambitions, and encourage active citizenship.
4. Recoverable VAT will not be grant aided.

5. Retrospective applications are not eligible for grant aid.
6. The inclusion of voluntary labour and/or 'in kind' contributions towards the estimated total project costs will be permissible, provided such costs are clearly defined and costed.
7. All applications must be submitted on the standard application for together with supporting documentation as requested.
8. Where the application provides a facility or service that extends beyond the boundaries of the Babergh area, consideration will be given to the funding secured from neighbouring local authorities when assessing the level of Babergh support applicable.

Babergh Grants review – SWOT analysis of current schemes

Strengths	Weaknesses
<ul style="list-style-type: none"> • Size of total funding (£108k capital, circa £500k revenue) is significant • Supports a range of projects, organisations and activities that deliver important services and projects for our community • The perception of officers and grant recipients is that Babergh receives good value for money and valuable outputs are achieved • Babergh members are formally and informally involved with many of the groups we support • Close link between officers and supported groups in many cases 	<ul style="list-style-type: none"> • Array of current procedures to award funding (13 schemes and 35 budgets) • No strong link between funding decisions and corporate objectives • Advice on alternative funding is patchy and poorly signposted • Difficult to reallocate underspent grants to other oversubscribed schemes • Monitoring is patchy with insufficient centralised reporting (other than PI's in some cases) • No consistent measure of how outcomes support corporate objectives • Members have little formal strategic input into prioritising how funding is spent or operation of schemes • Sources of potential external funding to replace/add to Babergh funding are not maximised • Some members unaware of funded projects or organisations in their wards and/or areas of interest
Opportunities	Threats
<ul style="list-style-type: none"> • Scope to redeploy the Council's resources to fit more closely with the Corporate Objectives • To identify efficiencies to free up officer time in managing multiple grant and funding schemes • To increase the capacity of the Babergh's VCS to deliver our services by longer term investment • To strengthen the link between Babergh members and local groups • To work in partnership with BCT and SCC to provide comprehensive support to our VCS • To use Babergh's funding as a lever to increase external funding into the district 	<ul style="list-style-type: none"> • Pathfinder and efficiency agendas placing increasing burdens on local authorities • Local authorities are increasingly reliant upon the voluntary and community sector (VCS) to deliver services • Increasingly difficult to support new activities due to budgetary pressures • Short term funding offers inhibit the capacity to deliver, and the growth of key VCS organisations • Organisations increasingly reliant upon funding from non-local sources