

GRANT FUNDING POLICY & PROCEDURE

INTRODUCTION

Local councils in England and Wales can rely upon general powers to act and spend money, including the provision of funds (grants) to other organisations or bodies, unless they are restricted from doing so. The powers are as follows:

- (1) S.137 of the Local Government Act 1972
- (2) The General Power of Competence (England, if eligible)

S.137 cannot be used by a local council in England that is eligible to exercise the General Power of Competence except to donate money to certain charities and appeals (section 137(3)).

Overview of the Powers

General Power of Competence – S.1(1) of the Localism Act 2011 (the 2011 Act) provides that a local authority has power to do anything that individuals generally may do. “local authority” is defined in s.8 of the 2011 Act and includes an eligible parish council.

Godalming Town Council is an eligible council to exercise the General Power of Competence (GPC). In considering how the town council grants public funds to other organisations and bodies, the relationship between S.137 and the GPC is important and has been used to guide the council’s Grant Funding Policy & Procedure exercised under the GPC.

Purpose of Grants Provided by Godalming Town Council

The guiding principle and the basic power for the council to provide either direct grant funding or grant-aid-in-kind, is that there must be a direct benefit to the civic parish of Godalming or part thereof, or all or some of its inhabitants. The council is the body to determine whether or not such benefit will accrue, and a decision by the council can only be challenged on the grounds that it was wholly unreasonable.

The use of “some” in relation to the inhabitants means that the council cannot use the power to benefit a single individual. However, it may be possible for the council to help an organisation that supports individuals, for example a youth organisation wishing to fund participation in a national or international event.

The council must also ensure that the direct benefit accruing to its area or residents is commensurate with the expenditure incurred. This means that a council should not spend a disproportionately large amount on something which has no or very little direct benefit.

The council can only provide funds to a public or voluntary body for expenditure on publicity when it is incidental to the main purpose for which the council is giving financial assistance.

Section 137(3) of the Local Government Act 1972 states that contributions may be made to charities and bodies providing a public service on a non-profit making basis, but only in furtherance of their work in the United Kingdom. It is unlawful for a council to contribute to a charity or a public service body operating overseas, or to a fund established to help persons outside the UK.

Contributions to UK charities and bodies providing a public service do not have to bring any direct benefit to the council's area or to its inhabitants.

Authorisation of Expenditure

As councillors are collectively expressing an opinion as to the commensurate local benefit, grants provided by Godalming Town Council must be properly authorised by resolution.

Contributions to Voluntary Bodies, Charities etc.

Where a council provides financial assistance, it will require the body or charity to furnish a written statement of how the money has been spent, within 12 months after the assistance has been given.

TYPES OF GRANTS

Godalming Town Council will allocate funds for the provision of council funded grants as part of the annual budget setting process. The level of funds available each year for Council Community Grants will be the balance of the overall grants budget set by the Council less the sum agreed to support Service Level Agreements.

Service Level Agreements

Service Level Agreements (SLA) are an instrument through which the council guarantees a specified level of financial support, for an agreed period of time, for the provision of a specific service that benefits the community. Such arrangements allow the service provider the financial security to invest in the service and the council with measurable outcomes for the support provided.

- Awarding of SLA's will only be considered once per administration (a new administration begins following each 'All Up' local election, usually held every four years on the first Thursday in May).
- Consideration for the award of SLA's will begin in the September of the first year of each new administration period with the aim that negotiations are to be concluded by the Full Council meeting in the December of the first year of the administration.
- Agreed SLA's will run for a maximum of four years from the 1st day of April following the resolution of Full Council to the 31st day of March of the year following the next 'All Up' local election (a period of four years).
- No single agreement is to exceed 4 years before coming back to Council for review/renegotiation/renewal.

All SLA applications are to be supported by a statement setting out the purpose of the SLA funding, the last two years of audited accounts of the service provider, or in the case of a new organisation a full budget proposal, and the name and position of the proposed signatories for any agreed SLA. The statement of purpose is to include how the service to be supported will provide a direct benefit to the civic parish of Godalming or part thereof, or all or some of its inhabitants, along with the proposed measurable/definable outcomes.

SLAs, whilst providing a degree of certainty for service providers and council alike, can commit a significant amount of the council's available grant funds. Councillors, when considering either the renewal of an existing agreement or the awarding of a new SLA, will be required to consider the accumulative effect of SLA funding on the ability to provide one-off project funding through Community Grants.

Community Grants

The Council's Community Grants Fund is primarily aimed at providing grants of less than £1,500 for initiatives identified by Members that are of benefit to the local community, or which community groups and residents have brought to the attention of Members as being of benefit to an area within the civic parish of Godalming or will provide a benefit to residents of the parish. Exceptionally, grants of up to £2,500 may be considered.

The allocation of funds to the Community Grants Fund will be divided into three accounting periods, with one third of the Community Grant funds being available for grant awards made by the Policy & Management Committee at each of the July, October, and February meeting of the committee.

All applications for grant awards from the Community Grants Fund are required to be 'sponsored' by at least two Members of the Council in order to bring it to committee. The applicant or one of the Members supporting the application is required to email the Town Clerk with the details of the initiative/project, setting out:

- The aim of the initiative/project.
- Who it will benefit.
- The sum being applied for and the purpose for which the funds will be used.
- Who will be responsible for the delivery of the project.
- The names of the Councillors 'sponsoring' the application.

On receipt, if required, the Town Clerk shall contact the named councillors to confirm they have agreed to sponsor the application. Once confirmed the application will be put to the next designated meeting of the Policy & Management Committee.

A Community Grant award should meet the basic selection criteria of providing benefit to the community.

For organisations that do not have a bank account, funds will be held by the Town Council, who will make appropriate arrangements to pay suppliers direct/reimburse costs on production of receipts. Funds will not be paid into personal accounts without proof of expenditure.

Urgent Applications

If a situation arises where, due to unforeseen circumstances, a community group or organisation that provides a benefit for the residents of the Parish of Godalming needs to seek grant funding in order to continue to operate, it may apply at any time to the Town Clerk for consideration by the Council. In making an urgent application the applicant must:

- Provide a covering letter stating why the application cannot be deferred to the next designated grant awarding meeting. The covering letter would need to explain, if the reserves held by an organisation are greater than the amount being applied for, why the organisation is unable to use its reserves.
- Provide a full set of accounts, including current in year balances, liabilities, and assets.

On receipt of an urgent application and having confirmed the application meets the criteria, the Town Clerk will, in consultation with the Chair of the Policy & Management Committee, bring the application forward for consideration by Members at the next Policy & Management Committee meeting.

In considering an urgent application submitted after the February award meeting, Members may make an award from any balance remaining in the Grants Fund.

GRANTS CRITERIA – SLA & COMMUNITY GRANTS

Service Level Agreements – Minimum Criteria

(You must meet this for your application to be considered)

Groups applying must provide the following with their application:

- Constitution or aims
- Copy of budget for current financial year
- Copy of last annual report to members (this will not be required for a new organisation)
- The group must have a bank account in the name of the group
- Statement of the purpose of the SLA funding
- Last two years' of audited accounts or in the case of a new organisation a full budget proposal
- Name and position of the proposed signatories for any agreed SLA.

NB. The statement of purpose is to include how the service to be supported will provide a direct benefit to the civic parish of Godalming or part thereof, or all or some of its inhabitants, along with the proposed measurable/definable outcomes.

Selection Criteria – Community Grants

(Your application will be assessed on the degree to which it meets the following)

- Applications should demonstrate a direct benefit to the civic parish of Godalming or part thereof, or all or some of its inhabitants.
- The organisation or group must not have received grant funding from the town council for the project applied for in the same financial year.
- Priority will be given to those applications which advance the aims of Godalming Town Council's Corporate plan
- Priority will be given to those applications for which the grant will lever in/match other funds.

Grant Conditions – All Grants

Grant recipients must:

- Apply the grant to the purpose for which it was awarded.
- Provide evidence to the town council within one year of the award of the grant detailing how the grant was spent.
- Work with the Town Council to make opportunities to recognize the council's contribution to the project eg. by arranging an appropriate press release and photo opportunity with you and the Mayor of Godalming (we will provide copies of our logo for printed and digital media, and we can provide a simple certificate for display if that would be appropriate).