

Kent County Council

Final Draft: KCC's Voluntary and Community Sector Policy

Appendix 1
Final draft August 2015

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Foreword:

I am delighted to introduce KCC's first Voluntary and Community Sector (VCS) Policy. This is a key document for the authority reflecting the crucial part the VCS plays in achieving strong and resilient communities and in supporting KCC to achieve its outcomes for the residents of Kent.

This document is the starting point for working together with the sector to move us from a relationship in the past which has been criticised as overly paternalistic, to one of equal partners recognising the professionalism of the sector and the important role it plays within communities across Kent.

We recognise we have a duty of care to the sector, ensuring that it is sustainable, not overly dependent on one source of funding and that we help to uphold the sectors independence. We have therefore developed a new grant framework to be used across KCC which is built around the principles of clarity, accountability, transparency and sustainability and will ensure that our grant funding is accessible to a wide range of organisations.

However, we acknowledge the sectors concerns that a policy can only go so far and must be backed up with action and I look forward to starting work with the sector to deliver key areas of work identified within the policy, for example redefining infrastructure support and developing a grant prospectus.

I would like to take this opportunity to thank all those who took part in the consultation and those who have supported us in making it a success; in particular Facts International who managed the consultation on behalf of KCC and KentCan for their support in ensuring the consultation reached as many organisations as possible.

The full consultation report is available here *(to be linked)*

Mike Hill
Cabinet Member for Community Services

Executive Summary

Key features of the policy:

KCC's future relationship with the sector (see section 3):

- Commits to a relationship with the sector in the future, which is based around equal partnership and is not overly paternalistic
- Acknowledges the sectors role both as a service provider but also the equally important role it plays within the communities of Kent
- Commits to a broader relationship with the sector rather than one that is purely financial; recognising that the majority of the sector is not funded by KCC

Future support to the sector (see section 4):

- Commits to reviewing our future support to the sector to ensure it meets the needs of the sector as identified and is sustainable
- Establishes a set of principles which will underpin our offer of support to the sector in the future which will be flexible, accessible and sustainable, recognising the diversity of the sector

Engagement (see section 5):

- Commits to looking at how KCC can facilitate engagement, information sharing and networking opportunities within the sector and across sectors, including how skill sharing can be facilitated with the private business sector.
- Places engagement at the heart of KCC to ensure it is not simply driven through our commissioning and financial relationships

Grant Framework (see section 6):

- Establishes a grant funding framework for the Council, which affirms our commitment to grants within a commissioning approach,
- Establishes two specific grant definitions **Innovation** and **Strategic** grants, in recognition that grants play an important role in supporting organisations within the community and in developing new and innovative approaches to delivering outcomes
- Establishes 4 principles, which will underpin our grant funding: *Clarity, Accountability, Transparency and Sustainability.*
- Makes clear that all grants will be linked to our strategic and supporting outcomes as set out in our *Strategic Statement*
- Commits to developing a Grant Prospectus which will set out our grant funding priorities over a 3 year period
- Commits to wherever possible looking to use multiyear grant agreements over the 3 year MTFP (medium term financial plan) period, paid on an annual basis to provide security and enable organisations to better plan their business. Whilst KCC will reserve the right to review this on a case by case basis and remove the multi-year arrangements if necessary
- Commits to all KCC grants being advertised online or in our prospectus and will where appropriate, use a proportionate and standardised application form to improve accessibility and ensure transparency

1. Introduction

Kent County Council (KCC) is an organisation in transition, with an unparalleled degree of change taking place across the local authority and across local government nationally. This policy is intended to offer clarity amongst all this change and set out our future relationship with the Voluntary and Community Sector (VCS) in Kent.

The future relationship set out in this Policy encompasses the sectors role as both a provider of services and its wider role in supporting individuals and communities in Kent. The balance struck within this policy we hope reflects the equal importance of these roles but also recognises that the majority of organisations within the VCS have no direct relationship with the state; nationally only a quarter of voluntary organisations have a direct relationship¹.

As set out in *Facing the Challenge*, KCC is moving to become a strategic commissioning authority. This means that we want to ensure that we use our resources in a more joined up way, that our services make the greatest difference to Kent residents and that our decisions are informed by evidence and when our services are not working well for residents we take tough decisions. The VCS has a key role to play within this approach and our strategic relationship with the sector will need to reflect this. However we acknowledge that commissioning may feel very different to some of our local providers such as the VCS and we will need to support them to adapt to this change. In this context this policy should be viewed alongside our *Commissioning Framework*.

Through our commissioning process we will establish the best mechanism for delivering and funding services and in some cases grants will be appropriate. This policy therefore sets out our grant funding framework ensuring that our grant funding is accessible to a range of organisations and affirms our commitment to grants within a commissioning approach.

The *KCC VCS policy* is a key document for the authority reflecting the crucial part the sector plays in achieving strong and resilient communities and in supporting KCC to achieve its outcomes for the residents of Kent.

Principles underpinning this policy:

1. Recognition of the contribution of the VCS in Kent, not only those that provide services on our behalf but also the vital role they play in building capacity and resilience within our communities
2. Ensures our grant funding is outcome driven, accessible and transparent supporting innovation and projects that meet the needs of communities
3. VCS organisations in Kent are supported to deliver their mission without being overly dependent on local authority funding

¹ NCVO The UK Civil Society Almanac 2014

4. To build the capacity of the sector to support KCC to achieve the outcomes it wants for the residents of Kent
5. To safeguard sector independence

How will this policy be used?

- To provide a framework to guide the Council's engagement and relationship with the VCS
- To underpin KCC's engagement with the sector
- To provide consistency in our approach to funding the VCS particularly in relation to grants
- To shape and clarify our future offer of support to the sector
- To strengthen and widen KCC's engagement with the sector
- To enhance our commitment to volunteering

2. Background

2.1 National Context

This policy is set within the context of unprecedented financial challenge and a dramatically changing public sector landscape. This has seen a shift in relationship between the VCS and statutory bodies and a changing funding environment. Whilst the valuable role the sector plays continues to be held in high regard, the sector has had to contend with a reduction in its overall income. This is not wholly surprising given the financial pressures being felt across the board.

In real terms the sector's income from government in 2012/13 was £1.9 billion less than the peak seen in 2009/10. The sector's income from grants nationally has fallen considerably in recent years, with 83% of government funding to charities now received through contracts for delivering services rather than grants to support their work². However individuals still remain the sector's main source of income. For smaller organisations this is particularly true as they receive very little statutory funding, relying on individual donations and fundraising.

It is also important not to overlook the wider contribution the sector makes to the UK economy and that this is comparable to other sectors. NCVO estimated that in 2012/13 the voluntary sector contributed £12.1 billion to the UK gross value added (GVA), equivalent to almost 0.7% of the GVA of all industries in the UK³. This value however only includes the value of the paid work and therefore not of volunteers. The ONS estimated from the 2012/13 Community Life survey data that engagement in regular volunteering in the UK is worth £23.9 billion per year⁴.

Whilst the past few years have been challenging the sectors ability to adapt to change must not be underestimated and as public sector funding has been increasingly under strain the sector has been responding to these

² NCVO UK civil society Almanac 2015 <http://data.ncvo.org.uk/a/almanac15/government/>

³ NCVO UK civil society Almanac 2015 <http://data.ncvo.org.uk/a/almanac15/economic-value/>

⁴ NCVO UK civil society Almanac 2015 <http://data.ncvo.org.uk/a/almanac15/economic-value/>

challenges by diversifying and re-evaluating the support it needs to adapt to its new environment. For some organisations this has meant exploring social investment as an alternative funding stream, for others they have rebooted their fundraising strategies and indeed a proportion of the sector have developed their business model and successfully entered the competitive market.

What is clear is that this has been a time of great change and reflection for the sector and it is this backdrop, which has driven the development of KCC's VCS policy.

2.2 Local Context:

There are approximately 4,658 registered charities active in Kent, of which, 3,631 operate at a local level⁵. 43% of these charities have an income under £10K.

In 2013/14 KCC's total spend with Kent based VCS organisations for the provision of services was £123m. Whilst KCC is a significant funder of the VCS in Kent alongside statutory partners, its contribution to the sectors income as a whole should not be overestimated.

The sector brings in significant investment to Kent; research by NCVO and Big Society Web found that the 3142 charities in Kent⁶ with income have an income of £398.7m⁷. We should also not underestimate the sector as a significant employer, as well as the significant social and economic value of the many volunteers who provide the backbone to a range of VCS organisations. In 2012/13 the largest charities in Kent (those with an income greater than £500,000) employed 6489 staff (FTE)⁸. In the same year these charities also had 11,386 volunteers within their organisations⁹.

2.3 Legislative framework

We value the unique contribution of the sector in Kent and are committed to supporting its growth and sustainability. There are a number of pieces of legislation, which underpin KCC's relationship with the VCS and are of particular importance to this policy:

1. The Best Value Duty (revised guidance 2015) sets out reasonable expectations of the way authorities should work with the VCS and small businesses when facing difficult funding decisions but is intended to be flexible. It also states that "authorities should be responsive to the benefits and needs of voluntary and community

⁵ NCVO and Big Society Data based on UK Civil Society Almanac definitions <http://data.ncvo-vol.org.uk/areas/kent>

⁶ This is based on the "general charities" definition. This definition takes all registered charities as a base, but excludes certain categories of charity to produce a tighter definition. The general charities definition excludes independent schools, faith charities, those controlled by government and others.

⁷ This total income figure is based on the latest income of charities in the population, so does not reflect the total income in one financial year <http://data.ncvo-vol.org.uk/areas/kent/income>

⁸ <http://data.ncvo-vol.org.uk/areas/kent/workforce> Figures based on 103 charities who returned data

⁹ <http://data.ncvo-vol.org.uk/areas/kent/workforce>. Charities are not required to record this, and measurement can be inconsistent, results should be treated with caution. Only 65 charities returned data on volunteers.

sector organisations of all sizes (honouring the commitments set out in Local Compacts) and small businesses".

The Best Value guidance and the Kent Compact should be viewed alongside this policy. The adoption of this policy does not impact on our obligations set out within these however we will be undertaking a review of the Kent Compact since it has not been refreshed since 2012.

However, there are two primary pieces of legislation which give the local authority power to fund the VCS:

- 2** The **Health services and Public Health Act 1968** provides a legal framework for the local authority to give grants to the VCS where it is providing services which the Local Authority has a statutory duty to provide.

"A local authority may give assistance by way of grant or by way of loan, or partly in the one way and partly in the other, to a voluntary organisation whose activities consist in, or include, the provision of a service similar to a relevant service, the promotion of the provision of a relevant service or a similar one, the publicising of a relevant service or a similar one or the giving of advice with respect to the manner in which a relevant service or a similar one can best be provided" (Section 65).

- 3. Section 2 of the Local Government Act 2000** gives the local authority the power to give support to organisation(s) which promote the economic, environmental and social wellbeing of their area, which includes incurring expenditure.

2.4 Social Value

We recognise the inherent social value of the VCS, not simply in terms of commissioning services but also the sectors contribution to the social, economic and environmental wellbeing of Kent. Social Value is therefore not simply a duty under the Social Value Act in relation to public services but is about recognising the contribution of the wider sector and the role it plays in Kent and this underpins our support to the sector.

However, there is still a need to continue to develop our approach to social value when commissioning services and the VCS should be a key partner in this development. The detail of this sits within the *Commissioning Framework* for KCC and the *Commissioning Toolkit* developed internally for our commissioners and this should therefore be viewed alongside this document.

In relation to the Social Value Act and in terms of commissioning services we have set out our commitment to social value within our *Commissioning Framework*:

We will consider economic, social and environmental well-being **within all the commissioning that we undertake regardless of the financial threshold, this will apply when procuring goods as well as services.**

The way in which we apply these considerations will differ from case to case, however the commitment to improve the economic, social and environmental well-being of Kent will be consistent.

We will consider and act to ensure that social value can be enhanced and equality can be advanced **both a) through the delivery of a service itself as well as b) through additional value that a provider might offer in addition to the core requirements of a contract.**

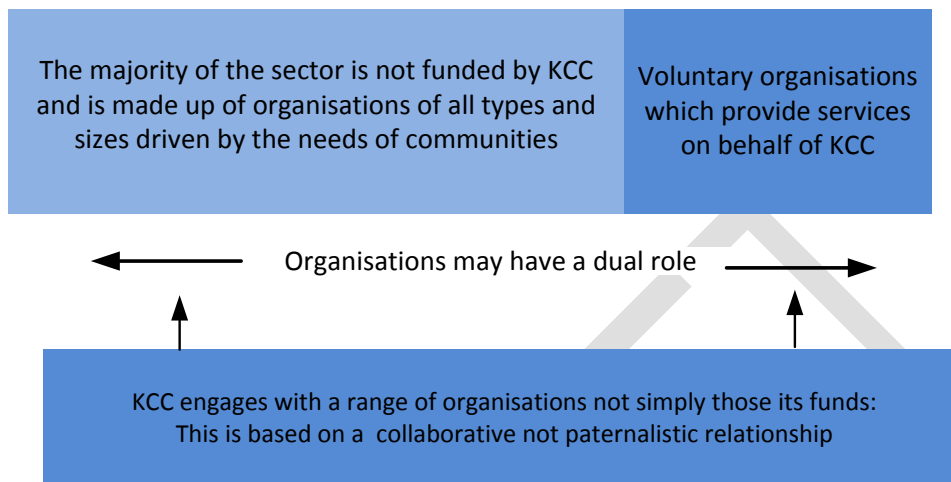
We recognise that this commitment does present a challenge to us all; KCC must become more sophisticated at determining the outcomes we wish to achieve and our priorities in relation to social value but providers must also get better at proving their social value contribution. The VCS and social enterprises are well placed to deliver social value but articulating this presents a challenge, however over time measures will mature as good practice is shared.

We have begun to clarify through our commissioning framework the social value priorities that are most relevant to KCC:

- **Local Employment:** creation of local employment and training opportunities
- **Buy Kent First:** buying locally where possible to reduce unemployment and raise local skills (within the funding available and whilst minimising risk to KCC)
- **Community development:** development of resilient local community and community support organisations, especially, in those areas and communities with the greatest need
- **Good employer:** support for staff development and welfare within providers' own organisation and within their supply chain
- **Green and sustainable:** protecting the environment, minimising waste and energy consumption and using other resources efficiently, within providers' own organisations and within their supply chain.

3. KCC's future relationship with the VCS:

KCC's future relationship with the VCS



We recognise that the role of the VCS in Kent is diverse and extends far beyond those organisations which have a direct relationship with the local authority. The majority of the VCS in Kent has no financial relationship with the local authority, is rooted in the local community, at the heart of civil society, however, we know that these organisations play a vital role in the resilience of communities and building community capacity. By this we mean that the support they offer to communities and individuals plays a vital role in keeping people active, connected, less isolated; generally increasing well-being. This is not driven by the local authority but the sector itself responding to needs, operating outside of the public sector sphere and we want to ensure that the wider sector in this context continues to thrive.

By comparison, a proportion of the VCS in Kent are a key partner in the delivery of services to both vulnerable client groups and the wider population. We recognise the sector's professionalism in the delivery of its services and ability to provide flexible services, which respond to and meet the needs of local people and in this context KCC has a direct financial relationship with a proportion of the VCS, who help us to achieve our strategic outcomes and objectives.

We are undertaking significant transformation activity across service directorates to ensure that services are responsive to need, delivering the desired outcomes, offer value for money and are supporting a diverse market in Kent. In some cases this will mean services, which were previously delivered under grant, will be delivered under contract; the best funding mechanism will be determined through the commissioning process.

Whilst the sector is well placed to deliver services we recognise the challenges facing the VCS within an increasingly competitive market of public service delivery. We want to ensure that the VCS in Kent is sustainable, not overly reliant on one funding source and can access a range of funding

streams, including contracts. We believe that financial sustainability plays an important part in sector independence.

However, whilst the sectors roles may be diverse and KCC's relationship must reflect this, what we believe makes the VCS distinct as a sector, is that it is driven by its core mission- the needs of communities, and our relationship with the sector in the future must be built around this. After all, it is the pursuit of that mission which is most important to the people of Kent, communities and therefore KCC.

It is our intention that this policy will underpin a future relationship with the sector that moves us from a relationship in the past which has been criticised as overly paternalistic and overly focused on funding, to one of equal partners recognising the professionalism of the sector and reflecting the feedback we have heard from many organisations during our consultation.

4. Future support to the sector

We recognise that the sector may need support to achieve both its own aims and priorities and to develop its business model to be successful within an increasingly competitive environment of public service delivery. In this sense KCC is committed to supporting infrastructure support to the sector whilst recognising the need for infrastructure to be redesigned to meet the challenges of the future.

However, supporting the sector is also about KCC behaviour and we have set out a number of ways in which we can support diverse markets in our *Commissioning Framework*. This includes ensuring that our commissioning intentions are clearly communicated giving providers time to prepare for procurement, that our commissioners are working to support local providers to combine skills and expertise and we are seeking opportunities to engage consortia of small and medium sized organisations.

Nationally there has been much debate about the type of support the sector needs in the future and NAVCA (national association for voluntary and community action) announced an Independent Commission to look at the future of local infrastructure in March 2014. The final report was launched on 20 January 2015 and we have reviewed their recommendations and findings as part of our commitment to reviewing our future infrastructure support locally.

We have used feedback from the consultation process to establish the principles which will underpin our future infrastructure support, recognising that support must be flexible to meet the needs of a diverse sector. We believe that the measure of success for our infrastructure support will be that the VCS in Kent is diverse; with a range of organisations responding to the needs of individuals and communities. Although some organisations will be directly funded by commissioners within KCC, many will choose not to be, drawing their funding elsewhere through fundraising and donations, national grants or earned income. However, KCC's role is to help to ensure that a range of organisations whether funded by us or not, can thrive and feedback from our consultation has told us that future support must be more accessible

in order to achieve this. It is in all our interests to ensure that there is a strong civic society in Kent.

Whilst we recognise that KCC's contribution to any future model of support is significant given the limited ability of some parts of the sector i.e. small organisations to pay for their own support, we believe it is equally important that any future model is sustainable. The future model of support must therefore be enabled to diversify its funding wherever possible but must also be considered independent by the sector. As highlighted in the consultation support must be viewed as genuinely supportive of the sector and not in competition with it, or it will ultimately fail. The most effective support model will be one that is flexible and responsive to the needs of the sector, engaging a wide representation of what is a diverse sector.

This policy sets out a number of principles upon which we will base our infrastructure support model in the future. We recognise that these principles are broad and may not be delivered as one model of support; how this support is provided in practice will be co-designed alongside the sector itself in line with this policy.

Principles underpinning our future infrastructure support-

Strengthening and Developing the VCS in Kent

KCC's future support will recognise the diversity in the sector:



Supporting the VCS to respond to communities needs

Supporting the VCS as a key partner in delivering services on behalf of KCC

Future support will need to:

- Facilitate productive partnerships and broker relationships across the VCS and look for opportunities to form new contacts across sectors
- Empower local organisations – not be focused on self-perpetuation but focused on the needs of communities
- Encourage sharing of information, skills and best practice
- Uphold the sectors independence and not create a dependency culture
- Provide access to business support and expertise such as HR, tendering for contracts, bid writing
- Be relevant for different size and types of organisations
- Promote volunteering in Kent and looks for new ways to effectively engage volunteers from across communities

5. Engagement

The engagement undertaken during the development of this policy has been widely welcomed. Many participants at the consultation events commented on the need to build on this and keep an ongoing dialogue; a two way channel of both online and face to face engagement and information sharing. There was also a desire to build better networking opportunities and to build new contacts with the business sector, after all many VCS organisations are social businesses themselves.

Through this policy we commit to looking at how KCC can facilitate this type of engagement, within the sector and across sectors, including how skill sharing can be facilitated with the private business sector. We will look at the best mechanisms for both online and face to face engagement with the sector to ensure that it is fit for purpose.

We recognise that engagement is also an important part of the commissioning cycle - engaging potential providers to understand the innovation within the market and involving providers and residents in the design and review of services. We recognise that the VCS holds a huge amount of intelligence about the way our services operate but also about our communities and residents and we will expect our commissioners to engage the VCS throughout the commissioning cycle both as a service provider but also in its capacity as a voice for communities, for example, through forums and interest groups. Our engagement with the sector will be underpinned by our commitment to the Kent Compact.

However, we are clear that whatever the mechanism, our future engagement with the sector must not only be directed through our commissioning arrangements. It must take on board the consistent feedback about the importance of partnership, information sharing and networking. In this sense we will ensure that there is an engagement mechanism at the heart of KCC; it will be ever more important that we can come together as equal partners in the future and not merely engage through funding arrangements.

6. Grant funding framework

Our grant funding framework provides a bridge between the different parts of the VCS in Kent. Grants play an important role in supporting organisations within the community in pursuit of their aims and for developing new and innovative approaches to delivering outcomes.

Whilst we recognise that we need flexibility in how we fund the VCS in the most appropriate and efficient way the absence of a standardised approach to grant funding within the local authority has created confusion across the sector and a perception that grants were not accessible to all, it has made it difficult for us to effectively monitor the impact of our funding. Feedback from the consultation has supported this view, with over half of respondents stating that the proposed approach to grants would make grants accessible.

Principle of grant funding endorsed by KCC:

Grants should not be confused with contracts. A public sector organisation funds by grant as a matter of policy, not in return for services provided under contract.

Edited from Managing Public Money (HM Treasury 2013):

However, we need to ensure that we use grants appropriately and that grant funding is not used for the delivery of services that should be provided under contract. However as we move to a strategic commissioning authority model which is founded on an outcomes based approach we will use grants to support the delivery of our strategic and supporting outcomes set out in our Strategic Statement. In this respect all of our grant funding should be linked to our outcomes, however whether outcomes are met through a contract or by using our grant framework will be down to the relevant commissioning manager and determined through the commissioning cycle. It will of course take some time to embed an outcome based approach across the authority and this will require a cultural shift.

We have adopted a set of principles from which commissioners across KCC will award grants, to ensure that there is consistency and equity in our grant funding and that we are not funding the same need twice. This grant framework must be viewed within the context of reduced resources however, the feedback from the sector has been that the widespread use of 12 month grant funding has destabilised the sector. We will therefore commit to wherever possible, looking at multiyear grant agreements over the 3 year MTFP (medium term financial plan) period, paid on an annual basis to provide security and enable organisations to better plan their business. However we must reserve the right to review this on a case by case basis and remove the multi-year arrangements if necessary, given the financial pressures the local authority is under.

We received extensive feedback throughout the consultation that information about grants has been lacking, with organisations having no information about what grants will be available over the financial year. This has rendered organisations unable to develop their business plan and for smaller organisations not enabled them sufficient time to develop effective applications. Whilst it is not appropriate to put the detail of grant funding within a policy document we commit to developing a grant prospectus for the authority which will be outcome based and will set out our priorities over the MTFP period in relation to grant funding. Our intention is that our grant funding is used to support the sector to innovate and meet the needs of communities in the most effective way and an outcome based grant prospectus will support this. KCC's strategic and supporting outcomes have been developed alongside staff and residents and reflect those areas of need that are most important to communities in Kent.

KCC's Grant Framework

All KCC grants are awarded against our strategic and supporting outcomes

Strategic

Innovation

Principles underpinning all grant funding

Clarity

Accountability

Transparency

Sustainability

Clarity

KCC's criteria for awarding grants:

Grants awarded should meet one of the following criteria (*this does not include Combined Member Grants*):

- i. **Innovation Grants:**
 - a. payment for innovations/ pilots
 - b. payment to help develop new organisations and approaches which will contribute to the Council's strategic outcomes
- ii. **Strategic Grants:**
 - a. Payments to organisations of strategic importance given under the Local authority's wellbeing power (as provided in Section 2 the Local Government Act 2000) to help the authority to achieves its strategic and supporting outcomes

Both strategic and innovation grants will be awarded over the 3 year MTFP period and where possible and appropriate will be awarded on a multi-year basis with payments made annually. KCC reserves the right to refuse multiyear agreements where necessary.

It is not proposed that either Innovation or Strategic grants should have a financial limit but would not normally be over OJEU limits

State Aid: When awarding grants officers must consider state aid rules and seek advice where necessary.

Accountability

There are common overarching risks to the local authority when awarding grants and therefore there is a need to apply a common policy and ensure there is a process in place for monitoring the impact of our funding. All of our grant funding will need to align to our three strategic and supporting outcomes set out in our *Strategic Statement*. This will enable us to evidence the impact of our funding making sure that every pound spent in Kent is delivering better outcomes for Kent's residents, communities and business.

KCC's three strategic outcomes are:

- 1. Children and young people in Kent get the best start in life**
- 2. Kent communities feel the benefits of economic growth by being in-work, healthy and enjoying a good quality of life**
- 3. Older and vulnerable residents are safe and supported with choices to live independently**

These are underpinned by a number of supporting outcomes as outlined in our strategic statement.

Grants should be monitored proportionately however arrangements for monitoring should be made at the time the grant is awarded, in discussion between the commissioning manager and the applicant. Any changes to monitoring during the life of the grant should allow for a reasonable lead in time.

Innovations funded by grant will usually include arrangements for full evaluation of impact and value, which should be agreed during the application process. KCC may wish to support the evaluation process but this will be decided on a case by case basis. Evaluation will enable us to properly monitor the effectiveness of investment in innovation and facilitate access to external funding for roll-out or extension.

Transparency

Under *The Local Authorities (Data Transparency Code)* KCC is required to publish annually (from February 2015) the details of all its grants, and therefore ensuring we have robust internal processes in place is ever more important in enabling us to track our investment. Our grant register is published on our website and can be found [here](#).

A standardised application form will be used when applying for KCC grants, where appropriate and will offer consistency for organisations applying for KCC funding although this must be applied proportionately by commissioners. This will be available on our website as a downloadable form.

All KCC grants will be advertised online and within our grant prospectus to ensure transparent processes and that grants are accessible to a wide range of organisations. We will ensure that the webpage is easily accessible to organisations.

When applying for grants applicants will be asked to declare any potential conflict of interests to protect both the organisation and KCC from challenge e.g. elected members or senior officers on their governing boards.

All grant funding which is used to fund the provision of specific services should be treated as 'restricted funds' in an organisations account in accordance with guidance from the National Audit Office.

KCC will expect organisations to declare financial information as part of their application and a copy of the organisations reserves policy will be requested where appropriate. This will be in line with Charity Commission guidance.

Sustainability

KCC has a duty of care to the sector to ensure that it is not financially dependent on one source of funding, to an extent that the sector becomes de-stabilised. Grants should not be considered an ongoing funding stream beyond the agreed period and arrangements should therefore be put in place when awarding a grant to manage the closure or alternative funding of the project/service once the grant funding has ceased.

When applying for grants organisations may be asked (at the discretion of the commissioning officer) to outline their risk mitigation in the event that KCC's funding is withdrawn.

Any grant funding which exceeds 25% of an organisations annualised income may trigger a risk assessment on financial sustainability to be carried out by the commissioning officer. This does not mean that funding will be automatically withdrawn in this situation but that risks are managed; it will be down to the commissioning manager to discuss these risks with the grant recipient.

7. Monitoring and reviewing the Policy

An annual assurance report will be completed by Policy and presented to Cabinet to enable them to monitor our grant funding against our strategic and supporting outcomes. An audit of this policy may also be carried out internally to ensure any grants awarded in the previous financial year are compliant and to monitor progress.

It is recognised that grants already awarded may not meet the requirements of this policy and therefore transitional arrangements will be put in place. The new policy will become effective when an existing grant reaches its end date.

As this is the first KCC, VCS policy it is proposed that this policy will be reviewed no later than 2019.

September 2015