



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 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 exclude 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 on its website and is available from the office. 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 in general grants will not be awarded to organisations that are required to register but are not taking steps to do so. 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 starting up the enterprise, setting up to trade existing goods in a new market or developing new goods and services to trade in line with the business plan. 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;
- Where primary benefit is to enable a public body to carry out its statutory obligations;
- Activities where the primary benefit is the advancement of animal welfare;
- Activities which have already taken place;
- Grant-making or equivalent gifts in kind 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 from a group is £750. The minimum for a donor-nominated grant is £500. 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. Minimum grants to individuals may be lower.

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 Community Foundation may accept donor-nominated requests to award unrestricted grants up to £10,000 subject to the proposed recipient being a UK charity that is registered with the appropriate regulator in England and Wales, Northern Ireland or Scotland, or which is a charity legally exempt or excepted from registration. Donors may also nominate organisations of any type for continuation funding based on successful feedback on a previous award from the fund concerned, subject to confirmation that there has been no material change in circumstances. The process for donor-nominated grants is:

- A fund advisor nominates a grant to an eligible organisation or an individual in need.
- For organisations, due diligence on governance and finance is conducted by staff using publicly available information from regulators to confirm the nomination can be supported.
- Following due diligence, nominations that can be supported are ratified by the Board or the person/committee acting with its delegated authority.

Where a donor wishes to nominate support for an organisation other than as set out above, (including for a restricted purpose) the proposed recipient will be invited to make an application or submit a proposal which will be assessed on the same basis as external requests.

- 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 up to £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 over £10,000 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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