

Culture Communities and Rural Affairs Select Committee Review Panel: Future Approach to Grant Aid

Conclusions and Recommendations

- 1.1 The Panel considered evidence regarding:
- how each grant stream operates at present
 - the views of regularly funded organisations regarding future funding options given reduced budgets
 - views of lead grant officers regarding opportunities for change/improvement
 - evidence of grant allocation good practice from other grant awarding bodies.
- 1.2 Taking all of this onboard, the Panel considered the way forward for grant allocation from 2012. Members agreed to focus on principles, rather than individual grants or individual grant streams. The Panels findings are presented to the Executive Member, including recommended principles for the future approach to grant aid to cultural and community organisations.

2 Openness

- 2.1 Members noted that a significant number of grants, particularly in financial terms, were rolled forwards each year to the same organisations, with only small adjustments for inflation or a % reduction across the board. The Panel were of the view that it was appropriate to take the opportunity to review the level of grant allocated to those organisations – to revisit what the organisations were engaged to provide and what level of funding was appropriate to fulfil those ambitions. This would enable judgements to be made based on each organisations circumstances rather than a 'one size fits all' approach.
- 2.2 The Panel was of the view that grant application should be opened up to allow other organisations the opportunity to apply. In some cases, this may involve adjusting application criteria e.g. not limiting funding for community activities to Community Associations so that other community based organisations could apply.
- 2.3 Increasing the range of organisations considered for grants would be a change of culture – moving away from rolling forward grants year on year based on historical ties, towards a more competitive process where the County Council selects which organisations to fund based on which best meet current priorities. Members noted that the responses received to the consultation with grant funded organisations and other stakeholders indicated a majority were supportive of the proposal to adopt a criteria based approach to prioritising grant decisions rather than further across the board cuts.
- 2.4 Members commented that the County Council may wish to consider how grant funding opportunities were promoted in order to reach those organisations that didn't currently apply.
- 2.5 Members also wished to reinforce the principle that all grant allocations be undertaken transparently, and that allocation of large grants require approval of the Executive Member (noting that the work on a Corporate Grants Database was distinguishing between small grants under £1000 and large grants over £25,000).

Recommendation 1: That grant streams be opened up to a broader range of potential applicants.

3 Service Provided

3.1 Members also noted that in some cases the criteria for allocation of grants were very broad, such as contribution to the Corporate Priorities. The Panel was of the view that such criteria should be strengthened based on more specific desired outcomes. This would enable judgements to be made in a fair and equitable way when there were more applications than there was funding available.

3.2 Members also commented that organisations should be encouraged to seek efficiencies in how they worked, and work towards requiring a smaller grant in future years where possible.

Recommendation 2: Grant criteria be strengthened based on specific outcomes and the level of grant awarded to organisations funded previously be reviewed to establish what level is appropriate going forwards.

3.3 Members also commented that there were areas where there was potential for organisations providing a similar service to collaborate, for example in the provision of rural touring. It was noted that some of the other authorities considered encouraged joint working by giving preference to organisations working together in their grant allocation criteria. Members also noted that a number of organisations responding to the consultation on the future of grant funding commented on the potential for organisations to collaborate on functions such as training or marketing.

3.4 Members noted that some of the other authorities considered entered into Service Level Agreements with organisations receiving larger grants, which could be for one two or three years. One authority indicated that for grants over £100,000 it may be appropriate to enter into a contract with the organisation. Members were of the view that consideration could be given to adopting a similar approach in Hampshire, so that there were clearer expectations where organisations were awarded significant funding by the authority.

4 Flexibility

4.1 Members noted that some grants required match funding from the relevant Local Council. Members commented that while it was positive to do so to encourage support from Local Councils, organisations could potentially benefit from the flexibility to generate match funding from other sources such as Parish Councils or local businesses. Members were aware that District and Borough Councils would also have budget pressures to respond to, and did not wish to rule out organisations from achieving funding from the County Council where the District Council was unable to provide support.

4.2 Members also commented that organisations applying for grants could be encouraged to explore sponsorship from businesses or local philanthropy.

Recommendation 3: That requirements for match funding not be limited to funding by District/Borough Councils (while support from Districts where available be welcomed).

- 4.3 When considering the Policy Fund grant stream, Members acknowledged that it may be beneficial to have flexible funding available that could be used for valuable projects that did not fit the criteria for the main grants, however Members were of the view that if such grants were considered in future it should be through a transparent process with Executive Member decision.

5 Expectation of Sound Planning

- 5.1 Members commented that applications for grants should include realistic budget planning indicating what the funds applied for (and any other resources available) would be spent on. Members also suggested that organisations applying for revenue grants should demonstrate contingency planning for how their business could adapt to reduced funding, given that funding from a variety of public sector sources was likely to be reducing. Members commented that organisations should not make plans based on assumed continuation of grant funding. The Panel noted that Lancashire County Council stated that organisations should demonstrate how the organisation or project was sustainable without County Council support beyond the first year of funding.

- 5.2 Members were of the view that priority should be given to organisations that could demonstrate they had sought and/or achieved funding from other sources, noting that other Local Authorities had made this a part of their criteria. Grant applicants could be signposted to alternative sources of income on the application form, following the example of Kent County Council.

- 5.3 Members acknowledged that funding the arts could generate additional income to the local area due to 'secondary spend' of those visiting the funded organisation. Members suggested it was the responsibility of the organisations concerned to demonstrate this benefit as part of their business case in their application.

Recommendation 4: When larger grant applications are considered, applications from organisations with good budget and business planning be prioritised.

6 Consistency

- 6.1 The Panel learned that existing grant streams had a variety of application processes, and did not support oversight across the range of grant allocation. It was noted that work was underway to implement a single portal for grant application across the County Council. Members were of the view that greater consistency across grant streams would be beneficial.

- 6.2 Members were interested in the work of Lancashire County Council, as this Authority had consolidated grant allocation from across the Council into two streams 'central gateway grants' and 'local initiatives fund'. While it was beyond the scope of this review to suggest grants be consolidated across departments, the Panel were of the view that there was scope to consolidate the grants to cultural and community organisations by bringing together all types of project funding and all types of revenue funding.

- 6.3 Members noted that consolidating grant streams would support consistency across grant allocation, however it was commented that variation in criteria should still be accommodated where this supported focus on the particular outcomes desired.

Recommendation 5: That consistent processes be developed across grant streams where possible, with consideration given to the potential to consolidate project funding streams and revenue funding streams.

7 Application Processing

- 7.1 Members were mindful of the resources required both for organisations to apply and for the County Council to process applications. Members were of the view that grant processes should be proportionate to the level of funding applied for. Therefore, applying for small project grants (e.g. up to £1000 as per the updated Corporate policy) should have light requirements, and applying for significant revenue funding (e.g. over £25,000 as per the updated Corporate policy) should have more stringent requirements.

- 7.2 The Panel was of the view that when considering disinvestment or comparing organisations where not all could be funded, the Executive Member would wish to inform such a decision with relevant evidence.

Recommendation 6: When considering applications for large grants (e.g. over £25,000) the Executive Member take into account relevant evidence such as the number of anticipated beneficiaries (enabling an estimate of subsidy per head) and whether alternative provision exists, to inform consideration of value for money.

- 7.3 From consideration of other grant allocating bodies processes, Members noted that it was good practice to set expectations – to indicate the level of interest compared to the amount of funds available (giving an indication of likelihood of an application succeeding), and to state clearly the timeframe for the funding and whether funding was to be expected in future years. The Panel was of the view that, in moving away from rolling forward the same grant allocations year on year, it should be made clear to grant applicants whether they could expect future funding. It was noted that three year funding agreements were desirable to give organisations stability and space to plan, however it was recognised that in the current financial climate the County Council would need to consider very carefully any commitment to future funding.

- 7.4 Members valued the knowledge and experience of the officers taking the lead for each grant stream at present. The Panel were minded that while consistency across grant allocation was desirable, and that the information required to make a judgement on an application should be provided through the application process, understanding of the service area was important. Therefore, while aspects of the application process may have the potential to be streamlined, the Executive Member may benefit from the professional view of the relevant lead officer when considering allocation of grants.

- 7.5 Members also commented on the fact that the County Council allocated a Member representative to a committee for a number of the funded organisations,

and that the relevant Member could be invited to give a view on the organisation concerned when a future grant application was being considered.

- 7.6 Members considered that an appropriate degree of monitoring was required, to identify if an organisation had achieved the aims set out in its application. This could inform future funding decisions should the organisation re-apply. Members noted that another authority withheld a small proportion of larger grants until a report had been received regarding the outcomes achieved.

8 Organisations from Outside Hampshire

- 8.1 Members were of the view that with reducing budgets, priority should be given to Hampshire based organisations. The panel was of the view that greater clarity was required regarding the County Council's position in relation to funding organisations based outside Hampshire. Members were content that project funding should be open to organisations based outside Hampshire if the project in question was taking place in Hampshire. With regard to revenue funding, Members were of the view that funding organisations based outside of Hampshire in this way would only be justified in exceptional circumstances e.g. where there was evidence of significant benefit to Hampshire residents, which could not be provided by other organisations.

Recommendation 7: Organisations based outside Hampshire only be considered for funding on the basis of a project taking place in Hampshire, or where the organisation provides a significant service to Hampshire residents that would otherwise not be available.

9 Small Grants

- 9.1 The Panel strongly supported the use of small grants for one off projects, commenting that these had significant impact on communities for small cost. Members wished to see this type of grant funding given priority, and commented that the focus for budget reductions should be the larger grants to large organisations.

Recommendation 8: Funding for small project grants be prioritised.

- 9.2 Members noted that the Hampshire Playing Fields Association distributed funds in small grants to other organisations, and that providing a grant to this organisation for this purpose saved the County Council from administering small grants directly in this area. Members commented that consideration could be given to whether this model could be applied to other service areas e.g. engaging one of the countryside organisations to allocate the smaller rights of way grants.

10 Solent Sea Rescue

- 10.1 When considering the grant stream for support to voluntary sports organisations, Members noticed that the Solent Sea Rescue Organisation performed a different function to the other organisations supported by this grant stream. While the Panel considered it appropriate for the County Council to support this organisation, Members were of the view that its role as a life saving organisation should be recognised and therefore that it was not appropriate for this grant to be considered alongside support to sports associations.

Recommendation 9: Solent Sea Rescue apply in future to a grant stream with a broader remit, such as the grants allocated by the Executive Member for Policy & Resources. (*the relevant budget less 8% will need to transfer to support this*)

11 Closing Remarks

- 11.1 The Panel consider that it is appropriate to take the opportunity at this juncture to re-consider how grants are allocated. Select Committee Members consider that if the above principles are applied to grant allocation, the Culture Communities and Business Services Department will have a fair and equitable basis upon which to make decisions regarding grant allocation in future. This will be particularly important given reducing budgets.