

Executive		on 24 April 2007
Title:	Grant Aiding Standards	
Item of:	Assistant Chief Executive (Policy, Performance, Partnerships and Communications)	
Wards(s) affected: All	Item for: Decision	
External consultation: HAVCO		
1. Purpose		
1.1 There is a need to create consistency and transparency in the way the Council supports the voluntary sector across all services. This report sets out the standards that Haringey Council will apply when distributing grants to the Voluntary and Community Sector (VCS).		
1.2 The application of these grant standards will aim to have a positive effect on the relationship between Haringey Council and its voluntary and community sector (VCS) partners as it will clarify the rationale for providing grant aid opposed to contracting for specific services/purposes		
2. Introduction by Executive Member		
2.1 As a Council we provide a high level of support and funding to the CVS. It is important therefore that we ensure we are getting good value for money.		
2.2 Despite high level of funding the sector through both grants aid and contracts for specific services is quite crowded and there are many VCS we are unable to fund. It is crucial that access to funding is fair and the process transparent, so the basis on which funding has been awarded is clear to all. At present our practice across Departments is not consistent.		
2.3 In fairness to the sector, Council Departments need to be clear about priorities, about the criteria for awarding funding, about what is expected and how agreements will be monitored. Departments should also recognise their responsibility to assist in capacity building the sector.		
2.4 Adopting the approach outlined in this report will assist us in operating according to best practice and so will benefit some of our most vulnerable residents.		

3. Recommendations

- 3.1 To disburse funding to the VCS either as grants or contracts.
- 3.2 To agree that the grant aiding standards set out in this report, and that they apply to all disbursements by the way of grant except where there is guidance or statute which requires otherwise, with such exceptions to be agreed by the Assistant Chief Executive (PPP&C).
- 3.3 From the 1st July 2007 if funding is to be disbursed using a grant, the standards set out in this report should be adopted.
- 3.4 To request a further report on the wider financial relationship of the Council with the VCS.

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Assistant Chief Executive (PPP&C)

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4. Executive Summary

- 4.1 This report sets out the standards that will apply when distributing grants to the VCS and is a supporting document to the Haringey Compact. These standards are to ensure:
- Joint approach between the VCS and the Council to grant programme development
 - Recognition of full cost recovery from the Council to ensure sustainability of services
 - Clarity of funding conditions, including funds available and eligibility to apply
 - Transparency, consistency and fairness of approach
 - Effective monitoring and evaluation
- 4.2 In addition to these standards this report also sets out what Council officers should accept as responsibilities of the recipient organisation in terms of good practice in the use and administration of public funds.

5. Reasons for any change in policy or for new policy development (if applicable)

6. Local Government (Access to Information) Act 1985

- 6.1 No background documents

7. Background

GRANT AID

- 7.1 A grant should be used when the Council does not purchase a direct service from a VCS organisation. This could include support for core organisational costs, community projects or seed funding for new projects. In this case the Council allocates funding for a priority area of work and undertakes an open call or invitation for applications. Respondents will be asked to evidence a specific need that relates to the priority area, and how they intend to address this need. In the case of multiple respondents, a simple evaluation and selection process will be adopted.
- 7.2 Grants may be approved to fund the same activity or service for more than one year and up to a maximum of three years and the funding will have to be reviewed annually.
- 7.3 In certain circumstances, Haringey Council awards grants (long term continuity funding) in order to ensure the continuity of services. For example, maintaining the continuity of a stable and robust infrastructure for the voluntary and community sector. As such these grants will not be open to general applications.

CONTRACTS

- 7.4 A contract should be used when the Council purchases a service from a VCS organisation, whether this is a statutory or non-statutory service. In this case the Council will set out a service specification and all contracts awarded by the Council will be subject to any applicable legislation plus Haringey Councils Contract Standing Orders (CSOs) and the processes and procedures contained within the Council's Procurement Code of Practice (available on Harinet).
- 7.5 Where there is a bidding process or call for interest against a service specification overhead costs of a VCS organisation will be treated in the same way as those of the private sector or any internal provider. This means that Council Departments should fund not only direct project costs but also allow the inclusion of an appropriate proportion of core or support costs to sustain the project within the contract (full cost recovery)
- 7.6 Full cost recovery will include associated or support costs of activities crucial to achieving final outputs or outcomes include front-line activity (e.g. project workers), IT costs, direct support work (e.g. managers of project workers), indirect support work (e.g. payroll, finance and HR), governance and strategic development and compliance costs (health and safety etc).
- 7.7 Where a grant is offered or awarded to contribute towards the costs of the activities of an organisation which the Council wishes to support, these will clearly not be on a full cost recovery basis.
- 7.8 Some VCS organisations may have Service Level Agreements (SLA) with Haringey Council, which in the future should be classified as grants or contracts. When these existing arrangements come to an end any future funding will be awarded on the basis of a grant or contract and SLA should be phased out.

7.9 These principles should apply to funding in all cases where the Council is the accountable body. This will include external funding or funding administered on behalf of another public body

8. Standards that will apply when distributing Grants

8.1 The grant standards will be applied when awarding grants as set out in 8.1-8.3 of this Report. The grant standards align with the Haringey Compacts principles that relate to funding and procurement.

8.2 HAVCO have been consulted and support the adoption of these standards.

Joint approach to grant programme development

8.3 In developing grant funding programmes Haringey Council will fully involve the VCS from the outset, taking into account the time needed for preparatory work and partnership building.

8.4 Where relevant when evaluating and reviewing grant funding programmes this should be through extensive well timed consultation of adequate duration with a representative range from the VCS.

Clarity of funding conditions, including funds available and eligibility to apply

8.5 Ensure all open calls for grant applications are publicised on Haringey Councils website and communicated through HAVCO and relevant VCS networks as appropriate. Ensure the information at this stage includes:

- The funding programmes priorities and how these support Council and Community Strategy priorities
- Pre-qualification and assessment criteria against which applications will be assessed
- Type and level of funding available
- Duration of funding
- Timetable showing when funding programmes become available, when applications need to be in and when a decision will be made
- Documentation required
- When applications need to be submitted
- When a decision will be made
- Who to contact for further information

8.6 Adequate notice will be given of new programmes before the application process starts. Where appropriate there will be positive targeting of groups who may have previously experienced limited access to funding and those who may be considered to be hard to reach.

8.7 In some cases there may be funding available for innovative projects that can only be delivered by a single or select group of providers. In these cases there will be a clear justification as to why a single or select group is invited to apply and this will be accurately documented.

8.8 The Councils Voluntary Sector Officers Group (VSOG) led by the Corporate Voluntary Sector Team (CVST) will work towards developing standardised application forms and monitoring and evaluation processes across Council departments by 31 July 2007.

To ensure transparency, consistency and fairness of approach

8.9 Resources will be allocated against clear, transparent and consistent criteria. The criteria should include pre-qualification and assessment criteria.

8.10 Information requested as part of the grant application process should be relevant to the decision and appropriate to the value of the funding being sought and the size of the organisation.

8.11 Applications will initially be assessed against the pre-qualification criteria. Failure to comply with these criteria will automatically fail the application. Pre-qualification criteria will include:

- Set of audited accounts or financial statement (if grant more than 3K)
- Details of the management committee or equivalent which must include a Chair, Secretary, Treasurer or other equivalent responsible officers
- Constitution and legal status
- Details confirming they are a registered charity (if grant more than 1K)
- Business plan or mission statement (if grant more than 3K)
- Evidence setting out the majority of the organisations beneficiaries will be Haringey residents
- Bank account details and authorised signatories
- Equal opportunities policy (if grant more than 3K)
- A reserves policy and information on the level of reserves (if grant more than 3K)
- Acceptance that payments will only be made via BACS transfer (not cheque)

8.12 The assessment criteria will take into account:

- Fit with the Haringey Council and Community Strategy priorities
- Value for money
- Evidence of need upon which the application is based
- Effectiveness of the proposed approach
- Robustness of governance and management arrangements
- Robustness of arrangements to ensure accountability
- Robustness of project management and performance monitoring systems
- How user involvement will influence service planning, management and delivery
- Where appropriate how the organisation will work in partnership with other agencies

8.13 Appraisal of applications against the assessment criteria and recommendations for approval will be undertaken by officers. A scoring framework will be adopted so that the appraisal and subsequent recommendation is fully auditable.

8.14 Grant funding under 20K will be approved by the relevant lead member and Chief Officer based on recommendations made by officers. Grant funding over 20K will be

approved by the relevant Council Committee based on recommendations made by officers. In both cases, except where there is a separate and externally mandated approval regime.

- 8.15 Long term continuity funding distributed by the Councils Corporate Voluntary Sector Team will be approved by the Councils Voluntary Sector Committee based on recommendations made by officers.
- 8.16 Notification of grants awarded will be given as soon as possible after the decision is confirmed in writing.
- 8.17 Letters to successful applicants will set out how the funding will be used, when payment(s) will be made, mutually agreed targets / performance measures and details of the monitoring process. Large grants (over 10K) will be also covered by the Haringey Councils **standard terms and conditions of grant aid**.
- 8.18 If an application is unsuccessful reasons for refusal will be clearly set out along with who to contact to discuss the reason.

Effective monitoring and evaluation

- 8.19 Funded organisations can expect prompt and regular funding payments. Any advance payments will be the subject of discussion between Departments and the organisation.
- 8.20 Haringey Council needs to ensure that organisations are delivering in-line with the terms of conditions of grant aid, and are demonstrably providing a good service and giving value for money. This requires the organisation to submit monitoring information. The monitoring process in relation to grants is appropriate to the amount of funding given and in all cases will be professional and based on a dispassionate and objective process and assessment.
- 8.21 Haringey Council will inform the recipient organisation in advance what information is needed. This will include:
- Who needs the information and why
 - The type of information needed
 - Who will be responsible for collecting the information
 - How often to collect the information and by what method
- 8.22 It is likely that some or all of the following areas will form the basis of the monitoring process:
- The organisations work programme and projects
 - Services it provides
 - Who provides those services and in what way
 - How beneficiaries find out about and access the service
 - A beneficiary breakdown by ethnicity, age and geographical location (for grants more than 3K)
 - What measures are in place to obtain and report users views

- How and when the money is spent
- Financial information (refer to terms and conditions of grant aid)
- How and when premises are used and by whom
- What facilities and equipment are available
- The organisations decision making processes; who is accountable to whom and the effectiveness of the organisations management structures
- How needs are being met
- Minutes of the AGM
- Details of publicity undertaken

8.23 As with monitoring information, financial monitoring reports and their frequency should be commensurate with the scale of funding involved.

8.24 Notification of an intention to renew or terminate grants should be given at least 3 months in advance. This is to ensure that proper arrangements can be set in place for clients needs and any staff contracts.

8.25 If funding has to be scaled down for any reason then this will be undertaken between the relevant department and the organisation in such a way as to maintain the continued viability of the service and the organisation as far as possible and as appropriate.

8.26 For continuing grants Haringey Council will determine the amount of inflation to be included in the approved grant having regard to the estimated cost of inflation and the Councils overall budget. Where an inflationary increase cannot be made it will be necessary to review service levels, whilst ensuring quality and sustainability to service users.

8.27 It is important that there is uniformity in terms of the appeals process so that applicants are treated fairly. This will be particularly so if the terms and conditions of grant aid are applicable as the process for conducting appeals is contained therein.

9. Responsibilities of the recipient organisation

9.1 The VCS should recognise that receipt of public funds carries with it responsibilities to the funding body and the public who benefit from the services provided. The sector should undertake to pursue good practice in the use and administration of public funds appropriate to the scale of funding and operation.

9.2 As such Council officers responsible for distributing funding to VCS organisations should note that this good practice should cover:

- Clear and effective employment policies, management arrangements and procedures
- Robust Governance structures including adequate provision for Management Committee training and development.
- Effective and proportionate systems for the management, control, accountability, propriety and audit or examination of finances

- Compliance by organisations that hold charitable status with the accounting framework for charities and appropriate guidance from the Charity Commission on funding as well as on political activities and campaigning.
- Systems for planning and implementing work programmes
- Systems for monitoring and evaluating activities against agreed objectives
- Systems for quality assurance and accountability to service users, including complaints procedures and the involvement of users, wherever possible, in the development and management of activities and services.
- Policies for ensuring equality of opportunity in both employment practice and service provision.
- A policy covering the involvement of volunteers in service provision where appropriate
- Undertaking necessary CRB checks where necessary
- Adhering to Compact principles

10. Recommended action

10.1 To agree the specific recommendations in this report.

11. Financial Implications

11.1 There are no financial implications. However Departments will have to give consider allocating staffing resources in order to review existing practices in relation to the grant aiding of VCS organisations.

12. Comments of the Director of Finance

12.1 The Director of Finance has been consulted over the preparation of this report and has no further comments to make.

13. Comments of the Head of Legal Services

13.1 The Head of Legal Services notes the contents of the report and supports the recommendations.

13.2 The Corporate Legal Service should be consulted in relation to the updating of terms and conditions of grant aid.

14. Comments of the Head of Procurement

14.1 Clarity between grant funding and contracting will be helpful to officers and the VCS.

14.2 The introduction of 'standard terms and conditions of grant aid' will be a useful improvement, however these do need updating to current best practice standards and with Legal Services involvement.

14.3 Contract related funding is subject to all the usual procurement regulations requiring transparency and equal opportunity / treatment of bidders. The one exception to

contract award procedures relates to sheltered workshops or to contracts in the context of sheltered employment programmes where most of the employees concerned are handicapped persons who by reason of the nature or the seriousness of their disability cannot carry on occupations under normal circumstances.

15. Conclusion

15.1 The Executive is asked to support the recommendations in this report