



City of Westminster Cabinet Report

Meeting or Decision Maker:	Cabinet
Date:	30 October 2023
Classification:	General Release
Title:	Westminster VCS Core Grant Funding
Wards Affected:	All
Policy Context:	Delivering fairer communities by supporting the VCS
Cabinet Member:	Cllr Nafsika Butler-Thalassis
Key Decision:	Yes
Financial Summary:	<p>£3 million total over 3 years to be committed to VCS core funding.</p> <p>£150k total for 3 years of community fundraising capacity costs.</p> <p>£150k total for 3 years of additional staff costs to run administer and monitor the core grants programme.</p> <p>(£3.3million final total).</p>
Report of:	Pedro Wrobel, Executive Director of Innovation and Change

1. Executive Summary

- 1.1. The purpose of this report is to seek approval from Cabinet for creation of a Westminster Voluntary and Community Sector (VCS) Core Funding Programme 2023-26. The programme would be funded using £3 million (£1 million per year for three years) from council reserves as allocated by the

S151 Officer under existing delegated authority. This money will be used in the form of core funding grants for small to medium sized voluntary and community sector organisations delivering services in Westminster to Westminster residents. The fund forms part of a wider strategy to support the sector to strengthen and grow, to best serve local communities in Westminster. See section 3 and 4 for context. An additional amount of £50k per annum for 3 years is needed to ensure staff capacity over the 3 years of running this core funding programme. Furthermore, it is important to support the capacity building of the sector through a targeted approach to raising external funds outside of the core funding programme. This is in line with the commitments of the VCS Investment Strategy 2023-2028 and entails a cost of £50k per annum for 3 years to dedicate to community fundraising capacity which will be allocated initially to our existing core VCS infrastructure support contract.

- 1.2. An additional purpose of this report is to offer context and proposals to a wider approach to supporting key strategic VCS partners in the borough, especially those considered community anchor organisations. It is recognised that the core funding programme outlined in section 4.1 has clear aims to support small to medium sized organisations to build resilience and strengthen their ability to run sustainably and serve communities.
- 1.3. The sustainability and recognition of larger place-based voluntary organisations in Westminster is also essential. In section 4.3 of this report, we outline initial plans to create parity in the north and south through strategic core grant arrangements with two community anchor organisations. Furthermore, the report takes the opportunity to flag plans to support organisations struggling with maintaining premises. This can be found in section 4.4 of the paper.

2. Recommendations

2.1. That Cabinet is recommended to:

- 2.1.1. approve the creation of the Westminster VCS Core Funding Programme 2023- 2026
- 2.1.2. note the allocation of £3.3 million from Council reserves for the Westminster VCS Core Funding Programme 2023- 2026 as summarised at paragraph 1.
- 2.1.3. delegate authority to the Executive Director of Innovation and Change [following consultation with the Cabinet Member for Adult Social Care, Public Health and Voluntary Sector] to award grants following the application process as set out at section 4.1.

3. Reasons for Decision

3.1. The allocation of such monies is necessary to deliver on a key element of the Fairer Westminster strategy and delivery plan: supporting to the voluntary and community sector to prosper in Westminster, in turn supporting the council to achieve Fairer Communities. Small to medium sized organisations, which are disproportionately also led by and for Global Majority groups, face difficulties with access to longer-term core funding. Core funding that focuses on the strategic development of such organisations, enables them to become stronger and more stable, and have the opportunity to grow. In turn, organisations are better able to reach and serve local residents in a consistent and high-quality way.

4. Background, including Policy Context – VCS Investment

4.1. VCS Core Funding Programme:

- 4.1.1. This proposal outlines the council's first VCS Core Funding Programme. Within the Fairer Westminster strategy and delivery plan, the council has made a clear commitment to empowering the voluntary and community sector (VCS) to prosper in Westminster. The VCS remains critical to reaching communities and delivering essential services for Westminster residents. The council remains committed to working in partnership with the sector to deliver our ambitions of a fairer borough.
- 4.1.2. In May 2023, as a result of a series of conversations with VCS colleagues and stakeholders, the council launched its VCS Investment Strategy 2023-2028 that sets out our intentions and committed actions to better invest in and partner with the local voluntary sector. The strategy highlights the responsibility of the council to promote the stability and vitality of the VCS beyond its traditional short-term project funding and formally commissioned services. It commits to the council playing a role in building capacity in the VCS, and recognises core funding as an important enabler to this.
- 4.1.3. In developing a core funding programme, we want to change the landscape of support that the council provides to the VCS. We are keen to see the sector grow so that we can ensure that all communities in Westminster have an organisation to turn to. This means making core funding accessible to small and medium sized organisations who are often expert in providing services led by and targeted at diverse communities.

4.1.4. With the challenges that we, our communities and community organisations are facing in current times, a 3-year core funding programme gives the opportunity to look forward and strengthen the vital work that the voluntary sector does in Westminster.

4.1.5. **Minimum criteria for applicants:**

- The charitable objectives of the organisation must align with the Fairer Westminster Strategy. The strategy sets out the council's priorities to build fairer communities, fairer housing, fairer environment, fairer economy, and a fairer council.
- Organisations applying must have an average annual income of no more than £450,000. This is to be based on the most recent published accounts.
- Applicants must be registered charities or community interest companies (CICs). (However, any organisation with more than £200k annual income must be a registered charity)
- Organisations should be registered and physically based in Westminster providing services to Westminster residents. Organisations that are not registered in the borough but have an established community offer that does operate from within Westminster, for Westminster residents, can also apply but may not be prioritised.
- Organisations applying must have been fully operational (and delivering services to Westminster residents) for at least 12 months prior to application being submitted.
- Organisations must have experience with receiving funding (from any other funder).
- Organisations must include staff costs that reflect the London Living Wage as a minimum.

4.1.6. **Provisional timelines:**

Stage 1: Launch

- The programme will launch with communications to community organisations during the week of 6th November [pending sign-off and close of call-in].
- Applications are planned to be opened on Monday 20th November [pending processes as above].
- Programme information events ('meet the funder' and application guidance sessions) will take place in November 2023.

Stage 2: Application period

- Online applications are planned to be open from [Monday 20th November to Friday 22nd December] - 5 weeks
- Support with applications will be available from One Westminster throughout the application window, including individual support and group support where needed.

Stage 3: Decision-making

- The programme working group made up of cross-departmental council officers and trained community reps will consider applications over January to February. (Community reps will likely include a resident and a community organisation lead without conflict of interest.) This provisional offer will then be subject to a due diligence process.

Stage 4: Grant award

- Grant offers with confirmation letters due to be made over March – April 2024.

4.2. Building fundraising capacity in the VCS:

- 4.2.1. There is a recognition that organisations face barriers to successfully bidding for external grant funding due to time and skill shortages. It is also important that the council protects the investment that it will make to organisations under the funding programme proposed above. In order to do this, the capacity to raise funds beyond the existence of a 3-year funding programme should be developed in the VCS and offered in a targeted way. This will boost potential for future sustainability of the organisations funded, and supplement the funding programme.
- 4.2.2. The existing VCS infrastructure support service commissioned by the council does provide advice and sense-checking support on fundraising as part of their existing offer but does not provide technical bid writing support.
- 4.2.3. The proposal is to ringfence £50k per annum for 3 years to trial a new approach through our existing provider who would be responsible for procuring the time of a pool of external fundraisers whose direct skills and expertise will be offered to VCS organisations for free. The provider's charity development officers (recently recruited as part of their existing contract) will take a lead in identifying which VCS organisations on the ground need this support and which community fundraising support would be best placed to offer the support (from the pool of resource to be established).
- 4.2.4. Aims of this approach:
 - Westminster-based VCS organisations (including CICs) with capacity issues are proactively supported to access a community fundraiser and/or technical fundraising training through One Westminster.
 - Westminster-based organisations are directly supported to access funding opportunities and produce bids for them.

- Organisations to be prioritised by size, focusing on those under £400k annual income.
- Organisations that work with Global Majority (BAME communities) and other marginalised groups such as (but not limited to) those with disabilities, and that are also led by them, to be prioritised.

This new approach would include a review of progress, reach and impact on a quarterly basis.

4.3. Strategic core funding and support for larger place-based community organisations

4.3.1. Separate to the above and as part of the wider context of the Council's action to support the VCS, it should be noted that the council has five existing strategic 'core-funding' arrangements with targeted VCS organisations in the borough. These are generally historic arrangements. Four are specifically for supporting children and young people in Westminster, and one (the Abbey Centre) is a wider strategic arrangement that offers support and hosts services to residents and vulnerable people in the South of the borough.

Hub/Community Centre	Annual grant award
Avenues	£ 78,333
Four Feathers	£ 78,333
Futuremen (2 Hubs - Churchill Gardens and Amberley)	£ 102,500
St Andrews Youth Club	£ 40,833
The Abbey Centre	£ 170,000

4.3.2. Community anchor organisations should be defined as organisations that do most of the following:

- Provide a community activity centre
- Represent other organisations and create forums for discussion
- Offer strategic support/organisational development
- Foster community groups
- Generate income for the VCS
- Broker new opportunities
- Provide space for smaller organisations free/low cost

4.3.3. Therefore, separate to the proposals above relating to a VCS core funding programme, there is work in development to provide parallel core funding arrangements to two of the boroughs important community anchor organisations. These will be subject to a separate

Cabinet Member decision report but this section is included to provide wider context to this decision.

- 4.3.4. There are two community centres in the borough that act as important hubs to community groups, VCS organisations and residents, and are considered by the council and communities to be community anchor organisations. These are the Stowe Centre (run by the Paddington Development Trust – PDT) and the Abbey Centre (run by the Abbey Community Association).
- 4.3.5. Both are based in council-owned buildings. As of October 2023, the Abbey Centre pays £112k of annual rent to the council and receives £170k as an annual grant. PDT pays £0 in rent to the council and does not receive a grant.
- 4.3.6. The current work in progress involves identifying these two hubs as Westminster's key community anchor organisations, and moving towards a consistent approach to both centres by doing the following:
 - Issue the same style lease arrangements to both centres so that they will both pay rent respectively, in line with the VCS rental policy.
 - Issue a core grant to the Stowe Centre that parallels the principles of the grant agreement in place for the Abbey Centre.
 - Make both of these agreements (lease and core grant) a 10 year commitment.
- 4.3.7. This will make consistent the council's approach to these core community centres in the borough and allow the council to formally enter a collaborative partnership with the Stowe Centre like it has with the Abbey Centre.
- 4.3.8. Medium to large sized VCS organisations offer a wide range of services to Westminster communities. The core funding programme outlined in 4.1 will provide opportunities for some of these organisations but not all. The following work is being developed to explore support for said organisations:
 - Launch a Westminster Funders forum in partnership with London Funders (autumn 2023) – this will allow the council the opportunity to share intelligence and common goals with other funders active in the borough, as well as explore opportunities for pooled-funding and joint targeted funding responses.
 - Conduct a review of the needs of medium to large VCS organisations and identify gaps in resource and capacity in said organisations (winter 2023).

5. Financial Implications

- 5.1. The report notes the allocation of £3.3m, as authorised under delegated authority by the Council S151 officer, to support Westminster's VCS core funding programme during the period 2023/24 to 2025/26. £1m per annum **over** each of the three years will be used to provide core funding grants for small to medium sized voluntary and community organisations to deliver services in Westminster. A further £50k per annum will be used to support community fundraising capacity allocated through the VCS infrastructure support contract and £50k per annum used to fund WCC staff costs to administer the programme.
- 5.2. It should be noted that this additional £3.3m revenue cost is funded through Council earmarked General Fund reserves up to 2025/26 financial year after which reserve funding will cease. Given that reserves funding is one off in nature a further decision will be required in the future to determine whether continued VCS core funding support will be an ongoing offer with consideration of how this ongoing cost is funded. If ongoing base revenue budget funding is required then this would increase the overall Medium Term Financial Plan (MTFP) savings requirement (budget gap) for the Council.

6. Legal Implications

- 6.1. The Council can enter into grant funding arrangements using its general power of competence under the Localism Act 2011.
- 6.2. The Council has a duty to consider whether the proposed funding could fall within the definition of "subsidy" under the Subsidy Control Act 2022. If this is the case the Council must then consider whether the funding would comply with the subsidy control principles. Each grant should be assessed on a case-by case basis and Legal Services will be available to provide relevant support.
- 6.3. The Council should ensure that the distribution of grants is fair and proportionate and complies with its duties under the Equalities Act 2010.

7. Carbon Impact

- 7.1. This decision will have no carbon impact to note. VCS organisational alignment with Fairer Westminster outcomes, including Fairer Environment, will be embedded into application and assessment processes. More work will be done to explore the best ways to value climate justice within the funding programme.

8. Equalities Implications

8.1. The decision to allocate the funds does not have equalities implications to note. The promotion of the VCS Core Funding Programme, its accessibility to applicants, and the specific decisions made to award grants, will embed equalities considerations to ensure that the access to funding is equitable and that the distribution of funds reaches organisations run by underrepresented groups.

9. Consultation

9.1. The first group consultations around general VCS investment were held in May 2022, one with a group of local VCS partners, and one with a group of council officers whose work related to VCS investment and partnerships. These group conversations highlighted some key strengths and challenges experienced the VCS. One-to-one information interviews were then held with 22 VCS partners and stakeholders, including local charities, foundations and anchor institutions. This allowed for in depth conversations into some of the topics raised in the group consultation, including funding issues. The first draft of strategy was formed, followed by two more brief group feedback/presentations sessions (with the Westminster Community Network and the BME Health Forum). Capacity building and core funding were raised as a priority to focus in on during the feedback sessions of the first draft. A core funding approach was then drafted in response. A draft programme outline for such funding was shared for feedback at a further BME Health Forum meeting and at the Westminster Community Network meeting (June 2023). Plans were well received and feedback was taken.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:

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