

**North Yorkshire Strategic Partnership - Executive**

**7 October 2010**

**Use of voluntary and community sector Performance Reward Grant allocation**

**1 Purpose of the Report**

- 1.1 To seek agreement on use of the Performance Reward Grant (PRG) designated for the voluntary and community sector.

**2 Background**

- 2.1 The NYSP agreed that 10% or £1 million (whichever is the greater) of the PRG should be allocated to the voluntary and community sector through the York & North Yorkshire Community Foundation in order to create an endowment fund to generate ongoing grant funding for the sector.
- 2.2 The PRG due to the authority was £12.2 million, which would have generated a top slice of £1.22 million for the voluntary and community sector. In June 2010 the Government announced that only 50% of any PRG earned would be paid to local authorities, reducing the North Yorkshire Reward monies to a total of £6.1 million. In the light of this, the NYSP agreed at its meeting on 24th June 2010 that the amount payable to the voluntary and community sector should be proportionately reduced, giving a total allocation of approximately £610,000.
- 2.3 The voluntary and community sector was asked to consider whether creation of a permanent endowment fund was still appropriate, given the reduced amount and the likelihood that investment returns will remain low for the foreseeable future.

**3. Proposal**

- 3.1. The original intention in creating an endowment fund was to provide an ongoing source of funding for smaller, community-based organisations. These are often run purely by volunteers or with very limited paid staffing, and tend to work in very localised communities or with people with specific common needs e.g. disability, age, etc. They often play an important role in preventative activity, and in building a sense of community and a means for local people to join together to meet identified needs. Such organisations often lack the capacity, or indeed the need, to bid for large grants, but require access to small amounts of funding with minimum bureaucracy in order to implement their ideas.
- 3.2. NYFVO and the local support and development organisations (Councils for Voluntary Service/Voluntary Action) are of the view that the PRG should still be used to support smaller voluntary and community groups; and that the York and North Yorkshire Community Foundation is the appropriate body to manage the funds.

- 3.3. However, the reduced amount of PRG available and relatively low current investment returns mean that a permanent endowment fund would generate a very small amount of grant funding, at a time when the need for support for the sector is particularly acute.
- 3.4. It is therefore proposed that a permanent endowment fund should not be created at the present time. Instead, the PRG money should initially be split into two elements:
- a) £200,000 to be used for immediate grant funding for voluntary and community organisations. After up-front deduction of 12.5% management costs by the Community Foundation, this would create an initial grant fund of £175,000 which would be spent on a rolling basis, with the expectation of distributing this over 1 – 2 years depending on demand. Any interest generated by the fund during this time would be added to the grant fund. Proposed criteria for grants are set out below.
  - b) The balance of the PRG (approx £410,000) should be placed in a flexible endowment fund, which would attract no fees and be invested for growth (anticipated returns in the region of 5%). Depending on economic circumstances and needs in the sector (and subject to agreement of the NYSP Executive), in future further funds for immediate grants could be released from the capital of the fund. Alternatively, at some point in the future the remaining funds could be converted into a permanent endowment. This would involve a small charge for legal and set-up fees (approx 1.5% of the capital amount at that time).
- 3.5. This approach will allow much-needed funds to be made available to the voluntary sector immediately, whilst retaining the option to secure a permanent endowment at some point in the future if circumstances suggest that this is the best use of the money at that time.

#### **4. Criteria for grant funding**

- 4.1. The Community Foundation assesses grant applications in relation to the criteria set by the donor of the funds. Their application processes are simple in order to be as accessible as possible to small organisations. Staff are able to provide support and guidance to applicants where needed. The Trustees of the Community Foundation take decisions on grant allocations.
- 4.2. It is proposed that criteria for allocation of the PRG should include:
- Grants must only be for work in the geographical area served by North Yorkshire County Council.
  - Grants must help communities to meet priorities within the Community Strategy, i.e. (currently)
    - Children and Young People
    - Economy, Enterprise and Employment
    - Environment and Climate Change
    - Health and wellbeing
    - Older and Vulnerable People
    - Safer Communities

- Stronger Communities
  - Voluntary and community sector organisations with annual income of less than £50,000 can apply
  - Grants of £500 - £5,000 will be available.
  - Grants can be conditional - i.e. as match funding to help lever in other funds
  - Applications promoting politics, religion, or animal welfare will not be supported.
  - Applications from (branches of) national bodies will not be supported unless they can show that they are financially independent and locally managed.
- 4.3 Applications relating to all seven priority areas in the community strategy will be eligible, however initially additional priority will be given to needs arising from current economic constraints, including people affected by unemployment and/or reductions in public sector funding.
- Priority will also be given to applications that will help build the ability of local communities to meet local needs; and which are sustainable beyond the period of grant funding.
- 4.4. The intention is to ensure a reasonable spread of funding across the County, and across the seven priorities in the community strategy. Grant applications will be assessed on a rolling basis, without fixed deadlines, therefore decisions on each application are taken on its individual merits rather than through a competitive process. The Community Foundation will produce quarterly reports to NYCC and NYFVO detailing the amount of funding distributed, with breakdowns by geographical area and nature of needs. This will allow targeting of funding over time to meet a range of needs.
- 4.4. Funded organisations will be asked to complete simple monitoring procedures to confirm how the funding has been used and who has benefitted.

## **5 Recommendations**

- 5.1 That the PRG designated for the voluntary and community sector should be held and managed by the York and North Yorkshire Community Foundation
- 5.2 That the money should be divided into a current grant fund of £200,000, and a flexible endowment fund of £410,000. The flexible endowment fund may be drawn on for further revenue grants, or transferred to a permanent endowment fund, according to the future needs of the sector. A further report with recommendations on future use of the flexible endowment to be considered by the NYSP in autumn 2012 or when the initial £200,000 has been committed, whichever is sooner.
- 5.3 That the criteria for the grant fund should be as set out above.

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27<sup>th</sup> August 2010