

**BRISTOL CITY COUNCIL
CABINET
11th August 2016**

REPORT TITLE: VCS Grants Prospectus

Ward(s) affected by this report: All

**Strategic Director: Alison Comley,
Neighbourhoods Strategic Director**

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Purpose of the report:

To approve the strategic cross council funding model, called the Voluntary and Community Sector (VCS) Grants Prospectus, for publication as Bristol City Council's guiding document for voluntary & community sector grant investment from 2017 to 2021.

RECOMMENDATION for the Mayor's approval:

- 1. That the content of the VCS Grants Prospectus (attached) is approved as the guide for Bristol City Council grants investment (called the Bristol Impact Fund) for the next 4 years.**
- 2. That the publication of the VCS Grants Prospectus is approved as the launch of the 2017/2021 grant application round.**
- 3. That the process and timings for grant applications is approved.**

1. Summary of the proposal:

The City Council invests significant funding into the Voluntary Community Sector (VCS) to deliver services which meet many different needs across the city. The Council needs to ensure that this investment is making the

maximum impact on the major challenges faced by the city, and the people that need it most get the best value and the maximum benefit from this investment. In order to do this, the council has worked in an innovative co-design process with partners in the voluntary and community sector over the past 14 months to develop a strategic approach to align this investment and has developed the VCS Grants Prospectus. This will act as a clear strategic guide for Bristol City Council's (BCC) grant investment over the next 4 years, and will focus £3.4m of this investment against key strategic objectives and needs in the city with a view to reducing disadvantage and inequalities, improving health and wellbeing and increasing resilience. The resulting VCS Grants Prospectus is attached at Appendix A. The funding available to be allocated through the VCS Grants Prospectus is called the Bristol Impact Fund.

The main detail of the VCS Grants Prospectus is best read and understood in the context of the document itself. This report picks up the key headlines for consideration.

2. Background

- 2.1 On 2nd December 2014 Cabinet agreed a way forward to seek a single strategic approach to grant investment for the Council.
- 2.2 In designing this strategic approach it was essential to work collaboratively with the Voluntary and Community Sector, as their work close to communities all across the city brings insight into the needs and issues faced by some of our less advantaged communities, as well as ways of working together to tackle these issues.
- 2.3 Key VCS partners agreed to work with the Council for 14 months to establish a formal co-design process, through which we worked together to identify what the priority focus for the funding should be and how to shape a strategic document to guide future investment. It was invaluable to have the opportunity to work this way and the resulting document demonstrates the level of commitment and insight brought to the work by our VCS partners. The co-design phase of the process ended on 8 May 2016 and it is important to note that our VCS partners have not been seen the final post-consultation versions of the document or been involved in the post-consultation design of the grants processes.
- 2.4 Neighbourhood Scrutiny has taken an oversight of the work during the twelve month development period and supported the work with their insight and input.

3. The VCS Grants Prospectus:

- 3.1 BCC wants to invest our available grant funding in a way which generates the best possible impacts for our communities who are living with, or at risk of, disadvantage and inequality. We believe that we can only achieve real and lasting change with disadvantaged people if we agree to work in ways that put positive impacts for people at the centre of all we do and agree to make the best possible use of the resources our communities already have.
- 3.2 Bristol is undoubtedly a beautiful, vibrant and economically successful city, with an international reputation as a good place to live and do business. But that is not the whole story. Bristol faces a number of significant challenges. The city's prosperity is not shared by all of our citizens; many people face multiple disadvantages, both based on geography and on their equalities groupings. Within these groups there are people who face multiple disadvantage as a result of the systems (e.g. financial, social, educational and class), as a result of historic, economic and geographic factors in our city. These are the issues we want to tackle within the scope of the VCS Grants Prospectus.
- 3.3 The VCS Grants Prospectus is designed to be a helpful and clear document which will enable the city's Voluntary and Community sector to understand the intention for this funding. We are clearly moving away from previous approaches to grant funding and the VCS Grants Prospectus will provide the guidance people will need so that they can see where their work fits with the grant aims and how to apply for grant.
- 3.4 Our feedback from the sector has been that people want full information about the Bristol Impact Fund and how to apply. However we realise that this level of detail results in a lengthy document that people may find off-putting or inaccessible. So we will provide the information in a number of ways: overview and summary sections available on our webpages, a designed PDF of the full prospectus for people to download and read, and downloadable individual sections/chapters in plain text.

4. The council's investment into the VCS

- 4.1 The council currently invests around £18m in grants and concessions annually in supporting VCS organisations. This does not include contract investment whereby the council purchases services from voluntary sector organisations.

Of this £18m in 2015/16:

- £1.5m is the notional value of annual concessionary rents or leases with local VCS organisations and these are not coming within the scope of the VCS Grants Prospectus.
- £8.5m is through mandatory business rate relief to charities and £0.3m is through discretionary business rate relief to VCS organisations and rate reliefs are not coming within the scope of the VCS Grants Prospectus.
- £7.7m is through revenue grants and some of these grants will fall within the scope of the VCS Grants Prospectus.

4.2 We have not been able to bring all the council's £7.7m revenue grant streams into the pooled fund for this first iteration of the VCS Grants Prospectus for a variety of reasons:

- Some grants are integral to commissioned services (e.g. Domestic Abuse and Sexual Violence Support Services were commissioned and funded through a mix of contracts and grants).
- Some grants are affected by new legislation (e.g. The Care Act has meant that some grant-funded activities will become part of the council's statutory provision and services will have to be commissioned and purchased through contracts).
- Political decisions have been made to keep Arts grants (Key Arts Provider and Arts small grants) separate from the VCS Grants Prospectus.
- Some grants are subject to other processes (e.g. Wellbeing Grants, which are devolved to Neighbourhood Partnerships) or timescales.

4.3 From 2017 the direct grant investment will be made through a new £3.4m pooled fund called the **Bristol Impact Fund**.

4.4 Information about the other available grant streams is included in the VCS Grants Prospectus document (Appendix A, page 32) so that it is clear how the council supports the sector more widely and what grant support is available. Information about the current allocation of these funding streams is included at Appendix B. These grants¹ are made by many different teams in the various council departments and have many

¹ Under a grant agreement, the council will transfer money (or assets) to an organisation on trust for a specific purpose. The funded organisation, not the council, defines what it is going to do and the money can only be used for the purpose for which it was requested. If the money is not spent on that purpose it must be repaid to the Council.

Under a grant agreement: The funds are to be used for activities that are not statutory (i.e. they do not have to be undertaken by the council) and are not for the benefit of the Council; The organisation has the choice of either using the grant for the specified grant purposes or handing back the money without incurring further costs; The only obligation on the council under the grant agreement is to comply with the applicable statutory and other processes in awarding the grant; and the organisation must return any surplus to the Council.

different purposes.

- 4.5 Some of the grant funding we are including comes from ring-fenced or external sources (such as Public Health England) and whilst we have identified and earmarked £3.4m of funding for the Bristol Impact Fund, it is important to note that this may be subject to change if these external funding sources are reduced.

5. The Bristol Impact Fund:

- 5.1 We have drawn £3.4m of the council's existing grant streams together into a single grant fund called the Bristol Impact Fund. With our colleagues in the VCS, we have agreed that the aims of this pooled grant funding investment will be on reducing disadvantage and inequality across the city and improving health and wellbeing. We believe that by having a clear focus and by working better together, we can use this money more strategically, more powerfully and have a far bigger impact.

- 5.2 We want to use this funding to work towards addressing the key issues of disadvantage and inequality facing some people in the city. We also want to encourage use of this funding to shape and deliver early help and build confidence, resilience and self-determination for people and communities. Creating the right conditions for people to make positive change in their lives is a key priority for the VCS Grants Prospectus

- 5.3 In four years' time we want to see that this co-designed approach to VCS grant funding (the Bristol VCS grant fund) is resulting in **reduced disadvantage and inequality** experienced by Bristol's residents, **improved health and wellbeing** and **increased resilience** (people being more able to manage).

- 5.4 We are asking VCS organisations to propose how they can use their skills, local knowledge and expertise to improve things for disadvantaged people in the city (individuals as well as geographic communities and communities of interest). The VCS Grants Prospectus outlines the challenges and the focus – we are looking to the sector to shape the right responses to best meet these challenges.

- 5.5 We believe that we can only achieve real and lasting change for disadvantaged people if we agree to work in ways that put people at the centre of what we all do and if we agree to make the best possible use of the resources our communities already have.

5.6 We will prioritise our Bristol Impact Fund for VCS organisations that will work to make a difference locally and create the impacts needed by:

- **Giving the right help at the right time**
- **Helping people to help themselves and each other**
- **Building on the strengths of people and communities**
- **Connecting people and organisations within and across communities**

The full explanation of these approaches is in Appendix A, the VCS Grants Prospectus at page 8.

5.7 We know that disadvantaged people in our city face multiple, complex and often deep-seated issues and that disadvantage impacts on individuals, geographic communities and communities of interest. We need to be clear about our priorities, recognising that we cannot expect to ‘fix’ disadvantage with the money available.

5.8 We want to make a real difference for people in the city who are facing disadvantage and to do this we will use our Bristol Impact Fund to support VCS organisations, working in the ways set out above, to address one or more of the five key factors of disadvantage that we have decided to focus on. These factors are:

- **Reducing financial, food and fuel poverty**
- **Tackling unemployment and underemployment**
- **Improving access to information, services and opportunities in the city and increasing digital inclusion**
- **Enabling influence and participation in the community**
- **Reducing social isolation and improving wellbeing**

We have called these five factors our ‘key challenges’ and we show some examples of how they impact on local people and how we will focus our grant support in the section called ‘**Key Challenges for the Bristol Impact Fund**’.

5.9 We have earmarked £3.4m, significant funds, for the Bristol Impact Fund for the four-year period of the VCS Grants Prospectus. However, we have also built in a tapered reduction as an opportunity to make savings of 15% of the funding for some of the grants (the medium and large grants) by year four (10% in year 3 and a further 5% in year 4). Our reason for this is that in the current economic climate and context of national funding restrictions for local authorities, we need to build in reductions so that we can realise savings if required. VCS organisations,

along with many others, need to be focussing on sustainable business plans, as some already do.

- 5.10 The VCS Grants Prospectus acts in part as a city ‘call to action’ to address some key challenges faced by some people in our city. BCC is not stating how we expect these issues to be addressed, but is clearly setting out the challenges and what it wants to achieve, and asking the Voluntary & Community Sector to bring forward their proposals for tackling these within their service approaches. This approach has been the focus of the consultation discussions and we plan to continue to offer support to potential applicants for funding throughout the application process. The way it will work is as per the diagram in Appendix A, the VCS Grants Prospectus at page 11.
- 5.11 One of the key things we will ask of any potential applicant is that they think through how the activity or approaches they are suggesting will actually meet the challenges and impacts we are aiming for – and to help us understand how they know this will work. The co-design group has used a model called the Theory of Change to help us to develop the VCS Grants Prospectus and the framework for our application processes. Theory of Change models have been used for several years by philanthropists and now increasingly by charities and we are setting our grant processes for the Bristol Impact Fund around a series of questions based on this model.
- 5.12 We have chosen these questions to help VCS organisations show us how and why their proposals will have an impact on people facing disadvantage. The questions are:
- What needs to change and why?
 - How will you work to make this change?
 - How do you know this will create change?
 - What will you look at and measure to see if change is happening?
 - How will this contribute to our three Fund impacts?

We have put these questions into a diagram to show how they relate to each other (Appendix A, The VCS Grants Prospectus, page 14) and we have called this the ‘How we make an impact’ model.

5.13 The Bristol Compact is the agreement between the public sector and the Voluntary and Community Sector in the city. The Compact recognises that positive working relationships are crucial to the city and it seeks to define and strengthen the links between the public sector and the VCS – for the benefit of Bristol, its people and its communities. We have tried to make sure that the VCS Grants Prospectus and our approach to the Bristol Impact Fund comply with the Compact.

6. Timeline

In bringing the prospectus to August Cabinet we have accommodated the potential for further partner conversations, and a mayoral request for a further separate focus group with some members of the VCS.

The council will be undertaking a Community Support Services commissioning process involving some VCS organisations this autumn. By stretching the length of our process to have a nine week application window with a grants deadline of 7 November 2016 and by pushing back the final allocations decision to the March Cabinet, we can support the VCS to have time to engage with both processes. This means that Bristol Impact Fund grants will start on 1 July 2017. Existing grants are due to end on 31 March 2017 and so we will extend grant funding to existing recipients by three months to 30 June 2017.

Consultation and scrutiny input:

a. Internal consultation:

This work has been developed with senior BCC commissioning leads who have a lead on all the grants amalgamated through the VCS Grants Prospectus from all directorates, alongside the external stakeholders in the co-design group. Therefore consultation and shaping has been ongoing throughout the process.

Neighbourhoods Scrutiny Commission has been actively engaged with this development work throughout the process with input at November 2014, July 2015 (testing the vision and values) in January 2016 (as part of the consultation).

Place Scrutiny Commission has been engaged in the consultation in January 2016 regarding the inclusion of community transport grants in the pooled fund.

b. External consultation:

14 month co-design process with key stakeholders in the voluntary sector.

Three-month consultation period with the Voluntary Community Sector, design and led by Voscur, as the Councils VCS Infrastructure organisation. 265 local people consulted face-to-face through 14 events and meetings. In total over 170 organisations engaged in the consultation via these events, electronic survey, small group meetings. Targeted consultation with Equalities led organisations across all protected characteristics.

At the end of the consultation Voscur produced a report with these headline findings:

- There is broad support for the process of co-design and co-production and a view that this process should be adopted in relation to related themes such as Neighbourhoods, Public Health and Arts & Culture.
- There is broad support for the focus on tackling disadvantage.
- There is a strong view that flexibility is needed to ensure issues such as multiple deprivation are effectively tackled, and that funding cycles, especially for smaller amounts, should be reduced.
- Clarity is needed in relation to the Council's overall strategy in relation to competition and competitive grants versus collaboration.
- There is a need to strike the balance between "Early Intervention" and "Crisis funding".
- How can sustainability of funding be effectively managed (including front loading and tapering)?
- There is a need for more case studies to aid understanding of exactly what the City is seeking to fund.

We have taken into consideration these headline findings alongside all the comments and responses people made. As a result we have:

- Reduced our key challenges to five fairly broad factors which link and overlap. Made it clear that organisations can apply singly or as part of a collaborative application, which may better address the key impacts. We think that this should give enough flexibility for organisations to propose ways of effectively tackling multiple deprivation.
- Considered how we can offer longer term grants and still have some flexibility and we think that this idea of reducing funding cycles for smaller grants is the right one.

- Designed these grants processes differently and the allocations decisions will not be based on scores but on how we can achieve the best mix and balance of services or activities for the city. This means that it will be a less competitive process.
- Thought about the focus of other funders and about the services the council provides and commissions. We have decided to focus the prospectus pooled fund on early intervention/early help because we think this is where this grant funding can make the biggest impact.
- Decided to include tapers for our medium and large grants (which will be 4 year grants) but not for our small grants (which will be 2 year grants). Funded organisations will have time to plan for the reductions in years 3 and 4 once funding has been agreed – and we are proposing these reductions at a percentage level that should mean organisations can realistically seek alternative funding, reduce costs through new ways of working or scale down their service delivery.
- Set out the challenges faced by people in the city based on the revised Joint Strategic Needs Assessment with information about needs in the city. We have co-designed a new approach which tells people what our aims are (our impacts) and what our focus is (addressing five key challenges). We want VCS organisations to tell us the rest.

Our responses to all the feedback received have been collated in ‘The VCS Grants Prospectus Consultation: you said – we did’ which is available on the council’s Consultation Hub ‘We Asked, You Said, We Did’ pages at <https://bristol.citizenspace.com/>.

Contact with other local and national funders about how the approach will work alongside other funds. This will continue as the VCS Grants Prospectus is implemented.

Other options considered:
Risk management / assessment:

FIGURE 1							
The risks associated with the implementation of the (subject) decision :							
No.	RISK	INHERENT RISK		RISK CONTROL MEASURES	CURRENT RISK		RISK OWNER
		(Before controls)			(After controls)		
		Impact	Probability		Impact	Probability	
1	Threat to achievement of the key objectives of the report	High	Med	Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	Low	Low	Di Robinson
	There is a risk that having one approach to grant funding might put larger organisations in a better position to be successful for grants resulting in less diversity in			We have designed the application processes so that they specifically ensure access to different levels of grant, enabling smaller organisations to access funding where previously it			

	our VCS grant funded partners			has not been possible			
2	The strategic focus is likely to result in changes to the current patterns of investment, which may lead to currently funded organisation being unsuccessful in their applications. Some of these organisations may find themselves without other funding and therefore ceasing their services.	High	Med	Extensive consultation has provided 12 months of notice of change. All groups on current funding have also received direct communications advising them that their current funding will end on 31 March 17. Voscur as our funded infrastructure organisation will be offering support to groups to help them diversify their funding income	Med	Med	Di Robinson
3	There is a risk of significant political lobbying from unsuccessful organisations, which has potential to undermine the strategic process.	High	High	Politicians across the parties have been engaged in this development since its' inception and the work has been through Neighbourhoods Scrutiny and Asst Mayors during its development. This level of engagement and transparency should provide confidence to Cabinet that an appropriate process has been followed.	High	Med	Di Robinson
4	There is a risk that we do not achieve the right mix and balance of provision across the issues to be tackled, across geographic areas and across communities if we apply a system that only considers the best written applications and a risk that we may be challenged if we do not.	High	High	We have designed a process that does not allocate against application scores but which considers the best mix of fundable applications against key challenges, beneficiaries and geographic areas. We are making this process and our considerations clear in order to reduce the risk of challenge.	High	Med	

FIGURE 2

The risks associated with not implementing the (subject) decision:

No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK (Before controls)		RISK CONTROL MEASURES Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	CURRENT RISK (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
		1	Not implementing the decision to have a strategic cross council approach to grant funding will result in a continued inconsistent approach across the council and not realising the best possible impacts for the people of the city experiencing disadvantage in inequality		High	High	

Public sector equality duties:

Many of the council's VCS funding agreements help the council to deliver their public sector equalities duty as contained within section 149 of the Equality Act 2010 to:

- * eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
- * advance equality of opportunity between persons who share a relevant protected characteristic and those do not share it.
- * foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to tackle prejudice and promote

understanding.

During the development of the VCS Grants Prospectus it has been vitally important to have an ongoing Equality Impact Assessment (EQIA), developing alongside the process and being iterated as a result of the VCS consultation. The full EQIA is at Appendix B. A further iteration of the EQIA will be required when allocation proposals are considered and brought forward.

In summary, the EqIA has:

- Informed our approach to consultation, particularly in identifying the support needs of equality-led organisations to prepare for the new grants process. This included questions to organisations about their support needs to access the new grants process.
- Resulted in us running 7 equalities –specific consultation sessions and collating feedback from these to inform us about intended and unintended impacts for different equalities groups. This led to the commissioning of a piece of work with a number of BME-led organisations, one strand of which was looking at how the Prospectus can be developed to support BME organisations.
- Changed and informed our approach to how we intend to facilitate our Public Sector Equalities Duty.
- Led to the planned inclusion of a further EqIA at our grant allocation stage.
- Changed and informed our approach to the application processes, particularly for the small grant.
- Raised awareness of the need to proactively manage the ‘messages’ about grant allocation

Eco impact assessment

Whilst there will be no direct significant environmental impacts arising from this proposal, related social benefits will include addressing fuel & food poverty, access to transport & resilience. In addition 1 of the 5 criteria for acceptance of proposals is to demonstrate commitment to environmental sustainability which is a benefit. Finally there will be environmental benefits from the expectation to reinvest surpluses in social, environmental & cultural services.

Advice given by Claire Craner-Buckley – Environmental Project Manager

Date 24 May 2016

Resource and legal implications:

a. Financial (revenue) implications:

The recommendation is for the Prospectus to be approved for publishing and both the Prospectus and this report make it clear that this is based upon earmarking £3.4m of existing grant payments from April 2017. This will be used to finance the Bristol Impact Fund that will make grant payments to the voluntary and community sector over the next four years based on applications to the Prospectus.

A process is underway to verify all of the budgets for these existing grants in order to confirm the revenue implications as set out below.

It is proposed that grants from the Bristol Impact Fund will be for a period of four years and that a significant proportion, currently estimated at £2.9m, will have a tapered reduction of 10% from the initial value in year 3 and 15% from the initial value in year 4. This means that the revenue budget profile of the Bristol Impact Fund would be as per the table below.

Table 1: Revenue budget profile of the Bristol Impact Fund

	2017/18	2018/19	2019/20	2020/21
Proportion not subject to taper	£0.5m	£0.5m	£0.5m	£0.5m
Proportion subject to taper	£2.9m	£2.9m	£2.61m	£2.465m
Total	£3.4m	£3.4m	£3.11m	£2.965m
Annual reduction	-	-	£0.29m	£0.145m

As set out in the report the intention is that the reductions in 2019/20 and 2020/21 would be revenue budget savings.

The total revenue budget for the Bristol Impact Fund will be earmarked for the period 2017/17 to 2020/21. The report and the Prospectus confirm that some of the existing grants come from external sources (such as Public Health England) and therefore the total amount earmarked may be subject to change if these external funding sources are reduced.

Moreover, grants from the Bristol Impact Fund will need to demonstrate that they have been made in accordance with any conditions of external funding where relevant.

There are no implications for the existing 2016/17 budget.

Advice given by Robin Poole – Finance Business Partner
Date 25 May 2016

b. Financial (capital) implications:

No capital implications

Advice given by Robin Poole – Finance Business Partner
Date 25 May 2016

c. Legal implications:

The council should continue to comply with its consultation obligations in relation to any further changes to its grant awards processes.

The council should also continue to monitor grant awards to individual organisations to ensure that there are not state aid implications.

Advice given by Kate Fryer, Solicitor
Date 24 May 2016

d. Land / property implications:

The recommendations in this report will have no material impact on our current situation, which is that BCC provides a wide range of buildings to organisations in receipt of Grants at nil or peppercorn rents, which equate to an unrealised rental value of £1.5 million.

e. Human resources implications:

No significant impacts arising from this proposal

Appendices:

Appendix A - The VCS Grants Prospectus
Appendix B - Existing grant streams
Appendix C – Equality Impact Assessment

Access to information (background papers):

- i) 2nd December 2014 Cabinet Paper – VCS Strategic Grants Approach
- ii) June 2015 Neighbourhoods Scrutiny Commission minutes
- iii) January 2016 Neighbourhoods Scrutiny Commission minutes
- iv) January 2016 Place Scrutiny Commission minutes