

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Environment and Community Panel		
DATE:	4 th December 2018		
TITLE:	Change to the Financial Assistance Scheme Terms and Conditions		
TYPE OF REPORT:	Update		
PORTFOLIO(S):	Culture, Heritage and Health		
REPORT AUTHOR:	Sarah Dennis		
OPEN/EXEMPT		WILL BE SUBJECT TO A FUTURE CABINET REPORT:	Yes/No

REPORT SUMMARY/COVER PAGE

PURPOSE OF REPORT/SUMMARY:

The Borough Council operates a Financial Assistance Scheme to support local community groups, split between Service Level Agreements and a Small Grants Scheme. The budget allocated for 2018/2019 for the Small Grants element is:

Capital projects £50,000
 Revenue projects £14,200
 Special 'themed' annual fund £4,000

As agreed at Environment and Community Panel meeting on 13th February 2018, the themed fund has been used to commemorate the end of the First World War.

The Financial Assistance Scheme is administered on the Council's behalf by the Norfolk Community Foundation with grant awards decided by the Portfolio Holder for Health, Culture and the Community, in consultation with the Executive Director – Finance. Local community groups must apply for funds and demonstrate that they meet pre-set criteria. (*See paper attached*). The grants allocated are published after each award process as a Member Delegated Decision.

Currently, those eligible to apply to the Small Grants Fund are:

- Charities
- Constituted voluntary and community groups

Other statutory organisations, for example schools, along with social enterprises, community interest companies and Town and Parish Councils are unable to apply to the Fund. Town and Parish Councils are excluded because they are able to raise funds through their local parish precept. Organisations in receipt of a Service Level Agreement (SLA) with the Council are also ineligible to apply to the Fund. Town and Parish Councils and those in receipt of an SLA were eligible to apply to the themed fund for the commemoration of the end of World War 1, however.

This report seeks Members approval to include community interest companies and social enterprises to those organisations eligible to apply to the Council's Scheme.

KEY ISSUES:

The Financial Assistance Scheme has not included Community Interest Companies (CIC's)

or Social Enterprises (SE's) as being eligible in the Scheme criteria in the past as they are very much run on a commercial basis and are run to generate surpluses. However, grant funding can often be critical to these groups when setting up. All CIC's and SE's must also make it very clear how they intend to benefit the community.

SE's and CIC's are both run for public good. Social Enterprises have a social or environmental purpose at the heart of the business and will reinvest profits into the enterprise. CIC's have a very particular legal structure and their community benefit is clearly defined. A CIC must be very clear in how they will benefit their community and use of any profits or surpluses.

Some other key features of SE's and CIC's are:

- CIC's have a board of directors rather than trustees
- They are more lightly regulated than charities but do not receive the same tax advantages
- CIC's can act in a more commercial manner in the course of their business
- CIC's are regulated by the CIC Regulations 2005 and must report annually to the Regulator as to how they will continue to deliver a benefit to the community

- SE's can reinvest profits and surpluses back into the business
- They are revenue generating businesses with their primary objectives being social benefit
- 31% of all SE's work in the top 20% of deprived communities in the UK (Source: www.socialenterprise.org.uk)
- An SE can be a charity, charitable company, limited by shares or guarantee.

An added protection for SE's and CIC's is that they must all have an 'asset lock' in place. This means that assets are to be used for the benefit of the community and if the enterprise is ever wound up, the assets must be transferred to another asset locked body.

If the Borough Council's Financial Assistance Scheme were to fund CIC's and SE's then Norfolk Community Foundation would check all applications not only in accordance with the Council's existing terms and conditions, but also against their guidance for CIC's and SE's (*see paper attached*).

Breckland District Council allows CIC's and SE's to apply for funding from their Grants Scheme, and use Norfolk Community Foundation's guidance when assessing applications. Other neighbouring authorities such as North Norfolk and Broadland also fund CIC's and SE's as part of their Grant Schemes.

OPTIONS CONSIDERED:

Members could keep the Financial Assistance Scheme as it stands with CIC's and SE's unable to apply for funding. The Scheme would continue to operate under the current basis. There are already a good number of applications for funding each year.

CIC's and SE's are very well placed to tackle issues directly affecting communities and have the added advantage of being able to act in a more commercial manner, thereby extending the ability to generate funds. We receive a good number of applications to the Financial Assistance Scheme annually and if the scheme is opened up to CIC's and SE's then this may increase numbers of applications. All applications are considered on their merits and this may mean the Scheme is oversubscribed in the future.

RECOMMENDATIONS:
It is recommended that Members agree to amend the Borough Council's Financial Assistance Scheme criteria to allow CIC's and SE's to apply for funds.
REASONS FOR RECOMMENDATIONS:
To extend the remit of the Financial Assistance Scheme.