



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 and Stewardship 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 organisations, but sometimes to other bodies or to individuals for charitable activities.

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 Trustees ensure proper governance of the Foundation's grant-making in three ways.
 - **Grant-making principles** ensure that, even where there a donor or funding partner is involved, the Foundation's trustees ultimately make decisions. Together with the Gift Acceptance and Stewardship Policy and philanthropy agreements, the principles make clear that funds given are the Foundation's asset, albeit with degrees of restriction on their use. Where they are involved, donors are *recommending* grants, not *awarding* them.
 - **Grant-making criteria** set out activities trustees wish to support to further the Foundation's charitable objectives. The criteria exclude those activities which the trustees do not consider to be in line with the Foundation's purpose. The trustees accept that they will occasionally make grants outside published criteria but that in all such cases the activity supported will be charitable in law.
 - **Grant-making processes** set out how decisions are made to award grants from different types of funds at the Foundation.

3. GRANT-MAKING PRINCIPLES

- 3.1 The principles which underpin governance of the Foundation's grant-making take into account the scale and range of its grants, and balance proper oversight of decision-making with 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 can assign certain decision-making responsibilities to sub-committees, Board members or staff within their scheme of delegation. Such delegated decisions are subject to scrutiny and review from time to time.
- Trustees can apply conditions to any grant.
- Trustees can decide not to approve any recommendation or nomination if they (or those acting with their delegated authority) decide that a grant would not be charitable, would conflict with the Foundation's policies or damage its reputation.

4. GRANT-MAKING CRITERIA

- 4.1 The Foundation publishes criteria for applications from individuals and organisations out on its website. The trustees' goal is to support a wide range of causes in line with donors' wishes, while prioritising certain places and issues which the Board may agree from time to time. The Foundation generally focuses on small, local charities and community organisations (those with income up to £1 million, with priority to those up to £0.5 million) in its primary area of benefit (Tyne & Wear and Northumberland). The Foundation will support larger charities, but generally only where they are the best placed organisation to meet a priority need, a donor nominates them for a grant, or they have a fund with us designated to support their work. Other organisations, like schools, usually only get grants from funds the Foundation has for that purpose.
- 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 formal steps to do so. The Foundation can only make general running cost or unrestricted grants to charities. Grants to other types of organisations will always be restricted for a specific charitable purpose. Organisations must have a governing document, a governing body of at least three unrelated individuals and a bank account in the organisation's name with at least two unrelated signatories.
- 4.3 In line with Charity Commission guidance, the Foundation treats safeguarding with the highest importance. The Foundation will only consider grants where applicant organisations are able to demonstrate that safeguarding is a priority, and that they have adequate safeguarding policies and procedures in place. The Foundation has a Safeguarding Policy which details our approach and responsibilities.
- 4.4 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 which have 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.
- 4.5 Trustees expect that grants will normally support one or more of the following outcomes:

- *Services and activities that work* – helping organisations 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.

4.6 External applications for support must be made using the Foundation's on-line application process. However, the Foundation will take reasonable steps to provide information in alternative formats in line with the Diversity, Equity and Inclusion policy.

4.7 As well as the above requirements on legally charitable activity, safeguarding and for CICs/non-charity social enterprises, the trustees consider the following external grant requests to be ineligible for the Foundation's funding.

- Contributions to general appeals or circulars.
- Activities where the primary benefit is the advancement of religion.
- Activities where the 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 (although we can fund provision of goods necessary for a service e.g. food parcels or activity packs).
- Applications from privately owned and profit-distributing companies or limited partnerships.

4.8 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 up to three measures of success agreed as part of the grant offer.

4.9 Organisations receiving their first grant from the Foundation, must submit satisfactory monitoring before trustees will accept further applications. The trustees will not accept applications from any applicant where monitoring on previous awards is overdue.

4.10 The minimum grant in response to an external request from an organisation 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.

4.11 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. So, all eligible external grant requests go through a four-stage process as follows:

- **Allocation** to available funds according to their availability and criteria. The Foundation rejects requests that cannot be allocated to available funds.

- **Assessment** by staff to decide whether a request can be shortlisted. The Foundation rejects applications which staff cannot shortlist, unless a donor/partner wishes to review them.
- **Review** of the assessment and staff advice by a fund advisor, panel, the Board, or by a person acting with the delegated authority of the Board. Grants which they do not recommend for support are rejected unless they are allocated to another fund.
- **Ratification** of the recommendation to support by the Board or a person/committee acting with its delegated authority.

5.2 The Foundation can accept donor-nominated requests to award unrestricted grants up to £10,000 from their funds to UK charities registered with the regulators in England and Wales, Northern Ireland or Scotland, or to charities which are legally exempt or excepted from registration. Donors can 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 individual in need.
- For organisations, staff carry out due diligence on governance and finance is using publicly available information to confirm the nomination can be supported.
- Subject to this due diligence, the Foundation's trustees, or a person/committee acting with their delegated authority, ratify nominations and award grants.

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 staff will assess on the same basis as external requests.

5.3 The Foundation can make one-off or regular grants designated to one or more organisations agreed with a donor at the point a fund is set up. Such grants are subject to due diligence to ensure the Foundation's funding will be used for exclusively charitable purposes and recipient organisations remain solvent.

5.4 In addition to external grant requests, designated funds and donor nominations, the trustees may invite or commission proposals or provide funding in collaboration with others or by combining fund contributions where doing so meets the Foundation's strategy, priorities and criteria for funds.

5.5 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 trustees to the Chief Executive. The Board receives a report on ratified grants quarterly.
- External requests or invited proposals for up to £2,000 a year for a maximum of two years 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 proposals for over £2,000 and up to £10,000 a year for up to two years 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 a year 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.

5.6 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;
- the nature of the funded activity would raise significant safeguarding risks;
- 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.

Date originally approved by Board	March 2017
This version	7.0 May 2021
Date last updated	May 2021
Reason for this update	Revised in line with the Foundation’s strategy to 2025
Next review due	2024
Owner	Rob Williamson
Job title	Chief Executive
Related procedures (if applicable)	<ul style="list-style-type: none"> • Grant practice manual • Donor experience manual • Gift acceptance and stewardship policy • Safeguarding policy