



## **Solihull Metropolitan Borough Council**

# **GRANTS POLICY**

## **Purpose**

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The purpose of this policy is to ensure that the Council's processes for awarding grants to third parties are transparent, equitable, accountable, and aligned with its priorities and objectives. This policy establishes the principles and procedures for the assessment, approval, and monitoring of grant funding to ensure funds are used effectively and for their intended purpose.

The policy applies to all employees and Members of the Council, who are involved in the design, assessment, approval, administration, or monitoring of grants awarded by the Council to third parties, such as community organisations, research bodies, individuals, educational or not-for-profit institutions.

## **Grant definition and applications**

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Grants are agreements made with third parties to provide funds for an agreed purpose and subject to conditions, in support of a policy objective and/or to promote the public good. Whilst they are most commonly used to provide funds to not for profit organisations and groups, such as charities, they can also be awarded to individuals and businesses.

Grant funded activity is different to procurement activity and contracts, and as such is not subject to procurement regulations, such as the Procurement Act 2023. Procurement and contracted activity are specifically concerned with the purchase of products (assets or goods) or activities (services or works), usually with specific outputs or outcomes, and with a direct benefit to the Council. Within these parameters procurement and contracted activity tends to reflect services that are delivered on the Council's behalf, that it might otherwise decide to deliver itself. Similarly, it would reflect the purchase of assets, or access to expertise.

By contrast, grant funded activity tends to be more general in nature, supporting activities and assets that align with a specific policy objective, priority or public good, with less direct benefit to the Council. The key principle is that the recipients of a grant are acting and operating independently of the Council, although the Council might derive some benefit from that activity. In this capacity grants are more likely to reflect a contribution to the costs of an activity, service, project or asset, rather than covering the full costs of their delivery.

In general, services that are funded through grants, would typically not be delivered on behalf of the Council and are unlikely to be activities that it would consider delivering itself. However, there may be instances where the Council chooses to issue grants to organisations that complement or enhance its own direct service delivery — particularly where those organisations offer specialist expertise, strong community reach, or where partnership working is a condition of external funding.

A more detailed comparison of grants and contracts is included in Appendix 1.

Grants are described by the National Audit Commission as:

“...an extremely useful way for a public body to fund a third sector organisation for activity that is in line with one or more of the public body's objectives. For example, a council that is concerned about the poor wellbeing of one of the communities in its area may give a grant to a TSO that is dedicated to raising the wellbeing of that community.”

The UK Government has a highly developed Grants Management Function, awarding grants for a range of purposes, including but not limited to:

- Funding local authorities to build new houses
- Accelerating the transition from fossil fuels to renewable energy
- Funding research and innovation
- Promoting the economic development of developing countries
- Supporting individuals and business affected by major economic shocks, such as those that impact the cost of living

There are broadly two types of grants, which local authorities might consider making. Grants might be awarded through a competitive process in support of activity, which aligns with a local authority's objectives. This might be particularly useful in situations where:

- The local authority isn't yet able to provide a detailed specification for procuring services/products/projects, and a grant may help that process in the interim, particularly as part of a research and development phase of activity.
- The local authority wants to develop and grow a market that either doesn't currently exist or isn't mature enough to support a procurement approach. In this context grants might be a useful tool for stimulating market development and growth.
- The local authority wants to financially contribute to an existing activity or assets, which are independent of the local authority, for them to be sustained and/or to increase or enhance the scale and scope of their impact and/or benefit to local communities. This is in support of a specific priority, objective or public good.
- The local authority wants to engage micro and small voluntary, community and social enterprise sector groups and organisations, in support of a specific community, place or policy objective.

The other type of grant a local authority might provide is referred to as "grant-aid" or a "strategic grant" which tends to be made in more limited circumstances, where there is a strategic relationship between a local authority and voluntary, community, faith or social enterprise sector group or organisation. This type of grant is made to an organisation in general support of its activities, where there is strong alignment with a local authority's objectives. It can apply to arrangements with cultural assets or CVS (Councils for Voluntary Service) organisations, for instance. They are commonly used to passport central government funding onto third parties.

## **Policy context**

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As the custodians of public funds, the Council will ensure value for money, fairness, probity and transparency in the design and administration of all grants that it awards to third parties. This Policy provides a clear commitment on the requirements of all grants administered by the Council. It also sets out the Council's approach to grant making as well as legal, financial and governance requirements the Council will adhere to in its grant funding arrangements.

All grants awarded to third parties must align with the Council's strategic priorities, including at least one or more of the seven ambitions within the Solihull Council Plan 2025-30:

- The right conditions for everyone to thrive

- Services that people need in the right place at the right time
- Children and young people have the best possible outcomes
- Adults are supported to maximise wellbeing and independence
- A vibrant economy with improved access to opportunities
- Opportunities and fairer outcomes by acting on climate change
- An attractive and aspirational place

Grants are also expected to be made within the Council's available budgets, including those received through grants that it receives. This is in support of helping the Council achieve financial sustainability.

The UK government regularly awards grants to the Council, for a range of specific objectives and purposes. Where grants are subsequently made to third parties with these funds, they need to be compliant with the conditions and in support of the objectives associated with the grant received from the UK government.

As a result of the COVID pandemic, the influences of global economic trends and conflicts, households, businesses and charities have experienced a period of financial constraints and hardships, putting many on the point of crisis. Within the charity sector, many organisations have been dependent on reserves that are now running dry with financial stress being one of the top priorities for the sector. This follows a longer public sector trend where there has been a movement from grant giving to procurement. This has moved public funds away from smaller groups and organisations, as well as investment in "places", towards organisations that are best able to navigate through procurement processes, and investment in services. Grants can be a useful tool in helping to rebalance public sector spending and investment in support of neighbourhoods, communities, smaller groups and organisations.

## **Principles and standards**

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All grants awarded by the organisation will adhere to the following principles:

1. Grants will not be used to fund activities or services that should be subject to the Council's Rules for Contract and is within the scope of procurement regulations.
2. Activities funded will be consistent with the Council plan, strategic ambitions and priorities, or any terms and conditions imposed on the Council where the budget is obtained from an external body
3. The Council will ensure proper, prudent and effective use of public money for the awarding of all grants.
4. Competitive grant programmes will be developed, where possible, through engagement with the recipient sector(s), such as VCFSE, arts and culture, education, business etc.
5. Clear criteria and conditions for applicants will be published for all competitive grant programmes – successful applicants will fully comply with the criteria and conditions as set out.
6. The length and demands of the bidding process for grants will be proportionate to the type and value of the grant. This is also with specific consideration for grants and grants programmes with a value of less than £10,000.
7. Grants cannot be used for retrospective funding; that is to replace money that has already been spent, or to cover items or services that have already been bought (this includes consultancy and brokering fees).
8. Grant awards and applications will be assessed and determined according to their merits. No organisation is entitled to funding because it has been awarded a grant in the past or for any other reason.

9. Funding will be awarded to organisations which can demonstrate that a defined impact will be achieved and will be able to detail the inputs, outputs and/or outcomes that the grant will fund
10. All grants will be subject to the recipient accepting the grant conditions and monitoring requirements, as set out in the grant agreement.
11. The Council will not make grants to any organisation that it deems to be a political party, has the nature of a political party, or is engaged in campaigning for a political purpose or cause.
12. Any grant awarded must only be spent for the approved purpose, i.e. applicants must be able to demonstrate that the funding has been spent as outlined in the grant application and appended in the grant offer letter e.g. produce receipts on request.
13. The Council will ensure that all eligible organisations have an opportunity to bid for a grant with a fair chance of success, and will endeavour to make reasonable adjustments to enable this.
14. All grants the Council makes will be published on its website for transparency and information sharing.
15. Grant procedures and practices will be regularly reviewed, drawing on feedback and the experiences of individuals, groups and organisations which participate in them.

## **Roles and responsibilities**

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The following is a list of roles and responsibilities that are applicable to this Grants Policy and its implementation:

- The Council's Governance Committee is responsible for the approval and adoption of this policy and future iterations.
- The Director of Resources (in the capacity as s.151 Officer) is responsible for the approval of changes to the policy's supporting procedures.
- The Corporate Grants Champion is responsible for the development and implementation of the Grants Policy, supporting procedures, processes, guidance and tools, as well as for publishing grants awarded by the Council.
- The Council's Audit Team is responsible for reviewing compliance with this policy and supporting procedures.

For each grant project, the following roles and responsibilities will apply:

- The Council's Procurement Team is responsible for approving the use of this Grants Policy where activity is not subject to procurement regulations.
- The Council's Finance Team will provide assurance and compliance with funding conditions (according to the source of the funding), financial review and approval of the business case, financial standing assessment, approval of payments in advance, and ensuring the correct subjective codes are used to record financial transactions that are linked to grants.
- The Council's Legal Team will manage disputes, amend standard terms and conditions of grant agreements for unusual grants, assess whether a grant is in scope for publication on the subsidy control register.
- A Project Manager needs to be confirmed who will be the proposing officer, managing the grant project from end to end.
- Depending on the values of the project and individual awards, the relevant Head of Service, Assistant Director, Director or Cabinet Member will assess and approve the business case, sign grant agreements on behalf of the Council and agree early termination of grants, where applicable

## **Grant procedures**

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There are four procedures that are applicable to this policy:

- Grant Funding vs Procurement Process Flow – this document sets out the decision-making process in the assessment of whether a proposed activity will be subject to the Council's Grants Policy or Rules for Contracts. Where a decision cannot be reached between the Project Manager and Procurement Team, the matter will be referred to the Council's Commissioning and Procurement Board for a decision. This procedure is included as Appendix 2 of the Policy.
- Strategic Grants (also referred to as Grant Aid) – this document sets out the step-by-step process for the use of strategic grants, and is included as Appendix 3 of the Policy.
- Competitive Grants (internal) – this document sets out the step-by-step process for the use of competitive grants programmes, where they are internally managed and administered by Council officers. This is included as Appendix 4 of the Policy.
- Competitive Grants (external) – this document sets out the step-by-step process for the use of competitive grants programmes, where they are managed and administer by the Council's grant giving partner, the Heart of England Community Foundation.

In addition, supporting guidance, tools and templates for the implementation of this policy and procedures will be made available through the Corporate Grants Champion, and reviewed at least annually.

The core activities of the grants procedures concern the following:

- Deciding whether activity should be subject to the Council's Grants Policy or Rules for Contracts
- Development and approval of a business case for the proposed grant or grants programme
- Light-touch approaches for grants and grants programmes with a value of less than £10,000
- Application processes for competitive grants programmes
- Promotion of competitive programmes
- Decision-making for competitive programmes
- Ensuring that due diligence is applied for all grants
- The use of grant agreements for all grants
- Payments of grants
- Publication of grants
- Monitoring and evaluation of all grant funded activities and the use of grant funding

## **Due diligence, monitoring and assurance**

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The due diligence, monitoring and assurance processes and standards between contracted activity and grant funded activity are different to reflect the different relationship the Council has with third parties in both cases.

Under a contracting arrangement, the Council has more direct responsibility for the activity and services that are being delivered, which are often being delivered directly on its behalf. This is subsequently reflected in the level and detail of requirements of third parties the Council is contracting with.

By contrast, under a grant funding arrangement, the activity and services that are being delivered will be independent of the Council, and it needs to be more concerned with two things:

1. Whether the individual, group or organisation should be the beneficiary of public funds
2. Whether the individual, group or organisation has the capability to use the grant funds for the intended purpose

In this context, the Council should seek assurance from intended grant recipients that there are suitable policies and procedures in place, but without stipulating specific requirements. These should be proportionate to the level of funding and associated risks, and are applicable to:

- Data protection
- Insurance
- Health and safety
- Safeguarding
- Financial operations

Grants are also awarded to fund an agreed input, output or outcome, and once that has been delivered any unspent funds should be reclaimed by and returned to the Council. This is different to contracts, where the recipients of funding can typically keep any unspent funds, and are able to profit from those contracts in those cases. Financial monitoring of grants is therefore an important function within the monitoring of grants.

## **Conflict of interest**

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All Council officers and Members who participate in any stage of a grant process or grants programme must disclose any actual or potential conflicts of interest and abstain from related decisions or activities that may prejudice decision-making and the principles of this Policy.

## **Compliance and breaches**

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Responsibility for compliance with the Grants Policy always remains with Council officers and Members. Directors and the Corporate Grants Champion will be responsible for monitoring compliance with the Policy and supporting procedures, aided by internal or external audits or inspections which will be carried out as appropriate.

Non-compliance with this Policy or misuse of funds may be considered as Misconduct or Gross Misconduct and subject to the Council's Disciplinary Policy.

## **Policy review**

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This policy will be reviewed every three (3) years or earlier if legislative or organisational changes occur.

The supporting guidance, tools and templates that assist with the implementation of this policy will be reviewed and updated annually.

## **Related Documents**

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The following are policies and documents, which should be used in connection with this Grants Policy:

- Rules for Contracts
- External Funding Procedures
- Financial Regulations
- Risk Management Policy

Code of Conduct Policy and Declaration of interest for officers  
Records Management Policy

## **Appendices**

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1. Grants vs Contracts
2. Grant Funding vs Procurement Process
3. Strategic Grants Procedure
4. Competitive Grants Procedure (Internally Managed Grants)
5. Competitive Grants: Externally Managed Grants Procedure

## **Version Control**

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<b>Version number</b>	<b>Date</b>	<b>Changes</b>
1.0	20 <sup>th</sup> November	Approved by the SMBC Governance Committee