

**MANAGEMENT TEAM**

**FEBUARY 2024**

**CABINET**

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**REPORT OF PORTFOLIO HOLDER FOR PARTNERSHIPS**

**A. Review of voluntary and community funding across the Council and future options.**

(Report produced by John Fox)

**PART 1 – KEY INFORMATION**

**PURPOSE OF THE REPORT**

This report is to meet the recommendation within the Cabinet report in respect of creation of a subsidy scheme for the purposes of direct grant funding for Citizens Advice Tendring which went to Cabinet on 21 July 2023.

One of the recommendations was that a review of grant funding across the Council be approved and a report following the review considering the options available during 2023/24 be presented to Cabinet in readiness for 2024/25.

**EXECUTIVE SUMMARY**

The Council allocates a significant amount of funding across the voluntary and community sector either from external provision such as from Government for example the Shared Prosperity Fund and also from internal resources such as for the Tendring Community Fund.

Currently funding is allocated individually by services within the criteria of any funding received but could potentially be subject to a more joined up approach.

The existing governance across services includes in many cases criteria for applying, an application form and approval routes including Member sign off.

Consideration could be given to developing governance criteria to help ensure funding allocation is based on a sound process and is transparent and allows for decision making at an appropriate level.

Although specific aims could be set for allocating funding for example in line with the Corporate Plan care needs to be taken to ensure sufficient flexibility allows for funding to be allocated in relation to need

A general policy could also be considered which sets the giving of grants in context for example highlighting underpinning principles, eligibility etc.

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Within the allocation of funding reference needs to be made to the Subsidy Control Act 2022 to ensure all allocations are legally compliant.

### RECOMMENDATION(S)

It is recommended that:

- a) The contents of this report are noted
- b) Consideration is given as to development of governance criteria or a wider policy in relation to allocating community and voluntary sector funding.

### REASON(S) FOR THE RECOMMENDATION(S)

To ensure that good governance criteria are implemented for allocating grant funding.

### ALTERNATIVE OPTIONS CONSIDERED

To continue allocating funding under existing governance criteria which varies across departments and where funding is allocated, although has a number of similarities in terms of criteria, application process and approval.

## PART 2 – IMPLICATIONS OF THE DECISION

### DELIVERING PRIORITIES

The provision of grants to organisations across the district helps support and develop the district and so will help meet priorities around pride in our area and services to residents. It can also raise aspiration and create opportunities and help champion our environment.

### OUTCOME OF CONSULTATION AND ENGAGEMENT (including with the relevant Overview and Scrutiny Committee and other stakeholders where the item concerns proposals relating to the Budget and Policy Framework)

It is currently proposed that the report is sent to Community Leadership Overview and Scrutiny Committee.

### LEGAL REQUIREMENTS (including legislation & constitutional powers)

Is the recommendation a Key Decision (see the criteria stated here)	YES/NO	If Yes, indicate which by which criteria it is a Key Decision	<input type="checkbox"/> Significant effect on two or more wards <input type="checkbox"/> Involves £100,000 expenditure/income <input type="checkbox"/> Is otherwise significant for the service budget
		And when was the proposed decision published in the Notice of forthcoming decisions for the	

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		<b>Council (must be 28 days at the latest prior to the meeting date)</b>	
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Allocation of funding must follow good governance procedure to ensure effective use of public money and also to ensure that external funding meets grant requirements.

The allocation of funding must be in accordance with the Subsidy Control Act 2022. All allocations of funding should therefore be considered in relation to whether the Act applies. If funding does constitute a subsidy then a subsidy scheme will usually be required to allow any payment.

How funding is allocated may ensure it is not subject to the requirements of the Act for example if a procurement exercise is undertaken or there is an open call for bids to a fund as there is no distortive effect on competition as it is free for a wide range of organisations to apply.

External funding will have provisions for the spending of the money either as grant conditions or for example via a Memorandum of Understanding and all spending must be in accordance with these provisions.

When significant funding is received, particularly if of a one off nature, this will need to be formally accepted by the Council and in that process the approval route for spending of the money will be highlighted.

Appropriate approval routes for spending must be obtained, if necessary at a Member level for example via a portfolio holder consultation and also spending must be supported by an officer decision.

**The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:**

### **FINANCE AND OTHER RESOURCE IMPLICATIONS**

The Council allocates a significant amount of funding each year either from external funding provided or use of internal resources. It needs to ensure that this is being allocated in accordance with the provisions of any external funding agreements and in line with the Council priorities.

Although difficult to determine an exact figure as some funds such as the Shared Prosperity Fund are used both to support Council activity for example around the Starlings site and also community and voluntary activities there is potentially in excess of £1M available to allocate from external partners and with the Tendring Community Fund in the region of £750K from internal resources this year.

In particular, allocation of internal Council resources needs to be considered in terms of the savings requirements and that if allocated it is for appropriate provision and to ensure that in

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terms of decision making how funding may work together.

**The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:**

### USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

<p>A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;</p>	<p>Funding is either provided from external sources and needs to be managed in terms of allocation and whether funding is recurrent and therefore when investing in projects consideration would be given as to whether the work is sustainable and what any sustainability requirements are.</p>
<p>B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and</p>	<p>Funding governance is currently via a number of routes which varies depending on the types of funding and amount of money allocated. Routes include officer decisions through to Member approval for example by Portfolio Holder decisions and on some occasions Cabinet. Identifying good governance criteria to be used across departments will help aid good allocation of funding</p>
<p>C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.</p>	<p>This report seeks to highlight the types of funding available and utilised and consideration of a policy around allocation of funding will support improved used of resources.</p>

### MILESTONES AND DELIVERY

Each individual amount of funding will need to be allocated in a specific time period and therefore generates its own milestones to effectively allocate the resources.

Delivery of all funding should also include review to ensure the resources have achieved the aim of the funding or to understand what improvements could be made.

### ASSOCIATED RISKS AND MITIGATION

There is a risk if funding is allocated without reference to the Council's objectives in the Corporate Plan it may not meet the Council's aims and similarly funding needs to be allocated in a coordinated way to ensure it is consistent across the Council.

The use of good governance criteria will help focus Council funding opportunities and ensure that corporate priorities are achieved and resources are allocated in a consistent approach.

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<b>EQUALITY IMPLICATIONS</b>	
<p>A policy for allocating funding could include criteria to ensure funding is allocated in an equitable way. Allocation of funding should ensure it helps address inequality and provides an equality of access within the conditions associated with the funding and this may be demonstrated via an equality impact assessment</p>	
<b>SOCIAL VALUE CONSIDERATIONS</b>	
<p>The allocation of funding provides an opportunity to address wider social value considerations and those applying for funding can be asked to demonstrate the wider impact the use of the funding may have.</p>	
<b>IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030</b>	
<p>Allocation of funding can be in accordance with the Council's aims to be net zero by 2030 for the types of funding which may have an implication for net zero and this criteria can be included in a policy.</p> <p>Funding may allocated to a wide variety of projects and not all funding will have a direct impact on the Council's net zero approach.</p>	
<b>OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS</b>	
<p><b>Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.</b></p>	
<b>Crime and Disorder</b>	<p>Depending on the type of funding allocated it may have an impact on crime and disorder and will be in accordance with the Council's priorities</p>
<b>Health Inequalities</b>	<p>Grant funding is likely to be wide in its nature however in accordance with the Council's priorities and in delivering partnership work it is likely that some funding will be allocated to help address health inequality and in particular funding can be beneficial an addressing overall inequality</p>
Subsidy Control (the requirements of the Subsidy Control Act 2022 and the related Statutory Guidance)	<p>All allocation of funding must comply with the Subsidy Control Act 2022 either by being outside the Act for example if a procurement route is used to allocate funding or if it constitutes a subsidy it must be in accordance with a subsidy control regime</p>
<b>Area or Ward affected</b>	<b>All</b>

### PART 3 – SUPPORTING INFORMATION

<b>BACKGROUND</b>
<p>The focus of this report is on the grant funding to the voluntary and community sector as wider funding such as allocation of disabled facilities grants or use of health inequalities</p>

funding to support wider inequality work is subject to separate governance procedures.

The Council has agreed a new Corporate Plan which has community leadership as a crosscutting element of the Plan. To deliver its priorities the Plan identifies the key areas of

- Pride in our area and services to residents
- Raising aspirations and creating opportunities
- Championing our local environment
- Promoting our heritage offer, attracting visitors and encouraging them to stay longer
- Financial sustainability and openness

The awarding of grant funding to the community and voluntary sector can help address a number of the priorities and help deliver the key aims of the Plan. For example developing pride in our communities is often supported by the voluntary and community sector as they help to improve local areas either through direct work such as litter picks through to developing community and reducing social isolation. Similarly supporting young people, improved digital access via support, culture and open space can be delivered through grant activity.

The allocation of funding is currently broad including the Tendring Community Fund, Citizen's Advice Tendring, Shared Prosperity funding, the Community Asset Rent Offsetting Scheme, discretionary business rate relief and allocating health inequalities funding for food and fuel vouchers.

A review of the types of funding available which could be given out over a year period (some funding is allocated over a number of years) identified in the region of £750K is allocated from Council resources and external funding is in the region of £1M. Some of this funding is not necessarily directed to the voluntary and community sector as for example the Shared Prosperity Fund has also been used to support the Starlings project.

Currently funding given out may have Cabinet approval such as for Citizens Advice Tendring, portfolio holder approval for example health inequalities funding or is supported by member working groups such as under the Tendring Community Fund.

Although there is currently good oversight of the different grant funding available it is not necessarily following a consistent approach and one organisation could be applying for funding from two different parts of the Council at the same time.

Appendix A.1 details some of the funding allocated and some of the wider funding the Council receives and can utilise.

With significant allocations of funding available it is therefore important to have a consistent, transparent and compliant grant process to ensure that the Council can deliver its objectives allowing careful planning, effective prioritisation which is transparent and well informed in accordance with the Corporate Plan focus on financial sustainability and openness.

### **Grant Funding**

When external funding is passed to the Council a funding agreement is usually received. However agreements often allow the Council to have some discretion as to how funding is

allocated in terms of the grants provided.

Funding is also allocated from within Council resources either as part of long standing agreements or for example community support through the Tendring Community Fund.

The governance around funding varies across the allocation of money although has similar general principles across most areas and is highlighted below.

Citizens Advice Funding – this is ongoing funding allocated each year. No criteria or application form are used to allocate the funding however it is subject to grant agreements (led by the Council for the core funding and currently the Integrated Care Board for the mental health hub funding as part of a wider funding partnership). Funding provision is currently agreed at a Cabinet level.

Tendring Community Fund – allocation of funding is via a set of criteria and an application form which is then assessed by a Member panel with final approval from the Portfolio Holder for Partnerships. All allocations of funding are supported by a grant offer letter or grant agreement.

Public Health Funding – recent allocation is to ongoing work undertaken by the Council for example the Dig for Jaywick project.

Community Safety Partnership funding for community projects is funding allocated by the Police, Fire and Crime Commissioner and therefore governance is via their office and allocation of funding must be in accordance with the criteria they set.

Joint Use Facilities funding is allocated via a set of criteria and application form and then supported by portfolio holder approval.

Shared Prosperity Fund – some of this funding is allocated directly to Council projects for example around the Starlings site and where funding is provided as grants there are specific criteria, use of an application form, scoring criteria and an award process.

For the small event grants and sports participation grants criteria are published and organisations apply and funding is then allocated and supported by a grant offer letter.

Town Centre Grants (£10K) and Local Cultural and Education Partnership funding (£10K) are more responsive in nature and are used on demand and usually for relatively low value. They seek to provide grant offer letters.

Rural England Prosperity Fund – this has published criteria and organisations apply and then recommendations to the portfolio holder and Leader for allocation and grant offer letters provided.

Harwich Ferry is funded on an ongoing basis and although this is not via a set of criteria or via an application form but is subject to a wider funding agreement with partners which sets out the allocation and the agreement between funders. Similarly the Community Rail Partnership works on this type of model. Both these allocations are of low value the highest being £2100.

Discretionary Rate Relief – this is often ongoing support for organisations who have received

support previously. It is used to support with rate bills for certain non-profit making bodies. There are criteria and application form on initial application.

Rough Sleeper Grant – although this funding is allocated to a voluntary/community organisation in terms of Anglia Care Trust this is undertaken through a routine procurement approach.

Community Asset Rent Offsetting Scheme – no new applications have been accepted on to this scheme in the last four years. When they could apply it was via an application form and needed to demonstrate community benefit and if the criteria were met they could be considered to access the scheme.

### **Good Governance Criteria**

Although there are a variety of governance routes there is an overall similarity especially around criteria and grant award letters/offers.

Consideration can be given to identifying what the key criteria are that could apply to how funding is allocated. This could include

- Any substantial external funding must be formally accepted by the Council
- That any MOUs or grant agreements associated with external funding must be complied with
- Specific criteria should be developed for funding
- Accessing funding should be via an application form which details the criteria
- Any bids should be assessed by officers/Members in accordance with criteria
- Grant funding offers or letters should be provided when allocating funding which include the aim, purpose and what is to be achieved by the funding, details expenditure and reporting mechanisms around evaluation and monitoring
- All allocations of funding must comply with the Subsidy Control Act 2022

### **General Policy**

A review of grant funding provides an opportunity to develop a more coordinated and strategic approach delivering a transparent and consistent process which aligns grant funding to the council's ambitions and priorities and could be supported by the development of a policy.

This could recognise the vital role of local people and community groups and also the importance of local businesses in providing employment as a key support for communities. It will also provide an opportunity to help these sectors thrive and help deliver the outcomes important to the Council and our communities.

One option to help develop further consistency would be to develop a policy which sets the overriding criteria for provision of grants. Areas for consideration could for example include

- Aligning with the Council's Corporate Priorities and strategic priorities
- Being able to evidence unmet need
- Deliverable within a timescale, and not necessarily requiring ongoing funding



- Providing value for money
- The lasting impact and sustainability and ability to demonstrate the difference made
- Considering how the public have been engaged

Any policy would also highlight the requirement for the ability to provide proof that the grant has been spent on the activity intended and outlined in the grant application. This could also include the social, community and economic impact of any allocation

The strategic outcomes which the Council may wish to achieve via this process could include the aims within the Corporate Plan for example pride in our area, developing services to address needs and supporting our heritage.

### **Subsidy Control Act 2022**

The Subsidy Control Act 2022 imposes duties on public authorities where they provide support to an enterprise that gives the enterprise an economic advantage, meaning equivalent support could not have been obtained on commercial terms. Provision of any grant funding therefore needs to consider whether the funding may constitute a subsidy.

A subsidy may arise if the following criteria are met,

#### **Is the financial assistance given, directly or indirectly, from public resources by a public authority?**

Public resources includes public funds administered by local authorities, whether they are given directly, through public bodies or private bodies.

#### **Does the financial assistance confer an economic advantage on one or more enterprises?**

The recipient must be an enterprise - that is any entity that is engaged in economic enterprise which means offering goods and services on the market.

The financial assistance must also confer an economic advantage, meaning that it is provided on favourable terms. The financial assistance will not confer an economic advantage if it could reasonably be considered to have been obtained on the same terms on the market.

#### **Is the financial assistance specific? That is, has the economic advantage been provided to one (or more) enterprises but not others?**

This covers financial assistance that is provided to specific beneficiaries determined on a discretionary basis as well as assistance that benefits only enterprises in a particular sector, industry, area or with certain characteristics.

#### **Will the financial assistance have or is it capable of having, an effect on competition or investment within the UK, or trade or investment between the UK and another country or territory?**

To constitute a subsidy, the assistance must have a genuine effect that is more than incidental or hypothetical on competition or investment in the UK, or on international trade or

investment.

All allocation of funding will need to be in accordance with the Subsidy Control Act 2022 which if the above criteria are met and the funding is still required to be allocated may involve the publishing of a subsidy control scheme.

There are a number of other options to ensure the requirements of the Act do not need to be met and this is by ensuring the allocation will not be considered as a subsidy.

Currently a number of proposals for funding are via an open call process in which case anyone within the criteria can apply for example the Tendring Community Fund was available for community groups to apply to support their community if they were meeting the corporate plan priorities. On this basis this is unlikely to be provided to one beneficiary in a way which distorts competition as there is a broad range that could apply for the funding.

Similarly if a procurement process is completed then this is outside the Act as all relevant parties can apply and so there is no distortive effect on competition. Although potentially this could start to affect some providers for example within the community sector moving them more towards acting like economic operators.

### **Grant Funding Options**

Currently the Council gives out significant amounts of funding either from existing resources or from awards from Government and partners.

#### Governance criteria

The governance around allocating funding has a number of similarities across departments which does appear to show good oversight but on a case by case basis and is not necessarily consistent.

There is therefore the opportunity to consider determining a set of governance criteria under which funding is allocated to ensure consistency across the Council.

If criteria are set however this will need to include a degree of flexibility as not all cases will be straight forward allocations following an application form process. For example some allocation of funding is by wider agreements with other partners where the Council is a relatively smaller contributor although the removal of Council funding may mean the wider scheme cannot continue. For example the Council's ongoing contribution of £23K to the Citizen's Advice Tendring Wellbeing Hub is less than a quarter of the total funding provided by partners to run this scheme.

Other funding is allocated in a responsive way and so needs a degree of flexibility to be able to respond quickly for example the funding used as town centre grants.

In addition there may need to be flexibility around some long standing schemes for example CAROS where although no new applicants can apply there is ongoing allocation of funding.

#### Identifying key areas of focus for grants

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In line with the Corporate Plan a set of key areas could be determined where the Council wishes to allocate grant funding. This would then become part of the criteria for funding and so organisations not delivering around these specific objectives would not be able to meet the specific criteria for applying.

Although this does allow for much more targeting of grants it removes flexibility. The Tendring Community Fund was directly set up in response to the cost of living crisis and the developing challenges communities faced. If a set of key areas of focus for allocating grants had already been determined it may prevent responding to developing need.

In addition a significant amount of funding either comes from Government or partners who may either set criteria in the first place which may not be in accordance with any key priority areas for focus set by the Council or, as with health inequalities funding where it has been provided in line with an MOU, but also requires Alliance Board approval to be allocated.

In addition when setting criteria it may be difficult to ensure that the right balance is achieved which meets any focus the Council wants but is also broad enough to ensure it does not exclude bids from those the Council wishes to support.

The current situation where there is generally use of criteria, application forms and often portfolio holder approval does provide good oversight of how money is being allocated and that it remains within the corporate priorities.

### Grants Policy

There is however the potential to have a wider grants policy and this could include reference to good grant governance as well and which would set out the overall position in relation to grants.

This could for example include around the underlying principles in relation to grants and the general background and cover some general areas for example around eligibility.

This would help transparency and can remain broad enough so the Council can achieve its aims.

A draft policy is attached as appendix A.2 for discussion if appropriate.

### **PREVIOUS RELEVANT DECISIONS**

### **BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL**

### **APPENDICES**

#### **Appendix A.1 Grant Review**

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