

Overview and Scrutiny Committee

Report of Managing Director

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Review of Grants

Officer recommendation:

The Committee is invited to comment on the draft proposals arising from the review of grants.

Reason for Recommendation:

To provide an opportunity for the Committee to help shape and influence the outcomes of the review.

1. Executive summary

- 1.1 This report sets out recommendations on our future financial support for voluntary and community organisations.
- 1.2 Although we are operating in a difficult financial climate, we recognise the commitments in our Corporate Plan to protect our most vulnerable and disadvantaged residents. Therefore, we are proposing an increase in the funding available for voluntary organisations working with priority groups, such as:
 - homelessness
 - mental health services
 - support for vulnerable families
 - services for the elderly
- 1.3 We are also proposing an increase in the funding of the core service provision of both Guildford and Ash Citizens Advice to support their work with residents in most need.
- 1.4 The report recommends changes to the way in which we support the type of one-off projects funded through the Community Grants Scheme. These reflect the

new mechanisms being made available for voluntary and community organisations to raise funds, such as the Guildford Community Lottery and the proposed Guildford crowdfunding platform.

- 1.5 As an overall package, the recommendations would result in more funding being available for voluntary and community organisations, whilst placing greater focus on caring for residents with the greatest needs. Any changes would come into effect in readiness for implementation in the 2021/22 financial year. The Voluntary Grants and Community Grants Schemes will operate in the usual way for the last time this year for funding in the 2020/21 financial year.
- 1.6 The Committee is asked to consider the draft recommendations arising from the review as set out below:

- (a) that the Council enters into funding agreements for the services provided by the following organisations and that the sums indicated below be included in the 2021/22 budget for this purpose:

Guildford Action Day Service	£90,000
Citizens Advice County Court Service	£5,000
Guildford Action for Families	£30,000
Home Support Services Guildford	£20,000
Oakleaf Enterprise	£20,000
Canterbury Care Centre	£20,000
Homestart	£5,000

- (b) that a revised Voluntary Grants Scheme with an annual budget of £50,000 be retained to provide financial support for organisations working with the most vulnerable and disadvantaged residents;
- (c) that funding for the core service provision of Guildford and Ash Citizens Advice be increased by 10% with effect from 2021/22, to the following total amounts:

Guildford Citizens Advice	£235,300
Ash Citizens Advice	£76,450

- (d) that the Community Grants Scheme be replaced by a new Aspire Grants Scheme with an annual budget of £30,000;
- (e) that the establishment of a Guildford crowdfunding platform to provide financial support for projects being promoted by local community groups and organisations be approved; and
- (f) that the allocation of £160,000 from the New Homes Bonus Reserve to fund the operating costs of the proposed crowdfunding platform and the Council's financial contribution to eligible projects for a two year trial period be approved.

2. Strategic Priorities

2.1 The diverse and extensive nature of existing grant and other financial support to voluntary and community organisations means that the proposals set out in this report impact on many of our strategic priorities. Perhaps the most relevant are:

- Supporting older, more vulnerable and less advantaged people in our community
- Enhancing sporting, cultural, community and recreational facilities

3. Background

3.1 The Overview and Scrutiny Committee approved the scope of a review of the overall level and effectiveness of our grant and other support to voluntary and community organisations at its meeting on 14 March 2017. The initial recommendations arising from the review were reported back to the Committee in January 2018 and a number of proposed changes were incorporated in the Council's budget for 2018/19.

3.2 Whilst most of the recommendations were implemented, there was less agreement about the future of grant funding for organisations supported through the Voluntary Grants Panel and to Guildford and Ash Citizens' Advice, particularly around the possible transition to a commissioning model. The Committee highlighted the need for further consultation with grant recipients and for councillor involvement in the review going forward.

3.3 As a result, a Grants Review Panel was established to oversee the next phase of the review. Meetings were also held with a number of voluntary organisations to discuss their funding arrangements. The recommendations arising from the review are set out in this report.

Voluntary Grants Scheme

3.4 The Voluntary Grants Scheme, which provides funding for voluntary organisations supporting vulnerable clients in our borough, was previously funded jointly by Surrey County Council and ourselves. In 2017/18, we contributed a sum of £178,780 with a further £56,000 being provided by the County Council.

3.5 Surrey County Council funding has since been withdrawn and, from 2018/19, we have been the only contributor. The reduced funding means that we have faced difficult decisions about how we maintain support for some of our most vulnerable and disadvantaged residents. In the last two years, this has involved the transfer of significant sums from the Community Grants Scheme to the Voluntary Grants Scheme.

3.6 In practice, the Voluntary Grants Scheme does not operate as a discretionary grants scheme. Most recipients receive grant funding on an annual basis and, in some cases, organisations would close or services cease entirely without this financial support. The funding is effectively pre-allocated and there is very little

Citizens' Advice (CA)

- 3.12 We currently provide significant annual funding outside the Voluntary Grants Scheme process to both Guildford and Ash CAs for their core provision (figures are for 2019/20):

Guildford CA	£213,910
Ash CA	£69,500

(Note: Both Guildford and Ash CAs have also received additional recurring annual funding from the Voluntary Grants Scheme as shown in paragraph 3.6 above for additional services beyond their core service provision.)

- 3.13 We are proposing that the current funding agreements with Guildford and Ash CAs are continued. However, we recognise that the annual funding we provide has not increased for a number of years and are, therefore, recommending a 10% increase for 2021/22, as follows:

Guildford CA	£235,300
Ash CA	£76,450

- 3.14 We are also recommending that the current funding agreement with Ash CA (£63,000) for the provision of money advice services across the borough is retained.

- 3.15 However, we would like to work with both CAs to review their current operating models and to explore opportunities for new ways of working and possible closer integration and collaboration. It should also be noted that, under the new proposed arrangements, the CAs would no longer be eligible to apply for grants from the revised Voluntary Grants Scheme.

Community Grants Scheme

- 3.16 The current budget of £168,360 for the Community Grants Scheme has been under-subscribed in recent years and, therefore, the opportunity has been taken to vire significant sums to the Voluntary Grants Scheme to focus our support on our most disadvantaged residents. Whilst the scheme has supported a number of worthy local projects, given the current financial constraints, it does not necessarily focus on our most pressing priorities.
- 3.17 In addition, with its annual funding cycle and applications being required at least six months in advance of any grant being paid, the scheme does not always offer the flexibility required for the type of projects that it exists to support.
- 3.18 We have introduced a number of recent initiatives to support local voluntary and community groups. The Guildford Community Lottery provides a vehicle to help local groups raise funds for projects themselves. At the time of writing, 116 local voluntary and community groups are signed up to the lottery and are raising over £57,000 per annum.

- 3.19 In addition, we have introduced the Aspire Grants Scheme. This offers a much simpler and more flexible opportunity for organisations and groups to apply for small grants. We are also proposing to establish a Guildford crowdfunding platform to enable community groups to raise funds for local projects and this is discussed further in the following section of this report.
- 3.20 Given these alternative available funding opportunities and to allow the proposed increased expenditure on charities and voluntary organisations supporting our most vulnerable residents, we are proposing to replace the Community Grants Scheme with a new, more light touch Aspire small grant scheme. The main features of the proposed new Aspire scheme would include:
- annual budget of £30,000
 - simplified grant application process
 - regular (monthly) grant award decisions
 - maximum grants of £1,000 per annum
 - decisions delegated to the Director of Community Services

4. Guildford Crowdfunding Proposal

- 4.1 With increasing pressure on funding available to the voluntary and community sector, crowdfunding is a concept that has been progressed by a number of councils as a means of bringing in additional support for local projects.
- 4.2 Running a crowdfunding scheme in-house would require staffing and new software systems, so local authority platforms are generally run in partnership with external operators. We have a similar relationship with Gatherwell Ltd for the management of the Guildford Community Lottery. Spacehive and Crowdfunder are the most common providers of council crowdfunding schemes.
- 4.3 In simple terms, crowdfunding provides a mechanism for community generated projects to attract funding from local residents and businesses (“the crowd”). It places communities at the heart of improving their areas and local places by allowing them to identify and prioritise the projects that they would like to promote and support. It also empowers local communities by engaging them directly in proposals and leads to a change in the way that projects are delivered locally.
- 4.4 Very much in line with our corporate priorities and central to our ambitions for Aspire, crowdfunding can have a significant impact on building the community’s capacity to deliver projects going forward. For example, a community group might initially deliver a small, successful £500 crowdfunded project to improve the appearance of an untidy area where they live. Building on the lessons learned and the contacts made, the same group may then launch a larger crowdfunding proposal to raise £20,000 to improve a local play area or community building.
- 4.5 Crowdfunding as a funding mechanism is already available to individuals, community groups and businesses to use directly. They can sign up to platforms to seek support for an endless range of proposals and there are already examples of successful crowdfunded projects in Guildford.

- 4.6 However, by launching our own platform, we would create a mechanism to stimulate and deliver projects to improve places in our borough. We would also encourage and leverage private money to support a programme that complements our own corporate priorities (e.g. enhancing sporting, cultural, community and recreational facilities).
- 4.7 The benefits of a Guildford crowdfunding platform might include:
- increasing the role and capacity of individuals and community groups to create, fund and deliver projects that improve the borough;
 - developing a sense of ownership amongst local residents over where they live by allowing their ideas to shape those places;
 - making the Council more responsive by recognising the public mood when making decisions to support projects through crowdfunding;
 - making better use of resources within the borough by attracting and leveraging external funding (one estimate suggests that for every £1 invested in crowdfunding projects, there is a 250% return); and
 - maximising internal resources by embracing an online, user-friendly platform to administer the entire programme.
- 4.8 We would work with our external operator to:
- establish an online crowdfunding brand for Guildford projects;
 - establish criteria for projects that we would support financially (although we could also allow other projects to be included on the platform to seek entirely private funding);
 - prepare legal agreements for funded projects; and
 - develop a programme of communication and engagement with local communities.
- 4.9 Crowdfunding schemes have successfully funded a wide variety of projects elsewhere. The type of projects would partly depend on the eligibility criteria that we determine, but the provision and/or improvement of community buildings and facilities are common examples (e.g. village and community halls, scout huts, disabled toilets, play areas and equipment, community gardens and cafes, equipment for community groups and charities).
- 4.10 Crowdfunding platforms do not initiate projects themselves. Projects wanting to participate in a crowdfunding proposal would apply on-line. The provider would facilitate this in accordance with any agreed criteria and would provide support and guidance to the project. They would also manage pledges, ensure that the necessary financial security is in place and be responsible for dealing with

individuals and organisations who make pledges to a project that does not ultimately proceed.

- 4.11 We would need to establish a “pledge pot” to make contributions to projects that meet our criteria. From a review of other council schemes and following discussions with crowdfunding platform providers, a sum in the region of £50,000 per annum would seem appropriate to deliver some very positive results.
- 4.12 Initially, we would seek to fund this using the New Homes Bonus (NHB) grant for a trial period of two years and would look to support projects that meet our NHB policy. If projects meet the qualifying criteria of the agreements, there may also be an opportunity to use Section 106 monies allocated for public art, sport and recreation.
- 4.13 We would also set rules on our financial contributions. For example, we might wish to limit our maximum funding to £5,000 or 25% of the total cost of a project. We could also set a threshold by which we will only fund projects that have already sourced, say, 25% of the total cost from the wider community (i.e. those that had already demonstrated a level of community support).
- 4.14 These rules can have a major impact on the success of crowdfunding proposals. Councils are a trusted brand and our funding brings a sense of legitimacy and reality to proposed projects. By investing at the right time, we can help get projects over the line. Where councils have invested directly, the success rate of crowdfunding proposals is increased significantly to over 80%.
- 4.15 Although we would support some projects financially, we would also be encouraging a culture of civic entrepreneurialism across the borough. Other projects could be included on the platform which could proceed without any council funding.
- 4.16 We would also liaise with parish councils in the borough to determine whether they would be interested in becoming partners in the scheme. This might include seeking funding from the crowd for particular projects or, perhaps, offering their own funding for proposals within their areas. Another option would be to explore the use of Parish Council concurrent functions grant funding to support the crowdfunding of key projects.
- 4.17 Crowdfunding platforms often have their own national business partners who will invest in crowdfunding initiatives that support their own Corporate Social Responsibility (CSR) priorities. We would also seek to engage the local business community in a Guildford scheme to enable them to invest in local projects that they would wish to support.

5. Financial Implications

- 5.1 The proposed new funding agreements to support organisations in the priority areas of homelessness, mental health, vulnerable families and support for the elderly will result in total expenditure of £190,000 per annum. We are also intending to retain a revised, smaller Voluntary Grants Scheme with an annual budget of £50,000. Therefore, these proposals would result in additional annual

expenditure of £61,000 on supporting organisations caring for our most disadvantaged and vulnerable priority groups.

- 5.2 We are also recommending that the annual funding towards the core service provision of Guildford and Ash CAs be increased by 10% to support their work with residents in need. This will result in increased expenditure of £28,340 per annum.
- 5.3 The report is proposing changes to the way in which the type of projects receiving funding through the Community Grants Scheme are supported in future. We have already introduced the Guildford Community Lottery to enable charities, voluntary and community organisations to raise funds. To date, this is generating over £57,000 per annum for local good causes. We are also proposing to establish a Guildford crowdfunding platform to help community groups and organisations raise funds for local projects. The estimated annual cost to the Council is £80,000.
- 5.4 Given the increased focus in this report on using our grant funding to support the most vulnerable and disadvantaged residents and the new and proposed funding mechanisms available, we are proposing that the Community Grants Scheme is ended in its current form and replaced by a revised Aspire Grants Scheme with an annual budget of £30,000.
- 5.5 The Director of Finance and Policy and Partnerships Manager have met representatives of the UK's largest local authority scheme providers – Spacehive and Crowdfunder. Although the concept is similar, providers have differing operating and funding models. This would include an annual licensing fee of £10,000 to £30,000 for managing a Guildford platform on our behalf and a fee of up to 5% on council and private contributions to projects. The level of fee appears to reflect the extent of community engagement activity, training for staff, support for project organisers and initial checks on the viability of projects undertaken by the provider. We would need to evaluate the costs and merits of differing models as part of a formal procurement exercise.
- 5.6 In addition to the operating costs, we would need to establish a pledge pot. We would recommend a sum of £50,000 per annum. We are proposing that this is funded through the New Homes Bonus Reserve for a two year trial period. Our current policy states that we will:
 - (1) Allocate up to 15% of the NHB grant generated from new homes, in a ward or parish where a community group or parish council has an adopted neighbourhood plan in place and the new homes were generated from a site allocated for new housing within the neighbourhood plan, to an earmarked reserve for that community group or parish council.'
 - (2) Allocate the remaining NHB to projects identified in the Guildford Borough Council Corporate Plan, which will directly benefit our community, and where funding is requested as part of the annual business planning process. The projects may include but will not be limited to:

- (a) delivery of rural initiatives including crime reduction and environmental, cultural and leisure projects;
- (b) improve existing and create new parks and open spaces and provision of SANG;
- (c) work with partners to deliver additional schools and educational facilities, health facilities, residential care, and community facilities to meet population changes and local demand;
- (d) improve residents access to nature and wildlife;
- (e) deliver projects that help implement the play, sports development and arts strategies of the Council; and
- (f) support projects that help vulnerable people, those that are hard-to-reach and ethnic minorities to create supportive community groups and volunteer hubs to address issues of concern to them.

5.7 The criteria for projects being eligible for support through the Guildford crowdfunding platform would need to reflect the NHB policy.

5.8 The overall financial implications of the proposals set out in this report are summarised in the following table:

Expenditure	£	Savings	£
New Funding Agreements	190,000	Former Voluntary Grants Scheme	178,870
New Voluntary Grants Scheme	50,000	Community Grants Scheme	168,360
Increased Core Funding for CAs	28,340		
New Aspire Grants Scheme	30,000		
New Crowdfunding Platform	80,000		
	378,340		347,230

6. Legal Implications

6.1 We have the power to give grants to voluntary and community organisations (including through a crowdfunding platform) under the general power of competence in Section 1 of the Localism Act 2011.

6.2 Community and voluntary organisations awarded grants and financial support will be required to enter into a funding agreement with us before any payment is made. The agreement will set out the outcomes to be achieved using the funding and these will be monitored to ensure that they are delivered.

6.3 When deciding whether to recommend grants and financial support to external organisations, we must have due regard to the public sector equality duty by consciously thinking about the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

(Protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.)

- 6.4 The changes proposed in this report prioritise support for certain parts of the community, including the elderly, families and those with mental health problems. As part of our grant processes, we will continue to give consideration to the needs of those with protected characteristics.
- 6.5 We need to carefully consider proposals that would reduce funding to groups that have previously received financial support on a regular basis. In this case though, voluntary and community grants have only ever been offered funding for one year and there has been no commitment to ongoing support. This is made clear to applicants so there is no legitimate expectation that funding will continue.

7. Human Resource Implications

- 7.1 Officer time would be required to establish and operate new funding agreements, grant schemes and a new crowdfunding platform. This would be undertaken by the Policy and Partnerships Manager in conjunction with the Community Wellbeing Manager.

8. Key Risks

- 8.1 We believe that the recommendations contained in this report will better align our grant support for voluntary and community organisations with our corporate priorities, particularly in terms of the focus on the disadvantaged and vulnerable. We intend to introduce more robust monitoring of the outputs from our financial support to ensure that we are receiving value for money.
- 8.2 However, we should be mindful that, as the largest funder of services in some cases, we are likely to be seen as being responsible and accountable for their provision and continuation (although that may also be the case under the current grants system).
- 8.3 There are various risks associated with establishing a new Guildford crowdfunding platform, such as:
 - (a) the voluntary and community sector choosing not to engage with the initiative; and

- (b) crowdfunding not producing the anticipated levels of income for local projects.
- 8.4 However, these risks do not have appear to have been realised with other council platforms and we consider that they are outweighed by the potential to generate new funding for local voluntary and community organisations.

9. Consultation

- 9.1 The Grants Review Panel and officers held several meetings with voluntary sector organisations to discuss the funding position. The recommendations contained in this report were developed in association with the Grants Review Panel and are supported by the Lead Councillor and Corporate Management Team.

10. Suggested issues for overview and scrutiny

- 10.1 The Committee is invited to comment on the draft proposals.

11. Conclusion

- 11.1 Grants to voluntary and community organisations are made on an entirely discretionary basis. Grant recipients have always been made aware that funding is provided for one year only and that there is no commitment to further support. On that basis, it is for the Council to choose the overall level of grant funding to make available and the eligibility criteria for its various schemes.
- 11.2 The establishment of a new Guildford crowdfunding platform would support the “Community” theme in our Corporate Plan by giving voluntary and community organisations across the borough partners access to a new funding stream to deliver services and facilities for our residents.
- 11.3 The recommendations in this report seek to deliver a balanced approach by protecting and increasing our support for our most disadvantaged and vulnerable residents, whilst recognising the difficult financial climate in which we are currently operating.

12. Background Papers

Report to Overview and Scrutiny Committee: 14 March 2017
Report to Overview and Scrutiny Committee: 9 January 2018
Report to Executive: 19 February 2019

13. Appendices

None