

This briefing includes the notable changes (proposed) to the VCS Grants Prospectus, according to the papers for the 11/8/16 Cabinet meeting, which were published 3/8/16). Please note that although there are proposed changes to previously published information, they have yet to be approved by Cabinet.

UPDATE AFTER CABINET MEETING: Cabinet approved the Prospectus proposal and agreed (11/8/16) to add 'mental health' to the key challenges. The detail will be included in the VCS Grants Prospectus papers when launched (expected 1/9/16).

Impacts

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).

Comment: 'health and wellbeing' has been added.

Challenges

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'.

Comment: 'digital inclusion' has been included; the previous 'increasing physical and social inclusion' omitted; 'improving wellbeing' has been added to reducing social isolation.

Timeline

6. 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.

Comment: 9-week application window; new grants to take effect 1/7/17; current grants to be extended to 30/6/17.

Responses to Voscur's consultation report

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.

Comment: change to challenges; clarity about single/collaborative applications; confirmation of two years for smaller grants; focus on early intervention/early help; tapers/reductions apply to 4 year grants, not 2 year grants.

It is important to note that the allocation 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.' Voscur has concerns about transparency of process, criteria for 'best mix and balance of services', and also how this is therefore a less competitive process.

Financial implications

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

Comment: to date, there has been no description of the proportions of the total fund that would be applied to Small, Medium and Large grants. The 'proportion not subject to taper' (i.e. Small grants), effectively indicates that an amount (£0.5m/year) has been allocated to Small grants. This means that the fund could result in 50-200 Small grants awarded 2017/18.

Guide cap [Prospectus, page 37]

Community Transport organisations and Hate Crime support providers can apply for over £150,000 per year if they apply collaboratively.

We have a guide cap (or maximum) of £150,000 for large grants because we want to use the money available to support a wide range of organisations and we do not want the council's Bristol Impact Fund to be dominated by large grant awards. It is possible for an organisation to be part of more than one application or proposal. If this is the case we will calculate the total awards to that organisation when making our allocation recommendations so that we do not unknowingly exceed our guide cap.

Comment: this was included in Voscur's events (28 June, 12 July) and it is noted that, although there is a guide cap, the council acknowledges that some organisations may be awarded grants greater than the cap. It is not clear if the guide cap of (£150,000 per year) applies to an organisation (solo application or as an organisation that is part of a collaborative application) or to an application (regardless of the number of organisations in a collaborative application). Clarity is needed so that collaborative applications in particular can develop appropriate proposals.

Taper/reductions in year 3 and 4 of Medium and Large grants [Prospectus, page 38]

As a guide, organisations should propose budgets and plans based on reductions of a minimum of 10% of the annual grant amount in year 3 and a further 5% in year 4. We are calling these reductions 'tapers' because they are a gradual reduction over years 3 and 4. The tapers will be agreed at the start of the grant term and the council will see if there are ways to help VCS organisations make efficiency savings through sharing centralised services, such as HR, finance and IT.

Comment: this is the first clear description of reductions in years 3 and 4.

We will make one-off funding available in order to support organisations to develop new ways of working so that they can work together, share learning, improve their effectiveness and/or become more sustainable to prepare for the tapered grants in years 3 and 4.

Comment: note the possibility of funding to support different ways of working to handle the reduction in funding.

Eligibility criteria [Prospectus, page 39]

To be eligible to apply for grants from the Bristol Impact Fund organisations must already be based in or delivering services in Bristol and:

- be non-governmental
- be constituted
- have a set of objectives that allows them to undertake the activities they are proposing
- be value driven, for the social good
- be non-party political
- have at least three local trustees or directors (who are not related to each other and are not paid shareholders)
- reinvest any financial surpluses to further social, environmental and/or cultural objectives that bring a significant community benefit to Bristol
- not distribute any of their surpluses or assets through share dividends to individuals or shareholders
- have a bank account in the organisation's name

Comment: some organisations have questioned the criterion about 'three local trustees or directors' – this point is still under consideration.

For the purposes of the Bristol Impact Fund, organisations should have one or more of the following structures or forms:

- a registered charity
- a Community Interest Company limited by guarantee
- a Community Interest Company limited by share (Schedule 2 with 100% asset lock only)
- a company limited by guarantee
- a community benefit company registered as an Industrial and provident Society
- a Charitable Incorporated Organisation
- We will accept applications from unincorporated organisations. However any organisation that is awarded a Bristol Impact Fund grant and is not incorporated will be strongly encouraged and supported to become incorporated in order to protect the trustees/directors.

Comment: note the last point about encouragement for unincorporated associations to incorporate.

Number of applications [Prospectus, page 39]

Individual organisations can only submit one sole grant application to the Bristol Impact Fund. However organisations can be part of more than one collaborative application. We will not unknowingly allocate grants of more than £150,000 per year to a single organisation.

Comment: this provides clarity about the number of applications a single organisation can make.

Collaborative (joint) applications [Prospectus, page 43]

We are open to and interested in organisations applying for a grant together. By this we are not talking about mergers or sub-contracting, but organisations setting out how they will work together in order to provide better outcomes for disadvantaged people and applying for grants together instead of singly. We call this a collaborative application.

Organisations might consider applying for grant collaboratively if this will add value to what they do. A collaborative application should be focused on improving the impact for beneficiaries. It might be about bringing together activities that do similar things with similar beneficiaries, or about sharing learning or sharing other functions.

Collaborative applications can be of any size, for small, medium or large grants and will mirror these processes. If the collaboration can show that it will deliver **exceptional impacts for disadvantaged people then it may apply for more than £150,000 per year.**

We appreciate that setting up collaborative structures and working collaboratively can be costly, and also that there are some risks for smaller specialist organisations being used by larger groups to increase their appeal to funders but then not including them in final allocations.

To help with this we have:

- Drawn up a template Memorandum of Understanding for collaborative applicants to use to help make sure they are all aware of their part in the application form.
- Developed guidance with Voscur about collaborative grants
- Set aside a small fund to support organisations to work collaboratively and to develop new ways of working.

Comment: these measures should help smaller organisations avoid ‘bid candy’; further information is needed about the small fund; collaborative applications that will deliver ‘exceptional impacts’ can be greater than the guide cap – it is not clear what is meant by ‘exceptional impacts’. Also, it is not clear if the guide cap of (£150,000 per year) applies to an organisation (solo application or an organisation that is part of a collaborative application) or to an application (regardless of the number of organisations in a collaborative application). Clarity is needed so that collaborative applications in particular can develop appropriate proposals. Clarity is also needed on the amount of the small fund that has been set aside and how this will be allocated.

We will welcome collaborative proposals from joint or partnership coalitions and from lead partner consortiums.

Comment: this provides clarity about forms of collaboration that will be acceptable to the council in collaborative applications.