

# WILTSHIRE COUNCIL

## GRANT EXPENDITURE POLICY

## Policy Cover Information

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Implementation lead	Corporate Function and Procurement			Implementation date	July 2016
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## Policy Control Sheet

Policy title	Grant Expenditure Policy
Purpose of policy	The Grants Expenditure Policy sets out Wiltshire Council's aims, approach and criteria for funding both generally and in respect of specific identified need. It aims to ensure best use of the limited funding to ensure high quality outcomes for Wiltshire residents in accordance with the Council's Business Plan.
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Lead Director	Robin Townsend, Corporate Function, Procurement and Programme Office
Target audience	Council officers involved in grant expenditure
This policy supersedes	n/a
This policy should be read alongside	Wiltshire Council Constitution <a href="#">Part 10 - Contract and Procurement Rules</a> Wiltshire Council Constitution <a href="#">Part 9 - Financial Procedure Rules</a> Grants Expenditure Policy Procedure Manual
Related Procedures	
Monitoring and review lead	Procurement Policy Manager
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## 1. Introduction

- 1.1 This Policy sets out Wiltshire Council's priorities, approach and criteria for funding via grants both generally and in respect of specific identified areas.
- 1.2 The Council recognises the contribution that grants make both towards the quality of life of local people and in ensuring that all members of the community have a voice. Given the pressures on resources, this policy aims to ensure best use of the limited funding available to ensure high quality outcomes for Wiltshire residents in accordance with the Council's Business Plan or any successor.
- 1.3 This policy is concerned with funding by way of Grants. It does not include goods, services or works purchased in accordance with the Council's procurement regulations (see [Part 9](#) and [10](#) Wiltshire Council Constitution and relevant manuals).
- 1.4 This policy should be read in conjunction with the Grants Policy Procedure Manual.

## 2. Definitions

- 2.1 In this document the following words and phrases have the following meaning:

<b>GRANT</b>	A grant is where the Council provides funds to a recipient, or to a mutually collaborative arrangement, to meet a social or economic benefit for the residents of Wiltshire and does not include a contract for the delivery of goods and services to, or on behalf of, the Council.
<b>EXTERNAL GRANTS</b>	There are a number of grants that the Council makes to organisations where the funding originates from external sources, such as DEFRA. In some circumstances the Council acts as an enabling role and passes the funding on, subject to the original funder's requirements. As a result, external funding may be subject to its own restrictions and requirements which are scheme specific.
<b>COMMUNITY AREA GRANTS</b>	Each Area Board has funding to support local community projects in the area. The Council has maintained a capital only budget for the Area Boards, using a formula that takes into account population, rurality and deprivation. Funding is available to help provide facilities, equipment and activities that are important to the local community.
<b>COMMUNITY YOUTH ACTIVITIES</b>	Capital and revenue grants for the provision of positive activities for young people aged 13-19 (up to 25 years of age for young people with special educational needs and/or disabilities).

<b>PROCUREMENT</b>	The acquisition on behalf of the Council of supplies, services or works of any value or type to include the entire process from initial planning to the end of the contract liability period or the end of an item's useful life. For more detailed information consider Part 10 of the Constitution.
<b>COMMISSIONING</b>	The strategic planning process to design how best to use and prioritise the total resources available to deliver better outcomes for Wiltshire in the most efficient, effective, equitable and sustainable way. This includes demand management, providing greater commercial challenge to both internal and external delivered services, exploiting innovation and maximising value through procurement activities
<b>CORE COSTS</b>	Basic 'core' organisational and administrative costs of an organisation, including salaries, facilities, equipment and communications.
<b>STATE AID</b>	State aid is any advantage granted by public authorities through state resources on a selective basis to any organisations that could potentially distort competition and trade in the European Union (EU). The state aid legislation is contained in a number of communications and decisions from the European Commission but the basic prohibition is expressed in Article 107 of the Treaty on the Functioning of the European Union, or any succeeding legislation.
<b>VOLUNTARY, COMMUNITY AND SOCIAL ENTERPRISE SECTOR</b>	<p>The Voluntary, Community and Social Enterprise Sector (VCSE), sometimes referred to as the Third Sector or Social Purpose Sector, is the term used to describe the range of organisations which are neither state nor the private sector. It includes organisations such as associations, self-help and community groups, voluntary organisations, social enterprises, Housing Associations, mutuals and co-operatives. Such organisations are sometimes, but not always, charitable (as defined in law) and may be registered charities.</p> <p>VCSE Organisations are:-</p> <ul style="list-style-type: none"> <li>• Independent of government;</li> <li>• 'Value-driven' – that is, they pursue social, environmental or cultural objectives rather than primarily aiming to make a profit;</li> <li>• Reinvest any surpluses, or in the case of Social Enterprises all surpluses, in the pursuit of their objectives.</li> </ul>

<b>THE WILTSHIRE COMPACT</b>	The <a href="#">Wiltshire Compact</a> is a set of guidelines and principles which help foster better working relationships between the VCSE sector and the public sector.
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### 3. Principles applicable to all grants

3.1 The following principles apply to all grants awarded by the Council:

- a) This policy should be read in conjunction with the Grants Policy Procedure Manual which sets out the detail around consideration and awarding of grants;
- b) The principles in this policy apply to external grants to the extent that they do not conflict with the external grant's own restrictions
- c) When applying this policy the Officer must be satisfied that the Procurement Rules do not apply. If in doubt, Officers should refer to [Part 10](#) of the Constitution in order to consider in more detail the procurement requirements and whether these apply to the proposed funding for grant aid;
- d) Officers shall ensure that when considering awarding grants to VCSE organisations that the proposed recipient does meet the criteria for such an organisation;
- e) Officers must ensure that when determining whether to award a grant, the criteria that have been considered is evidenced and documented for audit purposes;
- f) Officers must consider at the outset whether each and every proposed Grant is likely to constitute State aid;
- g) Where the Council is only providing a proportion of the overall cost of the project, Officers shall ensure that they have considered the risks associated with the obtaining of these "other funds" in making the project viable and the risks of other funds terminating before the term of the grant;
- h) The Council wants to use grant funding efficiently. The Council will aim to get the right balance between the volume of activity and the quality and sustainability of that activity. The Council will also seek to ensure that resources are targeted to areas of most need using clear evidence such as that provided by the Community Area Joint Strategic Assessments;
- i) Any grant aid must be in support of projects or activities that assist the Council in delivering its Business Plan and must be able to demonstrate a contribution to at least one of the Business Plan's outcomes or any successor;
- j) The Cabinet Member responsible for the finance portfolio shall be responsible for monitoring adherence to this policy. The relevant Associate Directors are

responsible for ensuring that grant funding is being used consistently with this policy. The Section 151 Officer is responsible for ensuring the financial aspects of this policy. The Associate Director for Corporate Function and Procurement has the responsibility for ensuring that this policy remains fit for purpose. A report on Wiltshire Council's use of grant funding shall be provided to the Cabinet Member for Finance on an annual basis in line with the transparency code. Any significant amendments to the policy shall be referred to the Cabinet for approval; and

k) The underpinning procedure manual shall be reviewed regularly and at a minimum every two years to ensure it remains fit for purpose.

3.2 In addition to the above principles, grants to VCSE organisations should uphold the promises and undertakings of the [Wiltshire Compact](#), of which Wiltshire Council is a key signatory and supporter.

## **4. Purpose of Wiltshire Council grant aid**

4.1 Wiltshire Council will use grant aid to meet one or more of the following purposes:

- a) Enable engagement between individuals or organisations and the Council on a wide range of activities which promote fairness and wellbeing in Wiltshire;
- b) Provide pilot funds that may support the residents of Wiltshire;
- c) To reach the most vulnerable and disadvantaged in our communities to enable them to access the support and services they need;
- d) Provide funds for organisations that are in a position to support high quality non Wiltshire Council services that are of benefit to the residents of Wiltshire and would make a significant contribution to resilient communities;
- e) Take advantage of new innovations where a gap has been identified both within the county as a whole or within a particular Community area;
- f) Add value to the outcomes set out in the Council's business plan.

## **5. Types of Grant**

5.1 The Council will distinguish between Small, Investment and Long-term grants.

5.2 In order to promote stability and certainty the Council will, in certain circumstances, support longer term funding subject to satisfactory annual reviews of progress,

against mutually agreed outcomes which will be negotiated each year, and the availability of resources.

- a) **Small (project based) Grants** – can be revenue or capital. These are typically a gift or token of support covering one-off time limited grants for a piece of equipment or a project that has to be completed within a set time period – usually one year..
- b) **Investment / Longer term Grants** – in the core costs or activities of organisations deemed to ‘add value’ to the Council’s aims and objectives. These could be for one year but may be longer at the discretion of officers in order to provide business continuity and greater financial security. An investment grant may also apply where there may be no natural supply market and therefore used to help develop future supply options. These should not be confused with contracts whereby the organisation provides goods or services on behalf of the council and subject to the council’s contracts regulations.

## 6. State Aid

- 6.1 Council officers must consider at the outset whether each and every proposed Grant is likely to constitute State Aid. If the recipient operates in a market where there is (or could practically be) competition then the assumption is that State Aid rules apply.
- 6.2 There is no exemption from State Aid rules in respect of the VCSE. However the Grant must be for the purpose of aiding undertakings to be involved in some economic activity for the Grant to be considered a State Aid.
- 6.3 EU law regards smaller grants as unlikely to have a significant effect on trade or competition. For this purpose, there is an exemption for cumulative aid to a single organisation amounting to less than €200,000 over three fiscal years (*note: calculate the [official EU exchange rate](#) with the relevant date being the month in which the grant is formally awarded*).
- 6.4 However, it is important that State Aid rules are considered and adhered to because any failure may invalidate the Grant and result in an obligation to repay wrongly granted funding with interest.
- 6.5 All grants involving State Aid shall be dealt with in accordance with the Grants Policy Procedure Manual and [Part 9](#) of the Constitution.

## 7. Eligibility Criteria for grant funding

- 7.1 In order to be considered for grant funding organisations or individuals must meet all of the following criteria:



- a) Be based in the county of Wiltshire or provide services / activities for the benefit of Wiltshire residents for the funding awarded;
- b) In the case of organisations or groups, have a bank account in the name of the organisation or group, which requires at least two joint signatories, who are not related, for all transactions; and
- c) Have the necessary policies and procedures that fulfil legal requirements e.g. accounts, health and safety, equal opportunities, insurance, safeguarding etc.

7.2 Checks against these criteria will need to form part of an initial assessment by the service providing the grant aid.

7.3 In addition to the universal criteria above, certain Council grant schemes have specific eligibility criteria – please refer to the Procedure Manual.

7.4 It is crucial that when grants are being assessed that responsible officers undertake appropriate checks with the Corporate Office and / or relevant commissioners as to whether the potential beneficiary of grant aid is known and already funded by the Council and whether there are any specific concerns that should be taken into account as part of any process of assessment and recommendation. Payments to grant recipients will not be made until all appropriate checks have been completed to the satisfaction of the Council.

## **8. Circumstances in which the Council will not provide grant funding**

8.1 The Council will not fund:

- a) Organisations that have the nature of a political party or political lobbying organisations;
- b) Religious organisations for the promotion of religion;
- c) Services or activities that are the responsibility of other statutory bodies;
- d) The funding of activities that would be the subject of a procurement exercise not grant aid; and
- e) Retrospective funding

## **9. Decision Making**

9.1 Any decision making in respect of grant funding must follow [Part 3](#) and [Part 9](#) of the Constitution.

## 10. Core Costs

- 10.1 The Council understands that it is difficult to secure funding for core costs, particularly in the current economic climate, and that it is not a priority for many funders. At the same time the Council faces a public sector funding challenge which means establishing a clear basis and need for entering funding relationships and achieving better value for money from limited resources.
- 10.2 Funding support needs vary, and as long as organisations can demonstrate that the investment enables them to meet the funding priorities, the Council will be flexible about the costs that are eligible for funding. Organisations need to be clear on how grant money is spent and any agreed outcomes must be related to the Business Plan. They will be required to communicate this to the Council.

## 11. Performance Monitoring & Evaluation

- 11.1 The Council wants best value from its funding and to ensure the financial support that it gives to organisations makes a real difference to the lives of local people. The grant agreement enables the Council to monitor and evaluate to assess whether an organisation is satisfying the terms and conditions of grant aid and is able to manage their financial and legal responsibilities.
- a) **MONITORING** - is the process of gathering and recording information on a regular basis. It keeps account of progress and work undertaken against a set of agreed objectives, targets and indicators. Monitoring is less likely to apply in the case of a small one-off grant, particularly where it is for capital. Depending on whether it is a small or investment grant, organisations may be required to produce monitoring reports on progress which may be used in conjunction with any formal monitoring visits.
- b) **EVALUATION** - is the process of looking at the monitoring information and making a judgement or series of judgements on the quality of the progress and work and its success against expectations and stated aims. It is both quantitative and qualitative, assessing outputs and outcomes in terms of the impact the project or service has made.

## 12. Conditions of Grant

- 12.1 The approval of awarding grants must follow the delegation of authority as detailed in [Part 9](#) of the Council's Constitution.
- 12.2 The approval of any Grant, whether a small Grant such as the Community Area Grants or larger investment grant will be subject to certain conditions that must be satisfied before payment is made.

- 12.3 These conditions will clearly lay out what is expected from the organisation and what the Council will provide. These will be in the form of Standard Conditions, common to all grant agreements and Special Conditions specific to the grant in question.
- 12.4 In the case of larger Investment grants these conditions will be set out in a comprehensive funding agreement which will clearly describe the outcomes the Council is seeking to achieve.
- 12.5 Every recipient will be required, as a term and condition of the Grant, to disclose to the Council full details of any costs covered either in full or in part by the Grant at the outset of any grant request or other negotiations to provide services, goods or works to the Council. This is intended to avoid any duplication of payment from the Council.
- 12.6 The exact nature of agreements will vary from organisation to organisation and will be used to enable the Council to monitor and evaluate success. The Council will also expect the funded organisation to use it for self-evaluation.
- 12.7 If the recipient breaches the terms of the specific grant agreement, for instance by improper use of the funding or by failing to continue to use grant assets for their permitted purpose, the recipient may be required to pay back part, or all of the grant.

## **13. Grant Payments**

- 13.1 Payment of grant funding will be in line with the payment schedule and other relevant clauses contained within the grant agreement and, in the case of grants to VCSE organisations, the public sector undertaking within the funding promise of the Wiltshire Compact.

## **14. Reduction or termination of grant**

- 14.1 Where it becomes necessary to terminate a grant, notice would be in accordance with the terms of the grant agreement and, in the case of grants to VCSE organisations, Compact principles.