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Once a clear strategy for the community benefits has been agreed, the next stage involves deciding which projects or activities to fund. There is a lot of responsibility involved in distributing community funds, and this annex outlines some of the things to think about.

There are various approaches to making funding available within the community (see the module *Developing a Fund Strategy* for an overview of some of these). However, most community benefit funds of any size tend to feature an open grant programme in some form, and this is often a good place to start; it is a way of getting funding out relatively quickly, there is established practice to draw on, and many local groups will have experience of applying to an open grants programme previously. It can also provide an opportunity for the decision making group to get a solid grounding in some key aspects of fund governance and administration - and which can then inform the use of other distribution mechanisms at a later stage. For example, there are some similar steps and disciplines involved in running a participatory grant-making exercise and in running an open grant making programme.

This module therefore provides an overview of a “generic” open grant-making process, though there is no one-size-fits-all approach when it comes to community benefit funds. The community group may wish to tailor some elements to ensure the process it adopts works best for it, the Fund in question, and the wider community. Nonetheless there are some elements that are key to any such process.

## 1. Designing an open grant-making programme

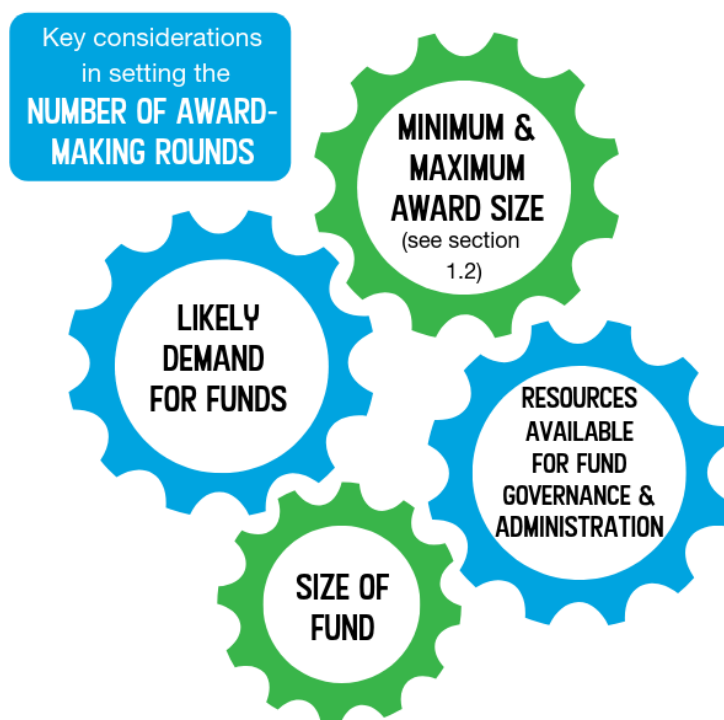
### 1.1 Agreeing the frequency of grant-making

In designing a grant-making programme that works well for the community, decisions will need to be made on a number of things including its frequency. It may be that a ‘rolling

programme' is favoured (i.e. applicants can apply at any time), or that a number of 'rounds' are set with clear deadlines for funding proposals or applications to be received by and dates for making a decision on these. Setting rounds is essentially a way of managing demand on the Fund and planning the workload of those involved in decision making and administration.

Key factors influencing the approach and number of rounds are show in the diagram below. The factor 'likely demand for funds' can at best only be estimated, based on:

- the number of eligible applicants locally
- their activity levels (including any projects in development), and
- the timing or frequency of their likely need for funds.



If demand for funding is likely to be high and funding proposals are to be considered in relation to each other rather than on a first come first served basis, then setting rounds is a good idea. If the Fund is small and competition likely, then a small number of rounds in each year may be best. Similarly, if there is not capacity to conduct a review of funding proposals (see section 3 below for a description of this) and award decisions will be made by a small number of already busy volunteers, then that might suggest a small number of rounds would work best. If the Fund is large and levels of demand are high, a larger number of rounds may work best, assuming there is sufficient capacity available to manage all the work involved.

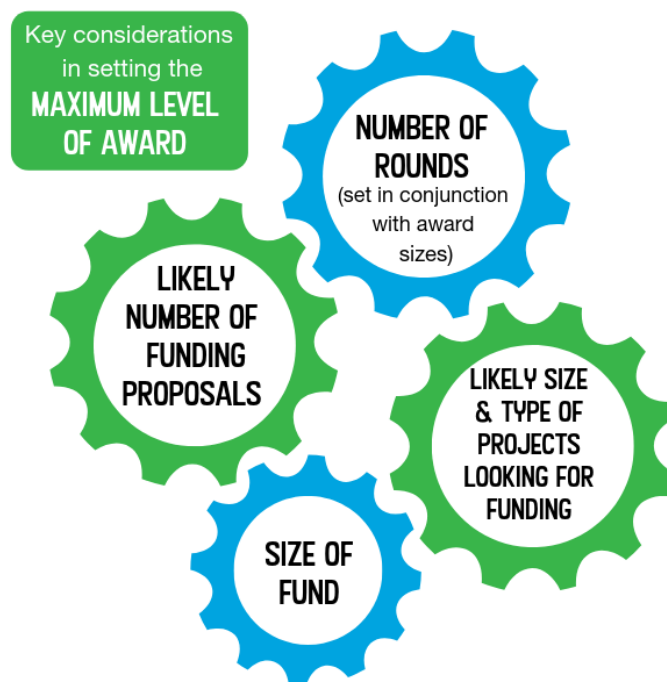
In setting dates for submission deadlines and for subsequent award making meetings, be sure to leave enough time for the funding proposals to be read over, scrutinised and perhaps further information gathered where required. Having said that, some of the proposals may be for projects that are time dependent (e.g. events over Christmas, School holiday clubs) and may require a funding decision to be made in sufficient time before those projects are due to start. Be thoughtful also about the community calendar and that any funding rounds may either complement or compete with key local events or activities already planned. Be aware of holiday periods and the annual cycles of community groups' regular activities.

## 1.2 Setting award sizes

In parallel with the setting of rounds, it can be very useful - from the perspective of both the decision making group and applicants - to set minimum and maximum award levels. This is another way to manage demand, and to ensure that the funds are distributed across a range of projects or initiatives, hopefully delivering impact across the various Fund purposes and priorities. However, in small communities it may of course be the case that there are a very few potential groups and projects to fund, or that those that do exist are looking to deliver one or two large, transformational projects. In such cases a high maximum grant level, or none at all, may be appropriate.

Factors influencing the **minimum level of award** include the existence (or not) of other small funds that may meet demand for smaller amounts of money and the amount of time and effort involved in assessing and administering very small amounts of funding versus their likely impact. Micro grants can be made available allowing individuals, non-constituted groups as well as constituted groups to apply for smaller amounts of funding, perhaps up to £500. If micro grants are to be a feature of the Fund, then a sensible minimum award level for funding proposals to the main Fund would be the upper or limit of those micro-grants.

Factors influencing the **maximum level of award** are shown in the diagram below. It may be possible to arrive at an estimate of the likely type and size of project for which funds will be sought, based on the Fund purposes/priorities and identification of current local projects in the pipeline. If large capital projects will be supported for example, then larger grants will be appropriate.



Local intelligence is key here; on the number and sophistication of local applicant bodies and whether they have projects in development already and which require funding.

Remember, it is possible to review and adjust the upper and lower grant limits in light of demand once the Fund has been award making for some time. If, for example, the Fund is experiencing regular requests for grants at the upper limit and is underspent year-on-year, this might be sufficient evidence for increasing the upper grant limit.

### 1.3 Promoting the funding opportunity and encouraging proposals or applications

Once the number of rounds and the key dates have been set, it is essential to get the word out to potential applicants that the Fund is open for business. Construct a clear plan for what materials will go out, where, when and to whom, and who will be responsible for making this happen.

Some examples of communication channels to use are:

- a) **A Fund launch event:** in advance of the first round of award making. This could be part of another well-attended local event or a bespoke, separate event. Try to ensure it's both fun and informative. Think about what will bring people along, in addition to the opportunity to find out about the Fund. Will catering be provided, local groups have a chance to showcase their activities, a competition be held, an address given by local politicians, or a performance by a local music or drama group, for example? Whatever the case, be sure to make the funding opportunity visible with banners, a stall providing

information, and informed people on hand to speak to those who are keen to find out more.

- b) **Press release:** editorial or advert, providing an attention grabbing (local interest) hook for the media and key information on the Fund including: what it will support, how much is available (Fund size) per year, award sizes, submission dates, plus contact details and/or a website address for more information.
- c) **Posters, leaflets & community newsletters:** Often one of the best ways of getting the word out. Clear, eye catching information (font size not too small!) in local community halls, leisure centres, the doctor's surgery, shops, and so on.
- d) **Direct mailing:** Are there local mailing lists, for example those held by the Community Council or a local councillor, which could be used to provide regular updates on the Fund?
- e) **Word of mouth to local groups:** Attending meetings of local voluntary groups and providing a briefing or presentation on the Fund can be very valuable, if volunteer or staff time is available. Or simply go along to hand out some leaflets.
- f) **Fund web page / site:** Key Fund information should be made available on either a dedicated website or a webpage within an existing community website. This should also be the repository for more detailed information and application materials. All other publicity material should point people to this site/ page.
- g) **Social media:** Posts on popular social media platforms for example local Facebook pages/groups, Twitter and Instagram.
- h) **Local radio:** A feature on the local station, if there is a one, with perhaps a short interview or message. Remember that the station may cover a broader area than the Fund's area of benefit, so be sure to be clear on that.

#### 1.4 Fund Materials and Guidance

Good quality materials are central to a well-managed fund. They will give those who wish to secure funding the best chance of developing a strong proposal, and of providing the information needed to make a decision on their request. The materials should also make clear what types of funding proposal will not be supported. Clear and comprehensive materials can make the difference between a successful funding proposal and a waste of applicants' time as well as that of the decision making group.

They should be in plain English and provide a complete picture of the types of applicant and projects the Fund will and won't support, as well as the criteria the decision making group will use in making award decisions.

Fund materials may comprise of:

- a) Application form and guidance on completing this. Providing these in a single document makes for ease of reference by applicants and can help to avoid ineligible funding proposals; people are more likely to read the guidance if it's right there in the form beside each question! The form should list everything that they need to provide, either as answers to questions in the form itself or as attachments (e.g. constitution, accounts, quotations for items they wish to purchase, etc.). Sample application forms can be found [here](#) and [here](#).
- b) A document providing a summary of relevant points contained in the Fund Strategy. This could be referred to as a Fund factsheet or guidance note. It should outline the

Fund purposes and priorities, the annual value of the Fund, what levels of funding are available, what types of organisation and activity or costs can and cannot be supported, any other criteria, information on how to apply and contact details for any enquiries about the Fund or application process. A sample can be found [here](#). This information may be held on the Fund website as well.

- c) A Fund webpage or website giving headline information on the Fund, submission and decision dates, Fund materials (as above) for download, contact details for further enquiries, and any updates on the Fund, for example a list of awards to-date.

It is good practice to provide as few documents as possible for applicants to navigate through, and to ensure these are clear and easy to understand; applying to their community benefit fund should not be a detective mission for local groups!

Remember too that not everyone in the community may be literate (print or IT), or some may simply prefer to work with hard copy materials. It is a good idea to therefore provide these at key locations such as the library, village or town hall, and offices of any community organisations. Make sure people know where these are available from.

If at all possible, it is good practice to provide an enquiry service for prospective applicants. This will depend of course on the resources available. The purpose of a pre-application enquiry service is to support applicants to submit funding proposals that are as strong a fit as possible with the Fund criteria, are complete, clear and will deliver maximum impact locally. However, those providing the service need to be clear that it is not a project development service - unless of course the same organisation is providing that type of support too.

## 2 Receiving and processing funding proposals

There is no one-size-fits-all approach with regard to how funding proposals or applications are dealt with once received. Practice varies depending on the size and complexity of the Fund and the resources available to those involved in governing and administering it.

Ideally, once received, each proposal (along with any supporting documents) will be scanned, logged and filed in some way. It is a good idea to give each proposal a unique reference number so that those involved in considering them can be clear when talking about it with others as to exactly which proposal is being referred to; as the Fund rolls on year after year, with perhaps repeat funding proposals from regular 'customers', this can be very useful in avoiding confusion or mistakes.

It will also be useful to set up some form of electronic file sharing system that allows the decision making group to view the funding proposals (and any external assessment reports - see below) once these are received, and sufficiently in advance of the decision making meeting.

Be aware of the need to comply with the requirements of the [General Data Protection Regulations](#) (GDPR) when processing and sharing any personal (confidential or sensitive) information. Guidance is available from the [Information Commissioner's Office](#).

The decision making group, or Fund Administrator if one has been appointed, can then begin to look through the proposals and check whether they are complete, i.e. whether all questions in the application form have been answered sufficiently and all supporting documents have been provided (such as their constitution, accounts, etc.). Through this check, they may start to get a sense of which submissions are:

- Eligible and clearly meet the Fund purposes / priorities and other criteria;
- Clearly ineligible, or
- Require further information on whether and how they meet the Fund purposes / priorities and other criteria.

How will incomplete submissions be dealt with? If applicants will be allowed more time to provide any missing information, be sure to allow each the same amount.

The decision making group will need to agree what level of scrutiny will be applied to funding proposals. This should be proportionate to the level of funding requested, with more scrutiny applied only where larger sums are requested. Some further considerations in this regard include:

- Will any specialists be brought in to help the decision making group consider particularly technical projects? And/or might there be value in commissioning an assessment from a trained assessor who can (dispassionately) provide a view on the proposal, perhaps exploring it further with the applicant? If so, be sure to convey this information to applicants within the Fund materials.
- If outsourcing to an external assessor, there are likely to be cost implications. How might those be met?
- Will applicants have the opportunity to present their project proposal to the decision making group? If so, again be sure to convey this within the Fund materials.
- What level of feedback are the decision making group prepared to give to applicants? What level of feedback might applicants expect?
- How will the decision making group be sure to treat every request 'fairly', i.e. consistently and objectively? Are conflict of interest procedures in place and being followed?

Whichever approach is taken, it is critical that all requests for funding are treated in a similar fashion – and that those submitting requests feel they've been treated similarly!

### **3 Decision making criteria**

Some key points for the decision making group to consider in establishing the merits of each funding proposal are outlined below. Proposals may be scored against some or all of these criteria if the decision making group felt this was useful and appropriate.

#### **3.1 The applicant organisation**

- Are the organisation's legal structure and governance processes fit for purpose? Is the project within its stated purposes and powers?

- Are local people sufficiently engaged with the applicant organisation? For example, how many committee or board members are drawn from the local community? How can people come on/off the Board or committee? Does the organisation hold an annual general meeting, and who can attend?
- Does the organisation have sufficient skills and experience to deliver the project? And to manage the grant?
- Are its financial management procedures / controls adequate?
- Is the organisation in good financial health? For example, does it have other regular sources of income? What level of free reserves does it have?

Much of the information needed in order to come to a view on the above points should be contained in the applicant group's governing document or constitution and accounts. Written policies or procedures the organisation has adopted, such as a protecting vulnerable groups (PVG) policy, may also be relevant depending on the nature of the funding proposal.

Bear in mind how well developed the group or organisation can reasonably be expected to be given the scale of its activity, the resources at its disposal, and the length of time it has been operating.

### **3.2 Need or opportunity for the project**

- Is there a clear need and/or opportunity for the proposed project? How is this demonstrated? This might be, for example, through the results of consultations or a survey, statistics for the area or beneficiary group in question, waiting lists, letters of support, or evidence from any community action plan or other relevant strategy or report for the area.
- Are there other organisations in the area delivering similar activities / services for the beneficiary group? If so, would the proposed project duplicate / compete with these, or complement them?

### **3.3 Need for funding**

- Is an award necessary for the project to go ahead? What would be the impact if the funding proposal was unsuccessful? Could the applicant finance the project from its own reserves or deliver it in some other way?
- Are all the items that the grant will pay for necessary to deliver the project?
- Will a grant unlock funds from elsewhere?

### **3.4 Project planning**

- Is there a clear and realistic plan and timescale for the delivery of the proposed project?
- Does the budget specified cover all costs involved in delivering the project?
- What items will the funding proposal pay for? Does the request offer value for money? Are all of the items for which funding has been requested necessary, and have they been secured at market rates (or below)?
- Are other funds required to deliver the project (matched funding) and have these been secured - or are they likely to be?



- Are there any permissions / agreements required for the project to go ahead, and have these been secured? For example, planning permission or a building warrant. If the project involves property, does the applicant have secure tenure over it?
- How will the intended beneficiaries find out about the project? What plans are there to promote it to them?
- Is the project accessible and inclusive (e.g. what time of the day or week will it be open, are there any charges to participants?)

There may of course be a number of other relevant questions here, depending on the nature of the project in question.

### 3.5 Project outcomes and impact

- What difference will the project make, for who, and for how many? Consider how realistic the applicant's statements about the project benefits are.
- What Fund purposes / priorities will the project contribute towards? Does it fit with the community action plan (if there is one) or any other relevant strategy/ plan?
- Will a grant help build the capacity and sustainability of the applicant organisation?
- Will the project continue beyond the period for which funding is being requested? If so, are there realistic plans for how it will be sustained (financially, in terms of volunteers, etc.)?

### 3.6 Wider points to consider

- Is there any additional local (factual) knowledge/information on the organisation or project that the decision making group can bring to bear?
- Is what the applicant is asking for reasonable?
- Does anyone have any concerns about the project or the applicant group? If so, do they have any conditions of award to propose? (see section 5 below for more on conditions of award)
- What is the priority of the funding proposal, in light of the Fund purposes / priorities and the other requests being considered in the same award making round?

If privately owned businesses are eligible to receive funding, there will likely be further points the decision making group will wish to consider. If a fund has been established on a charitable basis, funding can still be directed to businesses where they can demonstrate that the investment meets the Fund's purposes, provides clear public benefit (such as the provision of essential local services, or employment), and the activity would not take place without the funding (require them to provide their accounts). Assessment of proposals should also consider the risks of displacing or damaging other local businesses, which should be avoided.

## 4. The decision making meeting

At the award making meeting, all members of the decision making group should be asked to declare any conflicts of interest in any of the funding proposals being presented, and any such declarations should be duly recorded, in line with the group's adopted conflicts of interest policy (see the module *Getting the Governance Right* for more information on this).

If there are a large number of funding proposals to consider, or any that are known to be complex or particularly controversial, the Chair of the meeting may propose that they are taken in a specific order. The discussion over each proposal may then be open to all or the Chair may invite views from each individual before opening the meeting up for general discussion.

Where possible, it is best to try to reach decisions by consensus. However, in some cases, such as where there is a clear split of views or where a number of members of the group are having difficulty taking a clear position, it may be necessary to go to a vote.

There are, generally speaking, four possible courses of action when deciding on a funding proposal:

- Award a grant at the full amount requested:
- Award a grant at less than the full request (where this still enables the project to go ahead and deliver an impact in some way)
- Defer to the subsequent funding round, requiring more information of the applicant
- Reject, where there are clear reasons to do so.

If the group decides not to award the full amount, what reduced amount will be offered and for which items/ costs? Will the project still be able to go ahead (in some way) with this amount of funding? What will this mean in terms of the likely impact the project can deliver?

If rejecting a proposal, the decision making group will need to ensure it has clear and publicly defensible reasons for doing so. These should relate back to the extent to which the Fund eligibility rules, purposes/priorities and other criteria are met (or not, as the case may be).

If deferring a proposal for a decision at a later date, the group should be clear as to whether they are indeed content to genuinely consider the request for an award, should the applicant be able to provide a satisfactory response to any outstanding questions. If not, then the group should perhaps consider rejection. Check first whether the project is time-dependent such that an award at a later date would be too late to enable the project to go ahead. This might include for example timescales for spending matched funding. Feedback (see below) should clearly state what additional information the applicant is required to provide prior to the funding proposal being re-considered, and a clear deadline for this.

Decisions should be recorded in the minutes of the meeting, covering whether the proposal was awarded a grant, rejected or deferred until the next meeting, how much was awarded, for what (summary of the grant purpose), and any conditions of grant or feedback for the applicant. The minutes should not record the view of individual members of the decision making body – decisions should be collectively owned by the group.

Once the minutes are formally approved by the group, they should be published online and made available to anyone who requests a copy. This is in line with good practice in transparency and accountability.

## 5. Using conditions of award and feedback

### 5.1 Conditions of Award

Requesting an applicant to fulfil certain conditions is common in grant-making. However, it is important for the decision making group to be clear about why they might use conditions, and about when they are appropriate and necessary, as opposed to simply creating further obstacles for the applicant to overcome (and which many small community group are unlikely to be able to).

Many funders have a standard set of terms and conditions of grant, which form in effect a grant 'contract' between the funder and the awardee. This can help ensure that those receiving community benefit funding, and therefore the Fund as a whole, are complying with the terms and conditions of the Agreement with the Fund donor. For example, they might state the responsibilities of awardees to publicise or acknowledge the source of the funding in any publicity material about the funded project and in their accounts.

If an award is being considered but the decision making group have some outstanding concerns about the project or the applicant organisation, they may wish to set some specific (further) conditions they feel are necessary. These can be required to be fulfilled at the most appropriate stage of the project:

- Before any grant payment is made – for example provision of evidence that all matched funds have been secured, that planning consent has been given, or that the selected building contractor has current professional indemnity insurance
- At some specific point or frequency during project delivery – for example that an interim report on project progress to be provided six months from the start date, or
- Once the project is complete - for example a condition about reporting back specific information on the project outcomes or achievements, above that required as part of any standard terms and conditions.

The decision making group should be clear about the difference between a condition of award and feedback (see section 5.2 below), and which is most appropriate to use in the circumstances. If setting conditions, the group must be clear about how they will know whether the condition has been met – what evidence would demonstrate that? Where possible, written evidence should be required from any relevant third party (such as the consent notice from the planning authority, or letters of award from other funders), in others it may be that a note of confirmation from the awardee is all that can be reasonably expected.

If the decision making group finds itself setting a significant number of conditions, this is likely to be a sign that they are shoring up a weak funding proposal, and it is worth consider whether if fact rejection or deferral would be more appropriate. If they are supportive of the project in principle, then it may be a deferral is more appropriate, asking the applicant to re-submit at a later date and once the identified weaknesses have been addressed.

### 5.2 Feedback

In some cases, it may be appropriate, and helpful, for the applicant to be given some specific feedback, as opposed to placing a condition on the award. For example, to advise that they may wish to review one of their operational policies. Generally speaking, conditions are used where a weakness needs addressed before or during the delivery of the project in question

in order for the Fund criteria to be met or to ensure effective use of the grant, while feedback is used to make the applicant aware of points of good practice that are not pre-requisites to receiving funding. Feedback does not affect the award on that particular occasion. It should be aimed at helping the applicant organisation develop and increase its ability to deliver, and should be worded as positively as possible.

## 6. Communicating award decisions

### 6.1 Notifying applicants

All applicants should be notified of the decision made on their funding proposal as soon as feasible, and ideally all applicants in the round should be notified at the same time.

- Successful applicants should be sent an offer letter with information on how to formally accept the grant offer. This can be via a Grant Agreement Form that details any feedback and/or conditions of award that need to be fulfilled. An offer 'pack' may also include a template monitoring/ completion report and information on acknowledging/ publicising the award.
- Unsuccessful applicants should be sent a letter outlining the reasons for rejection. These should be described objectively, and publicly defensible. They should help the applicant understand what should be addressed (if possible) should they wish to re-apply (if that is an option).
- Deferred applicants should similarly be sent a letter outlining the clear reasons why a decision could not be reached, and inviting them to provide further information in support of the funding proposal so that it can be considered in the next round of award making, should they wish.

### 6.2 Publicising award decisions

Once decision letters have been received by all applicants, the proposals receiving an award should be publicised locally using a variety of channels. This is part of efforts to ensure the Fund is being managed in a transparent and accountable way; engaging the local community, demonstrating the value of the Fund, and building support for it. Publicity might include, for example:

- A summary of awards made available on local noticeboards, websites, social media, and community newsletters. This might simply cover: the name of the awardee (unless this is an individual, as they may wish to remain anonymous and in any case data protection requirements apply); the amount awarded, and; a summary of the purpose of the grant.
- Notifying key stakeholders, such as the community council and Fund donor
- A press release sent to local media (e.g. newspapers and radio) including a headline figure for the total awarded, providing due recognition to the Fund donor, and highlighting particularly relevant or interesting awards that may benefit key sections of the community. This could include quotes from an awardee, the Fund donor and potentially the decision making group.

It may be prudent not to publicise rejections or deferrals as this may be unhelpful for the relevant applicant organisations, who may be concerned about the reputational impact of

such negative publicity. Of course, the rejections and deferrals will be detailed in the minutes of the decision making meeting, once publicised, but immediate and widespread publicity about them should ideally be avoided.

## 7. Making grant payments

Once a grant has been formally accepted and any pre-payment conditions have been fulfilled, payment can be made. It may be that smaller grants (say up to £10,000) and any larger grants relating to salaries are paid up front, as few community groups have the cash flow to resource their project first and claim the grant afterwards.

However, there is a balance to be struck here as regards risk to the community benefit monies; for larger amounts it may be prudent to pay the grant on receipt of relevant invoices. For example, grants for the purchase of a mini-bus, purchase of property, or for building works. For complex building projects, agreeing a payment schedule with the awardee may be the best approach, based on their project plan, and with payments also dependent on receipt of the architect's completion certificate at each stage.

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