

## **Voluntary and Community Sector Funding Protocol**

### **1. The Voluntary and Community Sector in Sandwell**

The Voluntary and Community Sector (VCS), also known as the third sector, encompasses a wide range of organisations in Sandwell, including voluntary organisations, community groups, tenants and residents' groups, faith groups, housing associations, co-operatives, social enterprises, sports organisations and grant-making trusts. In this guidance the term 'voluntary and community sector' relates to the organisations that meet the criteria within the Council's [Definition of Voluntary and Community Sector](#).

### **2. Importance of the VCS**

Voluntary and community organisations make an enormous contribution to the life of Sandwell. The Council and the VCS are mutually dependent.

The Council need an active VCS to:

- provide services
- support hard to reach communities and individuals,
- take on a campaigning or advocacy role on behalf of local people, providing an important challenge to statutory bodies including the Council
- provide choice
- help to provide solutions to local problems, by working in partnership
- provide opportunities for local people to get involved
- contribute to the local economy, providing jobs, volunteering opportunities and spending power

The VCS needs the Council to:

- provide a wide range of support, including funding
- listen to their views
- respond
- engage with them on identifying needs and designing services

### **3. Purpose of the VCS Funding Protocol**

The VCS Funding Protocol establishes a framework for the Council's funding relationships with VCS organisations. It aims to:

- Support the Council Plan 2024-27 and Vision 2030.
- Ensure fairness, transparency, and compliance with the Sandwell Compact, Funding Code of Practice, Grant Procedure Rules and Procurement and Contract Procedure Rules.
- Be affordable, deliverable and compliant with legislation, including the Public Services (Social Value) Act 2012.

### **4. The Funding Framework**

There are two inter-related approaches to funding:

#### **Contracts**

Purchasing services from VCS providers will usually be done through competitive arrangements with other service providers from the private or the statutory sector and will comply with the Council's Procurement and Contract Procedure Rules. The vast majority of the Council's funding for the VCS will come via this route.

The Council will support the VCS to engage in public service delivery in a range of ways including:

- ensuring that all opportunities are advertised on the [InTend website](#), SCVO website, Council webpages and other council social media platforms
- investing in infrastructure support services to deliver tailored support to VCS organisations so that they have the appropriate policies and systems in place to deliver public service contracts

## Grants

Grant funding will only be available for organisations that meet the requirements of the Council's definition of the VCS and have objectives that bring about social, economic or environmental benefits to Sandwell, and support the Council Plan Strategic Themes and Vision 2030. Grant funding will:

- create a foundation of funding which can be built using additional funding from other sources
- provide a degree of stability for local VCS organisations
- stimulate innovation, allowing VCS organisations to take risks and try new ways of working
- foster partnership working
- provide funding for the core functions of VCS infrastructure

Funding will be 'unrestricted' in nature (in terms of how it is reported in an organisation's annual accounts).

The Council will support the VCS to deliver grant funded activities by:

- investing in infrastructure support services to deliver tailored support so that the VCS have the appropriate policies and systems in place to deliver grant funded activities
- Implementing a robust grant-making process to include:
  - ensuring that all opportunities are advertised on SCVO website, council webpages and other council social media platforms
  - An open, competitive grant making process where eligible voluntary and community sector organisations are invited to apply, and funding decisions are in accordance with published criteria.
  - A competitive grant making process that is open only to specifically chosen voluntary and community sector organisations with the reasons for restricting certain organisations from applying.
  - A process of co-designing services that is open to all eligible VCS organisations and will ultimately be delivered by them via an open competitive application process.

- A Direct Grant is awarded to a sole voluntary and community sector organisation with the specialism to deliver the activities/services required.
- In some cases, small grants could be administered by VCS infrastructure organisation such as SCVO.

## **5. Definition of a Grant**

A grant is a sum of money awarded to an organisation in anticipation of it being applied for an agreed purpose. A grant is provided subject to conditions that state the desired outcomes that the funding should be used to achieve and may include how the grant can be used. The grant-aided organisation may use or offer to use the grant to provide goods or services that meet their own objectives or objectives that they share with the Council.

## **6. Definition of a Grant Funder**

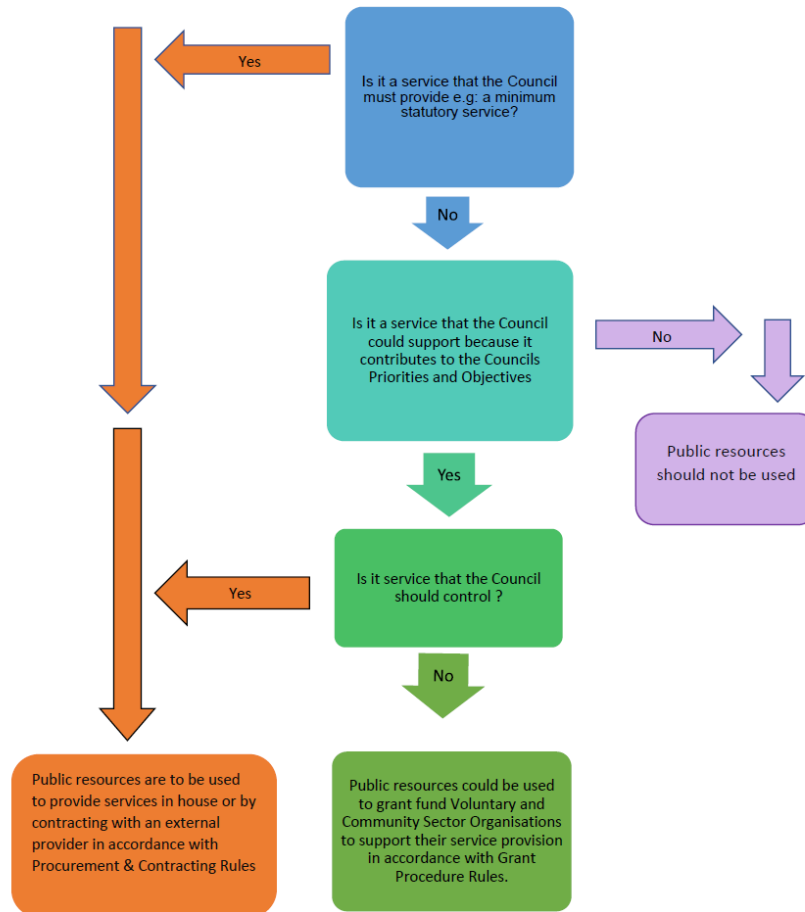
The HM Treasury definition of a voluntary and community sector grant funder, below, identifies the circumstances when voluntary and community sector grant funding is an option for commissioning officers:

“A grant maker is not contracting for a service that forms part of its own business. It is offering financial support in an area of work designed by the voluntary and community sector, which it wishes to sponsor. The work would add value to the funder’s overall aims and objectives.”

## **7. Decision Making Support for Grant Funding**

The following flow chart will help Commissioning Officers decide whether grant funding is the most appropriate route to take to achieve medium-term service design/business planning priorities and business and commissioning plan outcomes. It should help to understand the circumstances when voluntary and community sector grant funding is a possibility and the best appropriate option, for the use of public resources.

## Flow Chart – Choosing Grant Funding Route:



Officers are advised to carry out an options appraisal in order to determine whether a grant or a contract is the most appropriate funding mechanism for a particular activity or service.

Using public resources to grant fund voluntary and community sector organisations can add value to funded organisations contributing goodwill, time and financial resources and can also result in high levels of community impact.

Grant funding the activities of voluntary and community sector organisations, in accordance with this guidance, could provide a greater contribution to the Council's priorities than in-house or contracted out service provision. However, this cannot be an option to avoid Procurement & Contract Procedure Rules for services that service design/business planning processes have identified as needing to form part of the Council's 'own business' activity.

The Council's [Voluntary Sector Grants Team](#) can offer advice and support to commissioning officers and budget holders wanting to determine whether voluntary and community sector grant funding is the most appropriate option to achieve business and commissioning plan outcomes.

Voluntary and community sector grant funding is not an option if service design/business planning and commissioning processes identify services that need to form part of the Council's 'own business' activity. In these circumstances grant funding is not appropriate and must not be used to avoid Procurement & Contract Procedure Rules.

However, there are many instances when services do not need to form part of the Council's 'own business' activity and in these circumstances voluntary and community sector grant funding could be the best option.

For the Council to retain ultimate responsibility for any service that it wants another organisation to deliver, a procurement exercise, focusing on services required by the funder, would need to be undertaken to appoint a suitable provider.

Grant funding, however, focuses on supporting the funded organisation to provide its own services/activities and so, the ultimate responsibility for providing grant funded services/activities is with the organisation receiving the grant. It is for this reason that the Council should only agree to grant fund organisations that will use the funding for goods, services and activities that will also contribute to the Council's Priorities.

Using the grant funder definition above, grants may be used by funded organisations to provide services for their 'own business' objectives, providing the Council's priorities are still met.

The table below will further assist in determining if grant funding is the most suitable option:

	<b>Grant / Support</b>	<b>Contract / Control</b>
Service	Is part of/Meets voluntary and community sector organisation's business objectives	Is part of/Meets Council's own business activity
Ultimate responsibility for ensuring that the service is provided	The voluntary and community sector organisation	The Council
Whose business is it?	The voluntary and community sector organisation's	The Council's
Meets Council Plan Strategic Themes and Vision 2030 objectives	Yes	Yes
Conforms to Sandwell Compact requirements	Yes	Yes (where appropriate)

## 8. Examples of voluntary and community sector grant funded activities

Below are examples of voluntary and community sector grant funded activities that could achieve the Council's business and commissioning plan outcomes:

- Grants as start-up capital – Grants can be a vital first step in developing a voluntary and community sector organisation.
- Grants as stimulators of innovation – Grants allow voluntary and community sector organisations to take risks and try something new that benefits the communities in which they are based.
- Grants as a fosterer of partnership – Grants enable locality knowledge to be developed and be an alternative method of fostering partnership relations. Grants additionally have the potential to strengthen a more trusting funding relationship between voluntary and community sector organisations and the Council and could be used to support the Council to develop policy.
- Grants as sustainers of voluntary and community sector organisational ethos – Grant funding allows voluntary and community sector organisations to remain close to their values and remit, not adapt them to fit the demands and agenda of contract funders, thus preserving the independence of the voluntary and community sector.
- Grants as enablers of economic viability – Grants can help voluntary and community sector organisations when they are in trouble, providing short term funding for short term problems, or they can be used strategically over a number of years to achieve long term outcomes.
- Grants as stimulators of local employment and volunteering – Given the neighbourhood focus of many voluntary and community sector organisations, grant funding can enable people to work or volunteer in the neighbourhood in which they live.
- Grants as fosterers of entrepreneurship – Grants can provide the stimulus for voluntary and community sector development and the translation of ideas into tangible activities.
- Grants as value adders to mainstream delivery – Voluntary and community sector organisations can inherently understand the needs and wants of the communities in the neighbourhoods in which they are based and are thus well placed to fill gaps in provision. Grant funding should be the mechanism for enabling



this neighbourhood level activity and therefore add value to mainstream provision. In addition, grant funding can create a foundation of funding which can be built using additional funding from other sources.

- Grants as tacklers of worklessness and deprivation – Grant funding can directly lead to localised employment and volunteering and the many benefits this can bring. Indirectly, engagement in bespoke and focused activities can become a route out of deprivation for some individuals and communities.
- Grants as providers of needed and bespoke support services – These activities cannot always be delivered through mainstream provision and contracting and will often be more neighbourhood based in their focus. Grants are a mechanism through which this very neighbourhood level support can be activated. In addition, grants can be a means of piloting the provision of new and different services and activities.

## **9. Grants Process**

Any voluntary and community sector grant funding process should commence following an options appraisal that indicates that grant funding would be the best way, to use public resources, to achieve desired outcomes and contribute towards council priorities. Where possible the Council should involve the voluntary and community sector, as stakeholders, when undertaking needs assessments and service design.

In accordance with the Sandwell Compact, the Council must also adopt the corporate approach to determine the recipients of voluntary and community sector grant funding which is fair, open, transparent and recorded. The corporate approach must be approved by the VCS Grants Board prior to commencement of the grant process as per [Sandwell Grant Procedure Rules](#).

The grants process should be timetabled, with consideration to the demands the activities may place on voluntary and community sector organisations by building in adequate time to take part in a meaningful way. Should any process include the desire, or requirement, of formal written consultation it must, in accordance with the Sandwell Compact, be for a minimum of 12 weeks with the voluntary and community sector receiving early notice.

When determining grant funding recipients, the Council should consider the demands placed on itself and on grant funded organisations undertaking grant administration tasks. These tasks should be proportionate to the level of grant funding and associated risks to the Council. For relatively small grants with low risk to the Council, the administration tasks should be simple.

As a general principle, the total amount of grant funding awarded to an organisation for a specific purpose should not exceed £150,000. Any requirement that exceeds this value is likely to form part of the Council's 'own business' and should be commissioned through the Procurement & Contract Procedure Rules. Exceptions to this include grants that are passported by the Council from another funding source or where it can be demonstrated that the activity does not form part of the Council's 'own business' and that grant funding delivers best value.

Depending on the total value of the grant, voluntary and community sector grant decisions must be made by senior officers and/or elected members in accordance with the delegated authority set out in the Council's Constitution and the Key Decision Threshold:

<b>Total value of grant</b>	<b>Approval</b>
Up to £100,000:	<ul style="list-style-type: none"><li>○ Chief Officer or delegated budget holder accordance with Financial Regulations</li><li>○ The request for a grant funding process must be made in writing setting out the proposal, justifying the need, demonstrate how the action achieves best value for money.</li><li>○ Approval via email acceptable</li></ul>

Total value of grant	Approval
£100,000 to £500,000	<ul style="list-style-type: none"> <li>○ Chief Officer, in consultation with the Chief Finance Officer</li> <li>○ The request for grant funding process must be made and approved in report format, signed by both the Chief Officer and Chief Finance Officer</li> <li>○ Report will also be required in the event that prior authority has been given by Cabinet to a Chief Officer to award a grant above a total value of £250,000.</li> </ul>
£500,001 to £1million	<ul style="list-style-type: none"> <li>○ Cabinet Member</li> <li>○ Report to Cabinet Member including content above, including where any exemptions to these rules are required</li> </ul>
Above £1 million+ (Key Decision)	<ul style="list-style-type: none"> <li>○ Report to Cabinet including content above, including where any exemptions to these rules are required.</li> </ul>

Elected members set the strategic direction of the Council which informs the desired outcomes to be achieved through grant funding. Cabinet Members give approval to commence grant programmes or award grant funding to organisations in line with the Key Decision Threshold. These decisions are based on recommendations from officers following either an open application process or an assessment of the need to make a direct award. Elected members are not involved in the evaluation of grant applications.

Elected members with delegated approval responsibilities who also serve as management committee members of eligible voluntary and community sector organisations or are involved in supporting a grant application, must declare any conflicts of interest prior to any decisions being made. This is in accordance with the [Member Code of Conduct](#).

All elected members must read and adhere to the [Guidance for Councillors who are responsible for the Executive Management of funded voluntary organisations in their personal capacity](#).

## **10. Grant Administration**

The basis for grant funding administration is a Grant Agreement, focusing on outcomes and how they are measured. The agreement includes funding amount, duration, activities, payment schedule, conditions, monitoring requirements and Council support.

## **11. The Council's Approach to Reviews**

Reviews help the Council to decide if a service is needed, is being provided well and is good value. Individual contracts and grant agreements will be reviewed on a regular basis, usually annually. Individual organisations funded by the Council may be reviewed from time to time, for example through the Council's scrutiny process. Service reviews of all providers of a particular service will be carried out, including statutory, private and VCS providers. VCS organisations involved in a review will be given a clear explanation of the rationale behind the review and the Council will share the outcomes of the review process with them.

## **12. Protocol Review Arrangements**

The implementation of the protocol is subject to ongoing review to ensure its effectiveness.

## **Glossary of Terms**

### **InTend website**

The council's web-based system for buying goods, works and services. Registration is free and all tender advertisements are carried out via the InTend supplier website.

### **Infrastructure**

Voluntary sector infrastructure organisations provide a range of support, information and services to front line voluntary and community sector organisations, including: volunteer brokerage, mentoring, training, capacity building. Local infrastructure organisation include SCVO (Sandwell Council of Voluntary Organisations).

### **Sandwell Compact**

The Compact is an agreement between Sandwell's VCS and their statutory sector counterparts. By setting out the principles governing the relationship between the two sectors, the Compact aims to set the tone of their relationship, supporting them to work together to do good things for the people of Sandwell. Whilst the Compact is not a legally binding document it is a statement of intent and aspiration.

### **Scrutiny**

Scrutiny ensures that those elected members making decisions are held accountable for their decisions, that policy making in the council is evidence based, that the decision-making process is clear and accessible to the public and that there are opportunities for the public and their representatives to influence and improve public policy.