

GRANT-MAKING POLICY

1. Purpose

- 1.1 This purpose of this policy is to set out the principles, criteria and processes that govern how the Community Foundation makes grants. It complements the Gift Acceptance Policy, which defines the basis on which the Foundation accepts donations into funds.
- 1.2 A grant is defined as a financial award the Foundation makes from its funds to support charitable activities, usually to registered charities or charitable community groups, but sometimes to other bodies or to individuals.

2. Introduction

- 2.1 The Community Foundation is a registered charity (number 700510) and limited company (number 2273708) benefiting communities particularly, though not exclusively, in Tyne & Wear and Northumberland. It is governed by a board of trustees. A staff team led by the Chief Executive has delegated responsibility for day-to-day activities.
- 2.2 The trustees ensure proper governance of the Foundation's grant-making in three ways.
 - Through **grant-making principles** which ensure that, even where there is donor or funding partner involvement, decisions are ultimately made by the Foundation's trustees. These principles, together with the Gift Acceptance Policy and Philanthropy Service Agreements, clarify that funds given are the Community Foundation's asset, albeit with degrees of restriction on their use, and that, where they are involved, donors are *recommending* grants, not *awarding* them.
 - Through published **grant-making criteria** which set out the activities the trustees wish to support in furtherance of the Foundation's charitable objectives. The criteria also include activities which the trustees do not wish to support because they do not consider them to be in line with the Foundation's purpose. The trustees accept that they will on some occasions make grants outside published criteria but that in all such cases the activity supported will be charitable in law.
 - Through **grant-making processes** which set out how decisions are reached for awarding grants from different types of funds at the Foundation.

3. Grant-making principles

- 3.1 The principles which underpin the trustees' governance of the Foundation's grant-making take into account the scale and range of its grants and strike a balance between proper oversight of decision-making and responsive customer service for both applicants and donors.
- 3.2 The principles are as follows.

- The Board of trustees has ultimate collective responsibility for all grant-making decisions in line with the Foundation's charitable purposes and any restrictions agreed with donors and funding partners.
- Trustees may assign certain decision-making responsibilities to its sub-committees, Board members or staff within its scheme of delegation. Such delegated decisions are subject to scrutiny and review from time to time.
- Trustees reserve the right to apply conditions to any grant.
- Trustees also reserve the right not to approve any recommendation or nomination if they (or those acting with their delegated authority) determine that the resulting grant would not be charitable, or would conflict with the Foundation's stated policies or damage its reputation.

4. Grant-making criteria

- 4.1 The Foundation's published guidance on criteria for applications from individuals and groups is set out in Appendix 1 of this policy. The goal is to make grants to a wide range of organisations. Trustees are particularly keen to help grassroots community groups and small-to-medium-sized voluntary organisations in the primary area of benefit (Tyne & Wear and Northumberland). While not excluding large UK-wide charities, the Foundation normally only makes grants to such organisations where there are strong relationships in the primary area of benefit and the proposal has potential to achieve a substantial impact.
- 4.2 As a registered charity, the Foundation can only make grants to support activity which is charitable in law. Organisations do not have to be registered charities to apply, but the Foundation will only make general running cost or unrestricted grants to charities. Grants to other types of organisation will always be restricted for a specific charitable purpose.
- 4.3 Trustees are mindful of the regulation and focus of Community Interest Companies (CICs) and other non-charity social enterprises. The Foundation's approach is to consider helping such organisations, where there is a sound business plan, with the charitable costs of start-up or expansion. The Foundation does not normally support CICs and other non-charity social enterprises with the costs of continuing services, which should be financed by the sale of goods and services in line with the governance model they have chosen.
- 4.4 Trustees expect that grants will normally support one or more of the following outcomes:
- *Services and activities that work* – helping groups maintain, expand or provide new services, with an emphasis on quality and effectiveness.
 - *Stronger organisations* – organisational development rather than the costs of services, and strengthening civil society overall.
 - *Change in policy and practice* – where the focus is not on services but on influencing improvements in relevant policy and practice.
- 4.5 External applications for support must be made using the Community Foundation's on-line application process

4.6 Grant requests which the trustees will not normally support are:

- Contributions to general appeals or circulars;
- Religious activity which is not for wider public benefit;
- Public bodies to carry out their statutory obligations;
- Activities which solely support animal welfare;
- Activities which have already taken place;
- Grant-making by other organisations.
- Privately owned and profit-distributing companies or limited partnerships.

4.7 To ensure the Foundation's resources are used solely to further its charitable objectives, and it can report on the impact of grants, trustees normally expect that all grants will have one to three measurable objectives agreed at the beginning of the funding period as part of the grant offer.

4.8 The minimum grant in response to an external request is £500. The minimum for a donor-nominated grant is £250. There is no upper limit, but applicants should be mindful of the Foundation's average grant size.

4.9 A limited number of funds support individuals, and the trustees only accept applications from individuals to these funds as advertised or, exceptionally, from other funds on the basis of donor nominations.

5. Grant-making processes

5.1 Trustees aim for the Foundation's grant-making processes to be transparent and to address the interests of applicants and the wishes of donors and funding partners. To this end, all eligible external grant requests go through a four-stage process as follows:

- **Allocation** to available funds according to their availability and criteria. Requests that cannot be allocated to live funds are rejected.
- **Assessment** to determine whether the request should be shortlisted for support. Requests not shortlisted are rejected, unless a donor/partner wishes to review them.
- **Review** of the assessment and recommendation by a fund advisor, panel, the Board, or by a person acting with the delegated authority of the Board. Grants not recommended are rejected, unless allocated to another fund.
- **Ratification** of the recommendation by the Board or a person/committee acting with its delegated authority.

5.2 The process for donor-nominated grants is:

- A fund advisor nominates a grant to a UK-registered charity, or a similarly regulated organisation for charitable purposes, or to an individual in need.
- For organisations, due diligence on governance and finance is conducted by staff to confirm the nomination can be supported.
- The nomination is ratified by the Board or the person/committee acting with its delegated authority.

5.3 In addition to responding to external grant requests and donor nominations, the trustees may at their discretion invite or commission proposals, or provide funding in

collaboration with others or by combining fund contributions, where doing so would meet the Foundation's strategy and priorities for its unrestricted and discretionary funds.

5.4 Trustees delegate responsibility for approval of grants from different funds as follows.

- Ratification of recommendations from donor- and panel-advised funds and for donor nominated grants is delegated by the Board to the Chief Executive. A list of ratified grants (and rejections) is formally reported to the Board.
- External requests or invited proposals for up to £2,000 from unrestricted and discretionary funds may be approved by any one member of the senior staff and decisions ratified by the Chief Executive.
- External requests or invited proposal for over £2,000 and below £10,000 from unrestricted and discretionary funds are considered by a staff panel established by the Chief Executive. The panel's recommendations are then ratified by the Chief Executive and reported to the Board.
- External requests or invited proposal for amounts at £10,000 and above from unrestricted and discretionary funds are dealt with by the Board or a grants panel it establishes to act on its behalf. In such cases, the funds are treated as panel advised and recommendations ratified by the Chief Executive as set out above.

5.5 Recommendations to approve high-risk and unusual grants of any type are not delegated and must be referred to the Board. Examples include where:

- there is a question as to whether the grant would be for a charitable purpose;
- there are risks around an organisation's long-term liquidity or solvency;
- the grant is for unusually large sum, or for a type of organisation, activity or area of benefit not usually supported;
- one or more trustees or senior staff have a conflict of interest;
- there is a risk of damage to the Foundation's reputation; or
- there is a potential conflict with the Foundation's policies.

6. Variations to this policy

6.1 The Board of trustees may vary the terms of this policy from time to time.

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APPENDIX 1: GRANT-MAKING CRITERIA

Grants for groups

How do I apply?

All applications must be made using the Community Foundation's on-line application process. This is available on our website at www.communityfoundation.org.uk/apply

A Word document is available if you cannot use the on-line application. Please contact the office on 0191 222 0945 to discuss

Who can apply?

We make grants to a wide range of organisations. We are particularly keen to help grassroots community groups and small-to-medium-sized voluntary organisations. We do not normally make grants to large UK-wide charities, but we might do so where there are strong relationships in our area and the proposal has potential to achieve a substantial impact.

You do not have to be a registered charity to apply, but the work you ask us to support must be legally charitable. However, please note that we can only make grants for general running costs or unrestricted purposes to charities. Grants to any other organisations will always be restricted for a specific charitable purpose.

You must have a governing document (constitution, rules, memorandum and articles of association etc.), a governing body of at least three unrelated individuals, and a bank account in your group's name with at least two unrelated signatories.

Community Interest Companies (CICs) and other non-charitable social enterprises with a business plan that shows realistic aspirations for non-grant income generation can apply for a restricted grant to support the charitable costs of any start-up or expansion. We do not normally support such organisations with the costs of continuing services, which should be financed by the sale of goods and services in line with the governance model they have chosen. When making an application, CICs and non-charitable social enterprises must provide a Community Interest Statement and business plan.

For general Community Foundation grants, you can apply whatever your income level. Some funds and programmes may have more specific requirements about the size and type of organisation eligible. When this is the case, there will always be a call for applications which will state the criteria you must meet.

Please note if you have previously had a grant from us we will not consider any new application unless you have sent us all the required grant reports.

Which area do I need to be in to apply?

Our general Community Foundation grants are for activities in Tyne and Wear or Northumberland only. If your work is in these areas, you can apply on our general form and we will try to match your request to a fund.

Some funds and programmes provide support across the whole of the North East and occasionally in other parts of northern England. When this is the case, there will always be a call for applications stating the area which is eligible.

What sort of support is available?

Through our grants to groups, we are interested in supporting:

- Services and activities that work – helping groups maintain, expand or provide new services, with an emphasis on quality and effectiveness.
- Stronger organisations – organisational development rather than the costs of services, and strengthening civil society overall.
- Change in policy and practice – where the focus is not on services but on influencing improvements in relevant policy and practice.

General Community Foundation grants are usually for amounts under £5,000. They can be towards running costs (including salaries), projects, equipment or capital developments. The work can be new, continuing or a one-off initiative.

Some funds and programmes offer larger grants. When this is the case, there will always be a call for applications stating the amounts available. Occasionally we make larger awards where we combine contributions from our Vital Tyne & Wear and Vital Northumberland funds (which respond to issues in *Vital Signs*) and our donor funds. We usually do this by inviting a proposal to us. In all cases, you must have a strong case for support. That means being able to explain what you will do with the grant, who will benefit and how you know the work will make a difference to the intended beneficiaries or cause.

We will not fund requests to support:

- Contributions to general appeals or circulars;
- Religious activity which is not for wider public benefit;
- Public bodies to carry out their statutory obligations;
- Activities which solely support animal welfare;
- Activities which have already taken place.
- Grant making by other organisations
- Privately owned and profit-distributing companies or limited partnerships.

When will I get a decision?

We take up to twelve weeks to make a decision. We will let you know if you have been awarded a grant or not. If we think your application might be suitable for a particular fund but this will take more than twelve weeks we will contact you.

Grants for Individuals

Who can apply?

We hold some specific funds which provide help to individuals leaving care, those in education and those seeking to develop talent in arts, sport and science. Current opportunities for individuals are always advertised. If your request does not fit with any of the funds listed with a live call for applications, it will not be considered. Generally grants are for individuals in Tyne and Wear or Northumberland, but some funds help people in other parts of North East England. The information about which areas are eligible is explained in the criteria for each fund.

APPENDIX 2: EXPLANATION OF TERMS USED IN THIS POLICY

- *Discretionary fund*: a collective term for funds where decision-making is at the Board's discretion but where the donor, partner or trustees have specified a field-of-interest.
- *Donor advised*: a type of named fund where the donor or a fund advisor may nominate groups to receive grants or make recommendations from shortlists prepared by the Foundation in line with their wishes.
- *Field of interest*: a type of named fund where the revenue supports a donor's preferred causes, localities or approaches with grant-making at the Board's discretion.
- *Fund advisor*: a person over 18 with privileges in relation to a fund which may include setting and reviewing criteria, making recommendations on grants and agreeing succession arrangements. The role has no formal part in either the governance or management of the Foundation as a whole or of its funds.
- *Named funds*: annual or endowment funds set up by donors at the Community Foundation.
- *Panel member*: an individual over 18 who is nominated by fund advisors or the Board to be involved in making recommendations on grants from a fund.
- *Panel advised*: a fund where the donor or the Board wishes a panel or committee to recommend grants on their behalf.
- *Restricted fund*: a legal and accounting term describing a fund which the Foundation must use for certain specific purposes defined by the donor.
- *Theme and affinity funds*: a type of named fund founded and/or supported by gifts from a number of donors who share a common interest.
- *Unrestricted fund*: a legal and accounting term for funds which the Foundation may use at its discretion to support its charitable purposes.
- *Vital Northumberland/Vital Tyne & Wear Fund*: the main unrestricted funds held by the Foundation used at its discretion to support its charitable purposes.