

Kirklees Council Grant Aid Policy for Investment in Voluntary and Community Organisations

1.0 Purpose of The Policy

1.1 Through the Kirklees Compact, the Council has made the following commitment with the Voluntary and Community Sector (VCS):

“We will work in partnership to achieve common goals and outcomes that benefit the communities and people of Kirklees.

We will work towards:

- a. A strong, diverse and independent civil society
- b. Effective and transparent decision making processes in relation to policies, programmes and services
- c. Delivery of responsive and high-quality programmes and services
- d. An equal and fair society

The Council will ensure both grant and procurement processes are clear, proportionate and fair.”

1.2 Kirklees Council recognises that, now and in the future, in order to achieve the best results for communities, it has to work in partnership with Voluntary and Community Organisations. It values the important contribution made by the VCS to residents’ well- being, the local economy, local environment and the sustainability of a wide range of services which benefit local people and visitors.

1.3 So that it can enable the VCS to deliver services which meet community needs, the Council financially invests in a variety of VCS groups and organisations. This is achieved through a range of grant aid programmes delivered by a number of services.

1.4 Through this investment, the Council seeks to:

- encourage well being, self reliance, autonomy and personal responsibility
- build on existing community assets and unlock social capital (i.e. networks of people and groups which lead to increased community spirit and civic participation and the achievement of economic and social benefits)
- support innovation and community led models of service delivery
- hand more power and responsibility back to communities to enable people to run their affairs locally.

1.5 The Council also has a responsibility to administer funds contributed by its taxpayers in a businesslike manner, with reasonable care, skill and caution and with a due and alert regard to the interests of those contributors.

1.6 This policy describes how the Council will give out grants to the VCS, who to and for what purpose. It demonstrates how the Council will allocate grants in an approach that is consistent, transparent and accountable. All decisions regarding funding will be made through a Cabinet approved process.

1.7 The Policy recognises that some services also award grants to private and public sector organisations in order to develop the market. This policy does not cover grants to those sectors.

2.0 Guiding Principles

2.1 Although each specific grant scheme will have its own criteria, all projects and organisations awarded funding must meet these principles:

- provide value for money
- provide effective and efficient services
- benefit the wider community and environment of Kirklees
- meet the Council's priorities (these can be found on the Council's website)
- meet the Council's values and approach (e.g. in relation to equality and diversity)
- attract funding or in kind donations from other sources.

2.2 To help groups to make the best applications they can, the Council will ensure that grant schemes have clear criteria on which decisions to fund will be based and that the schemes and deadlines are well publicised.

2.3 The Council will ensure decisions whether to fund or not are clearly communicated. For those that are successful, an appropriate written agreement will be drawn up so that both the Council and group are clear on the amount, what the funding will deliver and any special conditions that may apply.

2.4 The Council also agrees to be approachable and foster honest relationships with organisations.

3.0 Who Can Be Funded

3.1 The Council will fund organisations which are Voluntary and Community Organisations operating on a non-profit distributing basis. This means that any profits made by the organisation must be invested back in to the company to promote the company's social objectives.

3.2 Social enterprises will also be eligible if 60% or more of their profits are reinvested into the company to further their social objectives.

3.3 Activities must be wholly or partially for the benefit of Kirklees residents.

3.4 Council officers will check that organisations:

- Have a recognised legal structure with governance arrangements which outline who and how decisions are made. In some cases, groups may be new and have no constitution so they must ensure the money is held by a recognised body
- Are independent of the public and private sectors (unless the specific scheme will fund these organisations in certain circumstances) as they have separate governance arrangements
- Are legally able to carry out the activities described
- Are financially viable and have appropriate clear financial controls including a bank account with two signatories and the production of annual accounts
- Have a clear management structure that is democratic and aims to represent its users
- Have policies for employees and volunteers which are compliant with all relevant legislation. Employees or freelance staff must be paid at least the minimum wage
- Have all relevant insurances and licenses
- Have aims, objectives and policies that complement those of Kirklees Council

3.5 Note: if small or new community groups do not have a governing document or bank account, provision can be made to allow another organisation to manage funds on their behalf. By doing so, community activities can be encouraged and the organisation allowed time to develop.

4.0 Who and What Cannot be Funded

- Organisations with large amounts of uncommitted reserves which equate to more than twelve months of operating costs (see Appendix 1)
- Organisations with party political aims
- Organisations that have failed to comply with previous grant conditions (unless there is evidence to prove that this will not happen again) and/or have outstanding debts to the Council
- Activities that promote religious or political beliefs (see Appendix 1)
- Any project that duplicates services already provided and/or funded by the Council
- Activities and projects that have already been funded from other sources
- Lobbying activities
- Purely social activities with no other discernible benefits/impacts
- Activities and projects which are raising money for charity
- Payments to meet debts or liabilities
- Expenses incurred before a grant has been formally awarded.

5.0 How Funding Is Allocated

- 5.1 An application for funding will be assessed in two parts: the first will assess the organisation and the second will assess the activity or project for which funding is being applied.
- 5.2 The Grant Access Point registration will assess the eligibility of the organisation covering all the points made in 'Who Can Be Funded' on page 2. The organisation will remain registered with the Council for the next three years and will not be asked to resubmit its governance and legal documentation again during that time (unless major changes take place).
- 5.3 The activity/project will be assessed by the grant giving team against their specific criteria.

6.0 What Groups Are Expected to Do

- 6.1 Groups/organisations that accept grants from the Council will be expected to spend the grant in accordance with the funding agreement, keep records of spend and monitor the activity/project.
- 6.2 Groups must also contact the Council as soon as any issues arise or they wish to change the use of the grant. The Council reserves the right to reclaim unused funds or funds not used for the purpose given in the application form.
- 6.3 Groups must make every reasonable effort to acknowledge the contribution of Kirklees Council to the project or organisation and include the Council's logo on all promotional material relating to the project including on their website if they have one.

7.0 Approval of Grant Schemes

- 7.1 Whenever a new grant scheme is created or significant changes made to an existing scheme, the criteria and decision making process will be submitted to Cabinet for approval. Every grant over £100,000 must be signed off by the Assistant Director Legal, Governance and Monitoring.

8.0 State Aid

- 8.1 Before a grant is awarded, consideration will be given by Council officers as to whether the grant might be unlawful 'state aid'.
- 8.2 State Aid laws exist to prevent unfair competitive advantage being bestowed on the recipients of the grant, relative to the situation of competitors. To ascertain whether a grant is lawful under State Aid rules, Council officers will ask:
 - Is the support granted through the state or through state resources?
 - Does the support confer a selective advantage to an undertaking engaged in economic activity?

- Does the support distort or have the potential to distort competition?
- Does the support affect trade between Member States?

8.3 The law allows *de minimis* aid which permits organisations/people to receive up to €200k over a rolling three-year period from state resources. If *de minimis* aid is given, the recipient must sign a declaration form and they will receive an offer letter which will include the value of the award in Euros and the following paragraph stating that the grant is:

“Under EC regulation 1998/2006 (*de minimis* aid regulation), this is a *de minimis* aid. There is a ceiling of €200,000 for all *de minimis* aid provided to any one firm over a 3-year period. Any *de minimis* aid awarded to you under this offer letter will be relevant if you wish to apply, or have applied, for any other *de minimis* aid. For the purposes of the *de minimis* regulation, you must retain this letter for 3 years from the date on this letter and produce it on any request by the UK public authorities or the European Commission. (You may need to keep this letter for longer than three years for other purposes.)”

APPENDIX 1 - Further Guidance On Exclusions

Religious activity

As with all the Council's services, whether delivered directly by the Council or through a contract or a grant, the Council aims to ensure that everyone can access the service. The Council does not promote one religion over another, therefore the Grant Aid Policy excludes activities that are primarily intended to promote or advocate particular religious beliefs.

However, many 'cultural' events and celebrations are connected to religious festivals such as Eid, Vaisaki and Christmas. The following indicators will help clarify what can and cannot be funded.

Activities that can be funded (dependant on the specific grant criteria) are those that:

- Encourage greater understanding and promote joint initiatives between different faith groups including those with no faith
- Are open to all even if taking place in a place of worship (steps must be taken to ensure those of no or different faiths are made to feel welcome).

Activities that cannot be funded are those that:

- Take place in a place of worship, are led by a religious leader and where the act of worship is a central part of the event. This includes events open to the public where the intention of the promoters is to recruit people to their faith
- Promote particular religious beliefs or activities e.g. repairs to religious buildings that only benefit the congregation/members of that religion and classes devoted to particular religious learning.

Financial Reserves

The Council's funds are limited thus it does not want to use its funding when a group already has enough funds to carry out the work themselves. The policy is not to fund organisations with significant 'free **uncommitted** reserves' equating to more than twelve months operating costs. This means funds that the group holds that are not being saved for a particular purpose or activity. Groups must keep detailed accounts that show how much of their reserves are already committed to future projects and this should include rolled over project money or funds held on behalf of another group.

In order to promote good financial practice which ensures the sustainability of an organisation and aids its cash flow, the Council will fund organisations with up to 12 months operating costs in reserve.