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Cabinet Member meeting

30 January 2018

**Name of Cabinet Member:**

Cabinet Member for Community Development – Councillor Linda Bigham

**Director Approving Submission of the report:**

Acting Director of Public Health

**Ward(s) affected:**

All

**Title:**

*Community Capacity and Resilience Grant*

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**Is this a key decision?**

No

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**Executive Summary:**

Coventry City Council's long-term strategy is to increase collaboration with voluntary and community organisations to tackle complex issues, deliver services differently and achieve better outcomes. The Council is working to enable Coventry people to take positive action within their communities, especially by providing informal support to protect those who are most vulnerable from falling into crisis and to improve their wellbeing. Existing programmes led by the Council and partner organisations are seeking to empower communities to increase their own capacity and resilience in challenging times.

A key barrier to achieving this is the financial viability and long-term sustainability of community and voluntary organisations. Although many do excellent and impactful work, they often lack the skills and experience needed to operate sustainably, or to grow and increase their reach. Cash grants from public bodies over many years have resulted in these organisations becoming financially dependent on Coventry City Council, a practice which was never sustainable and is no longer affordable.

This paper outlines proposals to increase the viability and long-term sustainability of such organisations through the creation of a grant fund specifically targeted at growing the skills for business development. The grant funds will not be used to pay for overheads or day-to-day operating costs of voluntary and community organisations, but to increase their potential to self-fund in future.

The money for this grant comes from an existing budget line. The proposal outlined in this paper is a pilot which will run for one year. After that time it will be reconsidered holistically alongside other voluntary and community sector grants as part of future annual budget setting.

**Recommendations:**

The Cabinet Member is requested to:

- 1) Approve the proposal made in this paper (**option 4**) for the creation of the Community Capacity and Resilience Grant administered by the Council.
- 2) Award delegated authority to the Insight Manager (Engagement) to administer the grant funds over one year (totalling £103,000).
- 3) Receive quarterly informal updates from the Insight Manager (Engagement) on the activity and impact of the grant.

**List of Appendices included:**

**Appendix 1** - Diagram of grant award process

**Background papers:**

None

**Other useful documents**

PROC 7 – Community Capacity and Resilience Grant  
Grant Aid Agreement – Community Capacity and Resilience Grant

**Has it been or will it be considered by Scrutiny?**

No

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No

## **1. Context (or background)**

- 1.1 The Council is seeking to change its relationship with communities by encouraging and empowering them to take positive action for the benefit of the city's residents. This work especially complements the Connecting Communities approach and the Proactive and Preventative workstream of the Better Health, Better Care, Better Value Programme. Both aim to deliver services differently and maximise community capacity and resilience in an effective and sustainable way.

The funds for this grant come from an existing budget line which was previously awarded to a single organisation. The options presented below explore different ways of using the funds to maximise the empowerment and capacity building within Coventry communities.

The objectives of the grant are threefold:

- To increase the viability and financial sustainability of community organisations
- To improve access to support for organisations that are increasing the capacity and resilience of communities (especially smaller organisations)
- To improve working relationships between community, voluntary, public and private sector organisations

- 1.2 Coventry achieved Social Enterprise Place status in 2016. The Council is an active member of the Social Enterprise City Steering Group and has committed to helping social entrepreneurs, innovators and enterprises help to grow their social and community impact in the city and beyond. Research shows that money spent with social enterprises has a far greater impact on the local economy than that spent on other types of business. It is therefore economically and socially beneficial to have a vibrant and active social enterprise sector in Coventry. The proposed grant would add value to the support for social entrepreneurs and would help shift community-based organisations away from a reliance on diminishing financial grants.
- 1.3 Community and voluntary organisations in the city are already working to protect vulnerable residents from requiring crisis-level intervention. These include many organisations, community centres and faith centres across the city which run and host events in their locality. Further examples can be found on the [Adult Social Care and Communities Directory](#). The grant award would bolster work of this kind, increase its reach and help diversify its activity.
- 1.4 The purpose of this grant differs from other grants currently awarded by the Council to community and voluntary organisations. For example, the Transition Fund (which, to date, has been awarded as part of Connecting Communities) is specifically intended to support residents and communities to develop new approaches to service delivery. It is one-off funding to kick-start service delivery and mitigate Council reductions. Other existing grants support community and voluntary groups by paying for specific programmes or covering day-to-day costs and overheads. In comparison, the Community Capacity and Resilience Grant is neither about funding service delivery nor covering running costs. It is specifically aimed at increasing organisations' long term self-sufficiency, financial viability and ability to self-fund in the future.

## **2. Options considered and recommended proposal**

2.1 **Option 1 – Do nothing.** The grant funds would not contribute towards increasing community capacity and resilience. This option is not recommended for the following reasons:

- Doing nothing would weaken the work of associated programmes, such as the Proactive and Preventative Programme and Connecting Communities, which rely on community social action and viable community-based organisations to realise their objectives. These programmes are of significant importance to the Council and the city.
- It is considered that developing the financial viability and sustainability of organisations supporting community action in the city would create social value greater than the initial amount invested. Similarly, by bolstering community and voluntary organisations that undertake proactive and preventative activities the burden on expensive crisis-level services would be lessened.
- Existing community and voluntary groups would struggle to maintain their financial viability without the assistance of this grant and may close. Alternatively, a decision to invest in community groups now and increase their sustainability is a long-term solution that will make them self-sufficient in future.

2.2 **Option 2 – Award the grant fund to a single organisation.** The grant funds would be awarded to a single organisation to work on the Councils' behalf to increase community capacity and resilience by improving the viability of other organisations. The services this group would offer may include (but are not limited to) business development support; consultancy advice on income generation and diversification; high-level accountancy; legal support; payroll and HR services; and other training. This would deliver investment directly into the system and is likely to have a moderate impact on some community groups in the city. However, this option is not recommended for the following reasons:

- Contracting with a single organisation would necessarily reduce the range of options available in terms of support to voluntary and community organisations. The grant is intended to specifically target the needs of individual organisations and its use may, therefore, vary greatly from case to case. A single organisation may not be able to offer the required skills or facilities to suit every individual case.
- It would also reduce the diversity of those organisations coming forward for support. The Council recognises that asking for support is something organisations are often reluctant to do; they prefer to work within their own network or with individuals and organisations they trust. Contracting with a single organisation would reduce the range of organisations that are willing work with the recipient of the grant. It is believed that this could disproportionately negatively affect new communities and smaller organisations.

2.3 **Option 3 – Award the grant funds to an external organisation to administer.** The funds would be transferred to an external organisation to administer. They would then portion out the total grant to community and voluntary organisations as appropriate. Community organisations would use the grant money to purchase support services (business development support; consultancy; accountancy; legal support; payroll and HR services etc.). This would ensure that the money reached a wide range of different organisations and their needs would be considered on an individual basis. It would also mean the money being awarded to these groups directly, rather than them accessing the services through an umbrella organisation (as in option 2). However, this option is not recommended for the following reasons:

- Past experience has shown that administering the fund externally would incur a significant cost. Any money spent on administering the grant reduces the amount available for communities, lessening impact.
- The Council would have limited oversight of the grant and would not have the ability to target it at areas of known need. This could lead to conflict with or duplication of other Council-led efforts. This would reduce the overall impact of the award in helping the most vulnerable residents of the city.
- The Council would be reliant on the external administrator of the funds to ensure that the fund's impact was properly evaluated. This might reduce the intelligence available about the grant, its success, and whether the model should be continued in future.

2.4 **Option 4 (recommended option) – Grant fund administered by the Council.** Option 4 comes with all the benefits of option 3, in that the grant awards could be used to deliver a number of different services and be made to a large range of organisations. The money would also be awarded directly to those organisations in need. It improves on option 3 in the following ways:

- As the grant would be administered internally there would be no direct costs associated with the maintenance and award of the grant funds. There would be an implication for officer time, but there would also be benefits from efficiencies of scale as there are already staff with the skills, contacts and experience of managing grants of this type. This would mean the maximum amount of investment would be made directly into community groups in need.
- Assessment of impact and other learning gained from working with the recipients of the grant award would be used to inform future and existing programmes the Council is involved with. The experience could be used to propose other models for high-impact interventions to empower communities.
- The Council would maintain oversight of the grant which would be awarded through the delegated authority (alongside an officer panel). This would ensure any awards complement other areas of work and reach those organisations in greatest need, contributing to the strategic goals of the Council and its partners. The grant would be managed in full knowledge of other funds already awarded by the Council.
- Organisations could be approached directly and asked to consider applying for the grant if we were made aware of them through other work taking place in the Council. As a large organisation with many existing community contacts it is felt that the Council is in a good position to manage the grant.

In this option grant funds would be given directly to community and voluntary organisations (not exceeding £10,000 per time). These organisations would then use the funds to purchase professional services from a third party. The third party might be another community or voluntary organisation, a social enterprise, or an organisation from the private sector. This relationship is shown in **Appendix 1**.

### 3. Results of consultation undertaken

3.1 Engagement to establish what is needed took place with third sector organisations through two workshops and feedback via email and telephone. These workshops highlighted that many community-based organisations have been badly affected by reductions in public services. Although they have the will to make a difference, many lack the knowledge or skills to independently generate income needed to maintain financial viability. Especially lacking are business acumen and technical expertise in legal, accountancy and human resources; all skills that are extremely important for sustaining a community enterprise that is not dependent on Council funding.

- 3.2 The workshops also included a range of organisations that currently provide capacity building and business development support in the city. Their contributions have enabled the proposal to be shaped in a way that adds value to existing support that will not undermine the local market for capacity building services. Contributors highlighted the need to be proactive in offering support to organisations that could benefit but which are not currently seeking support, and that we must ensure there are sufficient options available to allow groups to work with a service provider they trust.
- 3.3 Although the workshops did not result in a single proposal for delivering this support, it was agreed that the resultant programme should offer flexibility in improving the financial viability and sustainability of community and voluntary organisations. Those present at discussions were keen to emphasise the diversity of needs as well as the range of offers already available in the region. They asked that we keep both of these considerations in mind when formulating proposals.

#### **4. Timetable for implementing this decision**

- 4.1 If the decision is made to implement the proposal it will come into effect from the start of the 2018/19 financial year. The proposal is for the grant to run for one financial year as a pilot.
- 4.2 If agreed, the proposal would be implemented by the Insight team and the Community Development Service within Coventry City Council in partnership with community and voluntary groups. The delegated authority would have responsibility for administering the grant award alongside at least one further representative from both Insight and the Community Development Service to act as a panel.
- 4.3 Recipients of the grant will be required to complete a monitoring template which will be fed back to relevant officers when appropriate. Officers will update the Cabinet Member for Community Development informally on a quarterly basis for the duration of the grant.

#### **5. Comments from Director of Finance and Corporate Services**

##### **5.1 Financial implications**

The grant fund would be resourced from within existing budgets, previously used to fund a single organisation (through a set-up as described in Option 2 above).

##### **5.2 Legal implications**

Section 2 of the Local Government Act 2000 gives the Coventry City Council the power to promote well-being within its area. Specifically Section 2(1)(a) gives the Council the power to promote and improve the economic well-being of its area. This power can be exercised in relation to the whole or any part of the Council's area and benefit all or any persons present in its area by a number of means including giving financial assistance. This assistance should be in accordance with the Council's sustainable community strategy.

#### **6. Other implications**

Not applicable.

##### **6.1 How will this contribute to the Council Plan ([www.coventry.gov.uk/councilplan/](http://www.coventry.gov.uk/councilplan/))?**

**Globally connected** – this will contribute to the aim of *supporting businesses to grow* as many community and voluntary organisations are social enterprises and Community Interest Companies. By supporting organisations that work with the most vulnerable it will also address *reducing the impact of poverty*.

**Locally committed** – this will contribute to the aims of *protecting our most vulnerable people, reducing health inequalities, and improve health and wellbeing*. By supporting organisations that work with Coventry people with poor health and wellbeing and who are vulnerable to isolation, crime, ill-health and other issues, quality of life will be improved.

**Delivering our priorities** – crucially, this proposal will deliver improvements for the city by empowering communities and voluntary organisations to take action themselves. This allows the Council to *make the most of our assets* by investing money where it is most impactful and will be multiplied in terms of social return on investment. It contributes clearly to creating *active communities & empowered citizens* by growing and sustaining social value in the city.

## 6.2 How is risk being managed?

The key risk associated with the proposal outlined is that the funds will not be effective in increasing financial viability and sustainability of community and voluntary groups working to improve the community capacity and resilience of Coventry communities.

The following steps will be taken to mitigate this risk:

- A Grant Aid Agreement will be agreed between the Council and the recipient of any grant awards. The Grant Aid Agreement specifies three performance measures which must be agreed to before funds are awarded:
  - (a) Increased financial viability and sustainability of Coventry community and/or voluntary organisations AND EITHER;
  - (b) Greater support for smaller community-based organisations in Coventry AND/OR;
  - (c) Improved working relationships between community, voluntary, public and private sector organisations.
- The officer panel will consider carefully all applications for the grant and work with both the applicant organisation and organisations with the potential to deliver services. This means the proposal will be tailored to have maximum and relevant impact and the Council can be confident of the type of work the grant will support.
- Recipients of the grant will be required to complete a monitoring template so that the impact of the grant can be tracked. This will include providing evidence that they have met at least one of the three performance measures above as well as more specific metrics which will be formulated as part of each Grant Aid Agreement.

## 6.3 What is the impact on the organisation?

Officers will be required to administer the grant and approve transfer of funds. This will be kept to a minimum by involving officers who already have experience and skill in this type of work and for whom involvement in the grant process will complement their existing role.

## 6.4 Equalities / EIA

The grant will be available to support the viability of organisations that are strengthening the capacity and resilience of vulnerable citizens. These could be both organisations in a defined area and those who service particular communities of interest. Many citizens who

are vulnerable will share protected characteristics such as young people, older isolated people, single parent families, single men, particular ethnic or religious minorities etc. It is therefore likely that through increasing the financial viability of such organisations there will be a disproportionately beneficial effect on some groups sharing protected characteristics.

## **6.5 Implications for (or impact on) the environment**

Not applicable.

## **6.6 Implications for partner organisations?**

There will be a positive impact on community and voluntary partner organisations by increasing the sustainability of organisations working with the city's most vulnerable people. Organisations eligible for support already work with a range of communities that recognise the full diversity of the city. As the services will be delivered by social enterprises and community groups on behalf of others in the third sector there will be opportunities for residents to make a valuable contribution to the development of the city. This will include those who might not be in formal long-term employment or at are risk of isolation.

It will support the Coventry Social Enterprise City partnership, of which the Council is a founding member, in its aims to grow the sector by improving communications within the social enterprise network, co-ordinating and creating activities and promoting the sector to the wider community.

It will complement the Connecting Communities programme by increasing the capacity for community and voluntary groups to be involved in service delivery. Similarly, the close strategic alignment with the Proactive and Preventative programme means the grant will also contribute to the shared objectives of that programme's partners, namely the NHS and Public Health.



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**Appendix 1 – Diagram of grant award process**

