

Voluntary and Community Sector Funding Protocol

1. The Voluntary and Community Sector in Sandwell

The Voluntary and Community Sector (VCS) is also known as the third sector. There is an enormous range of VCS organisations in Sandwell including: voluntary organisations, community groups, tenants and residents groups, faith groups, housing associations, most co-operatives and social enterprises, sports organisations, and grant making trusts. The Council's definition of the VCS is set out in appendix 1.

2. Why the Council Supports the VCS

Voluntary and community organisations make an enormous contribution to the life of Sandwell. The Council and the VCS are mutually dependent.

The Council need an active VCS to:

- provide services
- support hard to reach communities and individuals,
- take on a campaigning or advocacy role on behalf of local people, providing an important challenge to statutory bodies including the Council
- provide choice
- help to provide solutions to local problems, by working in partnership
- provide opportunities for local people to get involved
- contribute to the local economy, providing jobs, volunteering opportunities and spending power

The VCS needs the Council to:

- provide a wide range of support, including funding
- listen to their views
- respond

- engage with them on identifying needs and designing services

3. The purpose of the VCS Funding Protocol

The VCS Funding protocol provides an agreed framework within which the Council will conduct its funding relationships with VCS organisations.

The funding protocol must:

- support Vision 2030
- be fair, open and transparent
- comply with the Sandwell Compact, including the Funding Code of Practice
- comply with the Council's procurement and contract procedure rules
- be affordable and deliverable
- comply with legislation, including the Public Services (Social Value) Act 2012

4. The Funding Framework

There are two inter-related approaches to funding:

- **Contracts:** Purchasing services or goods from VCS providers. This will usually be done in competition with other service providers from the private or the public sector. The Council will specify the services or goods that it requires. Payment is made in return for the provision of these goods or services. The deal is defined by terms set out in the contract.
- **Grants:** A grant is the payment of money or some other thing, without the expectation of goods or services in return (this could include making a financial contribution to the independent work of a voluntary or community organisation). A grant is usually provided subject to conditions that state how the grant can be used. The grant-aided organisation may use or offer to use the grant to provide goods or services that meet their own objectives or objectives that they share with the Council.

Officers will carry out an options appraisal in order to determine whether a grant or a contract is the most appropriate funding mechanism for a particular activity or service.

All grant agreements and contracts will be time-limited and reviewed on a regular basis.

4.1 Contracts

Purchasing services from VCS providers will usually be done through competitive arrangements with other service providers from the private or the statutory sector and will comply with the Council's procurement and contract procedure rules. The vast majority of the Council's funding for the VCS will come via this route.

The Council will support the VCS to engage in public service delivery in a range of ways including:

- ensuring that all opportunities are advertised on the [InTend website](#)
- investing in infrastructure support services to deliver tailored support to VCS organisations so that they have the appropriate policies and systems in place to deliver public service contracts

4.2 Grants

Grant funding will only be available for organisations that meet the requirements of the Council's definition of the VCS (see appendix 1) and have objectives that bring about social, economic or environmental benefits to Sandwell, and support the Council's priorities and Vision 2030. Grant funding will:

- create a foundation of funding which can be built using additional funding from other sources
- provide a degree of stability for local VCS organisations
- stimulate innovation, allowing VCS organisations to take risks and try new ways of working
- foster partnership working
- provide funding for the core functions of VCS infrastructure

Funding will be 'unrestricted' in nature (in terms of how it is reported in an organisation's annual accounts).

The Council's grant-making process will depend on the purpose of the grant and:

- wherever possible the Council will take a co-design approach

- in some cases small grants could be administered by VCS infrastructure organisations
- funding will usually be for a 3 year period and will be paid in advance.
- monitoring arrangements will be proportionate to the levels of funding and as light touch as possible. A 3 year impact report may be required for larger grants.

5. The Council's Approach to Reviews

Reviews help the Council to decide if a service is needed, is being provided well and is good value.

Individual contracts and grant agreements will be reviewed on a regular basis, usually annually. Individual organisations funded by the Council may be reviewed from time to time, for example through the Council's scrutiny process. Service reviews of all providers of a particular service will be carried out, including statutory, private and VCS providers.

VCS organisations involved in a review will be given a clear explanation of the rationale behind the review and the Council will share the outcomes of the review process with them.

6. Review Arrangements for the Funding Protocol.

Review of the implementation of the protocol across the Council will be ongoing.

VCS Funding Protocol refresh date: September 2019.

Review date: 2022

Glossary of Terms

InTend website

The council's web based system for buying goods, works and services. Registration is free and all tender advertisements are carried out via the InTend supplier website.

Infrastructure

Voluntary sector infrastructure organisations provide a range of support, information and services to front line voluntary and community sector organisations, including: volunteer brokerage, mentoring, training, capacity building. Local infrastructure organisations include SCVO and SCIPS.

Sandwell Compact

The Compact is an agreement between Sandwell's VCS and their statutory sector counterparts. By setting out the principles governing the relationship between the two sectors, the Compact aims to set the tone of their relationship, supporting them to work together to do good things for the people of Sandwell. Whilst the Compact is not a legally binding document it is a statement of intent and aspiration.

[Vision 2030](#)

Scrutiny

Scrutiny ensures that those elected members making decisions are held accountable for their decisions, that policy making in the council is evidence based, that the decision-making process is clear and accessible to the public and that there are opportunities for the public and their representatives to influence and improve public policy.

Appendix 1

Definition of the Voluntary and Community Sector.

Introduction:

The Voluntary and Community Sector (VCS) includes a very diverse range of organisations including some or all of the following components:

- Voluntary organisations
- Community groups
- Tenants and residents groups
- Faith groups
- Housing Associations
- Most co-operatives and social enterprises (provided all profits are retained for the benefit of the members or community served)
- Most sports organisations
- Grant making trusts
- Private clubs

Organisations can take a variety of forms including one or more of the following:

- Mutuals
- Community interest companies
- Industrial and provident societies
- Not for profit trade associations
- Charitable trusts
- Companies limited by guarantee
- Unincorporated groups

Grant making

Please note that there are separate rules that govern eligibility for discretionary rate relief.

Grants and other support will only be made available to the following types of organisation:

- Voluntary organisations
- Community groups
- Tenants and residents groups
- Faith groups

- Most co-operatives and social enterprises (provided all profits are retained for the benefit of the members or community served)
- Most sports organisations

Organisations that have one or more of the following structures/ forms are eligible for grant aid:

- Community interest companies limited by guarantee
- Community interest companies limited by share (schedule 2 including an asset lock of 100%)
- Not for profit trade associations
- Charitable trusts
- Companies limited by guarantee
- Unincorporated groups
- Wholly owned trading subsidiaries (arms)

To receive a grant all voluntary and community sector organisations will need to be able to demonstrate that they are all of the following:

- based in or delivering services in Sandwell
- non-governmental
- value driven, having objectives for the social good
- non party political
- have a voluntary governing body with at least 3 local people on that body
- principally reinvest any financial surpluses to further social, environmental or cultural objectives that bring a significant community benefit to Sandwell
- do not distribute any of their surpluses or assets through share dividends to individuals or shareholders

Glossary of Terms:

Principally reinvest any financial surpluses to further social environmental or cultural objectives that bring a significant community benefit to Sandwell:

The organisation must reinvest at least 50% of their financial surpluses for community benefit in Sandwell. Regional and national organisations will need to reinvest at least 50% of their financial surpluses that arise from their work in Sandwell for community benefit in the borough.

Individual shareholder:

Includes individuals and private sector companies

Assets:

This includes dividends, as well as material assets.

Voluntary organisation:

A formal organisation run by a management body made up of volunteers who are engaged in that activity for environmental, economic or social good.

Community Group:

A community organisation is a less formally organised body run by a management body made up of volunteers who are engaged in that activity for environmental, economic or social good.

Definition of the Voluntary and Community Sector refresh date:

September 2019.

Review date: 2022