



Executive Summary

The purpose of this policy is to set out the principles, criteria and processes that govern how County Durham Community Foundation (the Foundation) makes grants across its funds and programmes.

A grant is defined as a financial award made by the Foundation from the funds it manages, to support charitable purposes for the relief of poverty (including training for employment or work), or any other charitable purpose for the benefit of the community. Grants are made to registered charities, voluntary and community organisations, companies with charitable purposes, and individuals, in line with specific fund criteria.

This policy explains:

- How we are structured and governed
- The different types of funds we manage
- The principles underlying our grant-making decisions
- Our grant-making policy
- The grant application process
- The assessment and decision-making process
- The appeals process
- How successful grant awards are monitored

Vision

Bringing people together to achieve their potential, fulfil their aspirations, and build thriving communities.

Mission

The Foundation promotes lasting charitable giving by bringing together donors with their chosen causes, through well targeted grants that make a genuine difference to the lives of local people.

Our founding principles:

- **Philanthropy:** our goal is to give something back to the community by building a long-term endowment to support the people of our region in the future
- **Empowerment:** we aim to enable all members of society, both donors and grant recipients alike, to achieve their potential and fulfil their aspirations
- **Changing Lives:** we want to make a lasting difference to the people of our region by supporting the growth and prosperity of the region, whilst at the same time addressing inequality

1. Introduction

The Foundation (Charity Number 1047625) was established in 1995 as an independent grant-making charity. We promote lasting charitable giving by bringing together donors with their chosen causes, through well-targeted grants that make a genuine difference to the lives of local people. We act as a broker for individuals, families, organisations and companies who want to put something back into their community, either in their lifetime, or through leaving a legacy.

Our grant-making supports local voluntary-led organisations and projects that have a clear impact on their community, enabling them to continue their work and make vital improvements to their service. We also provide support for individuals and families in need.

The Foundation is managed by a Board of Trustees - professionals drawn from all sectors of the business and voluntary communities. The Foundation is also a member of UK Community Foundations (UKCF), whose secretariat assists and aids the development of individual community foundations.

Quality Accreditation is a quality standard mark, run by UKCF, which sets out seven key standards developed by community foundation members.. The Foundation has successfully achieved Quality Accreditation, which demonstrates our adherence to the key standards regarding governance, finance, donor services and development, grant-making, community engagement and communications.

The Foundation's charitable objects allow it to award grants to support the promotion of:

- Any charitable purposes for the relief of poverty, (including training for employment or work) the advancement of education or any other charitable purpose for the benefit of the community in the area of the County of Durham and its neighbourhood.
- Such other exclusively charitable purposes in the United Kingdom and elsewhere, which are in the opinion of the Board to benefit the community, with a preference to the County of Durham, including Darlington and its immediate neighbourhood.

All funds managed by the Foundation must comply with the above objects. Criteria for donor-advised and community panel funds will be agreed with the fundholder and detailed in the fundholder agreement and/or on the fundholder's annual fund statement.

In addition to making grants, the Board reserves the right to use unrestricted funds to commission and publish research and policy-related work to educate and inform internal staff, trustees and external stakeholders on key aspects of the Foundation's work and local priorities and/or need.

2. Our Grant-making Principles

When awarding grants, the Foundation aims to be fair, professional, effective, and pro-active. In doing so, the Foundation demonstrates that any grant-making policy is robust, transparent and accessible. We endeavour to ensure all criteria are clear and consistent, and meet donors' wishes.

The Foundation aims to take a strategic approach to its grant-making. Essentially this means that we wish to see sustainable changes taking place in both our communities and the organisations

working with them. We will seek to identify need and respond to it, placing a real emphasis on securing measurable outcomes.

Adopting a grants programme or thematic approach means that we can take an objective view of how we wish to manage our funds, making a difference to the local community in the longer term. The Foundation will draw on its own research and use other partners' intelligence and expertise to identify broad themes, possibly drawing on a number of funds that can be targeted to make the maximum impact.

The Foundation manages a diverse range of funds on behalf of individuals, families, organisations, statutory bodies, trusts and companies. Funds are managed in a variety of ways depending on the service the fundholder requires. Some funds are set up to give fundholders discretion to indicate how grants from their funds are made, either to specific charities or charitable purposes, or more generally to a particular geographical area or field of interest. Other fundholders allow the Foundation to distribute fund monies in accordance with our charitable aims.

The Foundation awards grants for projects that can demonstrate they have charitable purposes. Grants are primarily made within the Foundation's area of benefit, however, the Foundation may make grants anywhere in the UK and internationally in accordance with its charitable aims.

3. Types of Fund

The Foundation manages a diverse range of funds on behalf of individuals, families, organisations, statutory bodies, trusts and companies. These include:

- **Endowment Funds** – funds established to provide a lasting legacy and a future source of grant-making funding
- **Grant Revenue Funds** – funds for immediate grant distribution over a period of time
- **Restricted Funds** – funds donated by donors/partners that are reserved for future grant programmes based on the Foundation's expertise and knowledge. These funds may be used to match-fund with other funding partners and then distributed as themed programmes to address specific local issues or identified needs

Endowment Funds

An endowment fund provides a lasting legacy and a future source of grant-making funding. The capital sum of an endowment is invested by the Foundation's investment broker to earn investment income for distribution. The Foundation aims to establish a permanent source of charitable funding for its area of benefit through the establishment of endowment funds, held in perpetuity by the organisation. These endowment funds comprise philanthropic funds that have been established by individuals, families, organisations, statutory bodies, trusts and companies.

Grant Revenue Funds

Grant revenue funds are intended to be distributed over a set period of time where applicants apply for funding against specific criteria or themes. Donors may have delegated authority for funding decisions to the Foundation, or as there may be specific panels set up to make funding decisions or grant awarding may be donor directed. Any such decision-making on the donor's behalf will be discussed during the set-up of a fund.

The Foundation classifies grant revenue funds into the following categories:

- **Field of Interest**

These are charitable funds distributed within a particular local geographical area or theme in line with specific fund criteria set and agreed with donors/fundholders. Decisions to fund are delegated to the Foundation staff team or internal panel.

Where a fund is restricted i.e. to fund projects in a specific geographic area, or for a specific purpose or theme, the Foundation may solicit applications from certain organisations to meet the requirements of the fund. In the event that this happens the Foundation will use its networks of voluntary and community organisations, local infrastructure groups and/or use its own CRM database (Salesforce) to highlight potential applicants.

- **Donor Advised and Named Funds**

As part of its professional service to donors or fundholders, the Foundation has in place a fund agreement that outlines how funds can be awarded to projects in line with agreed criteria. With donor advised funds, criteria are set by the donor or fundholder (the person responsible for overseeing their organisation of family fund) who then selects from assessed applications put forward by the Foundation.

A named fund can be an alternative to setting up an independent family or company trust where the donor chooses the name of the fund.

- **Donor Directed Decisions**

Donors can at their own discretion make requests to the Foundation to award a donation from their fund to their own chosen/nominated projects, organisations or individuals in need.

Any such request on the donor/fundholder's behalf will be discussed during the set-up of a fund. This may include organisations being currently supported; a fundholder may also request the Foundation to make a one-off donation to a nominated project, organisation or individual in need.

The Foundation will undertake where appropriate any necessary due diligence on an organisation's governance and finance to confirm the nomination can be supported and does not conflict with the Foundation's grant-making policy and charitable purposes. This is achieved by the completion of a brief application form sent to the organisation following instruction by the donor.

Any nomination is ratified by the person/committee acting with its delegated authority before any donation payment can be made.

Fund or Programme

A fund is the provision of financial resources i.e. the money a donor invests with the Foundation for distribution as grants.

A programme brings together a set of related measures or activities with a particular long-term aim through funds, which are determined by a set of criteria. A programme can hold one or more funds that have the same collective aim.

4. Grant-making Policy

The policy statements set out below are those which underpin the Foundation's grant-making.

The Foundation will only award grants to registered charities or organisations with charitable purposes that have:

- A management committee/governance body with at least four independent and unrelated members
- A bank or building society account in the name of the group, with a minimum of two unrelated cheque signatories
- Appropriate governing documents i.e. a constitution, Memorandum & Articles of Association, etc.

The Foundation can award grants to individuals through particular funds and programmes. The fundholder or donor and the Foundation will agree the checks required to ensure that monies are distributed safely and accountably.

Repeat and multiple applications

This is no restriction on the number of programmes that an applicant can apply to in any one financial year (1st April to 31st March), however, if applying to more than one programme, each application must be for a different project or purpose. When applicants apply to a number of programmes, the Foundation will take into consideration the ability and capacity of the organisation to manage multiple grants along with the organisation's financial situation.

Applicants who have outstanding grant monitoring or have returned unsatisfactory monitoring will not be eligible to apply for funding. In this case applicants are advised to contact the Foundation before submitting an application.

Applicants applying for repeat funding, that is, for a grant award towards activities for a very similar purpose in consecutive years should not assume that they will be successful just because an application has been successful in the past.

Applications from umbrella organisations applying on behalf of smaller groups.

The Foundation will not accept applications submitted on behalf of organisations or groups made by umbrella or similar organisations. Applicants must apply in their own right and complete an application form unless there are exceptional circumstances, which must be agreed with the Foundation before an application is submitted.

Eligible organisations

The Foundation supports organisations with charitable objects including:

- registered charities
- charitable incorporated organisations (CIO)
- constituted groups
- companies limited by guarantee
- community interest companies (CIC)
- social enterprises (SE)
- unincorporated sports clubs (with a constitution)

Whilst the Foundation does not exclude large national charities from applying, priority will be given to those organisations with an income less than £1 million per year.

Organisations set up as a CIC or SE must demonstrate that they have clear charitable purposes and that there is a defined social benefit. The Foundation would normally expect a SE or CIC to be aiming to become self-sustaining through trading in the long term. Eligible CICs and SEs should aim to show on application that a reasonable amount - at least 50% - of their annual income is derived from trading.

Unlike constituted groups, CIC start-ups or SE start-ups will not be considered for funding. Projects must have charitable purposes and community benefit and the funding request should not be a replacement for trading income.

Grant awards

All funds and grant programmes have defined criteria and areas of benefit; applications will be assessed according to the appropriate fund or programme criteria and in accordance with the Foundation's charitable aims. The Foundation's the eligibility criteria include:

- All grants made will be in accordance with the fundholder agreement or contract, unless they are in contravention of the Foundation objects or charity/company law
- No grant payment will be made until signed Terms and Conditions (T&Cs) have been received and checked by the Foundation and financial due diligence on bank account details completed satisfactorily
- All awarded grants will be monitored and evaluated in accordance with the Foundation's policies and procedures
- For the majority of our grants we would anticipate that funding should be used within one year unless otherwise advised in the fund guidelines or in the terms and conditions
- No grant will be given to any organisation or individual that has outstanding monitoring requirements or has returned unsatisfactory monitoring information
- No grant will be given to any organisation or group that is subject to an investigation by the Charity Commission, the police or any other organisation in a legal capacity whether in an area connected with the Foundation application or not
- Grants to individuals will be made via third parties or direct to the applicant depending on the fund/programme criteria
- No grant will be given either directly to a subsidiary company or any other company or individual connected to the donor unless a full and independent assessment has taken place to ensure that there is no conflict of interest and the proposed grant offers value for money

The Foundation will NOT support the following:

- Deficit or retrospective funding (i.e. grants for activities which have already taken place)
- General contributions to large appeals (but specific stand-alone items can be funded)
- Projects where there is statutory responsibility to provide funding
- Statutory bodies (including schools and parish councils), unless you can prove the project is community-led, for the benefit of the whole community and not a statutory responsibility. (unless permitted by the fund/programme criteria)
- Regional or local offices of a national organisation (unless you can demonstrate that they operate independently, or the project supports communities in the Foundation's area of benefit)
- Arms-length public sector organisations
- Party political activity
- Commercial ventures unless specifically permitted by the fund/programme criteria
- Organisations that are for the sole benefit of animals, wildlife or ecological conservation
- Feasibility studies or other such investigative studies
- Grants for groups that hold more than one year's running costs as unrestricted free reserves (unless justified)
- Groups restricted by membership other than that associated with the objects of the group itself where this is necessary for the safety/wellbeing of disadvantaged users and undertaken for charitable purposes
- Sponsored events, trophies, prizes or incentives
- Contingency funding
- Medical research and equipment
- Building or buying premises and freehold or leasehold land rights
- Purchase of minibuses or other vehicles (we may support running costs associated with vehicles)
- Although the Foundation will make grants to faith organisations working on a project that has wider social benefits, we will not support activities that are primarily proselytization or worship activities
- Applications for/from schools unless shown that the activities are above and beyond the scope of statutory provision

5. The Grant Application Process

A full list of funds and programmes is available on the Foundation website and those that are open to applications are listed in the "Apply for a grant" section. Guidelines for all programmes and funds are also available for download.

Applicants are encouraged to read the eligibility criteria for the fund/programme they wish to apply to before starting an application. To apply, there is an online application form found under each fund/programme heading on our website.

The application form is designed to gain essential information about the applicant and their project's eligibility for funding. This will include information about the structure of the organisation, the project or activity, how the money will be used, and how a grant will benefit the local community.

The following documents will also need to be uploaded by organisations along with their application:

- Governing document (or set of rules)
- Latest bank statement clearly showing organisation name, sort code and account code
- List of trustees or management committee (showing roles)
- Latest financial accounts
- Copies of quotes as required

Applicants will be sent an email to confirm that their application has been submitted successfully along with a PDF copy of their completed application form.

6. Assessment Process

On receipt of completed applications, the Foundation grants team will make basic checks to ensure the applicant meets due diligence checks and the programme criteria. In assessing an application for a grant, the Foundation will consider such matters as:

- management of the applicant organisation
- evidence of a clear need
- achievable goals
- value for money
- appropriate costings
- financial probity
- sustainability of the applicant organisation.

Generally, we would expect the annual accounts of an applicant organisation to show reserves maintained at a reasonable level relative to running costs of the organisation. With very small organisations, the Foundation will expect evidence of “good housekeeping” and that organisations are using their funds appropriately.

The Foundation will follow up referees identified by the applicant and may take these up as part of the assessment process. Referees should normally know the work of the organisation in a professional capacity but not be directly involved and benefit financially.

Applicants may be contacted by the Foundation as part of our assessment process to discuss the project and reserve the right to ask applicants to submit further information in support of their application.

A short factual report about the application will be produced and circulated to the relevant approval body e.g. a grants decision panel committee or donor, which will then consider the request and make a decision.

7. Decision-making Process

The Foundation’s Board of Trustees (the Trustees) has ultimate responsibility for all grant-making decisions in line with the Foundation’s charitable purposes and any restrictions/criteria agreed with donors and funding partners.

The Trustees remain accountable to fundholders for ensuring that grants are awarded for charitable purposes and meet the Foundation’s eligibility criteria, and that in making any grant, the Foundation

has complied with the terms of the fund agreement between the Foundation and the fundholder or partner.

The trustees may delegate authority for the Foundation's grant-making to its sub-committees, board members or staff management team. For particular grant programmes the decision may be delegated by the trustees to members of the Foundation team, or grants panels made up of decision-makers from fund stakeholders, community representatives, local residents and/or others.

The Trustees reserve the right not to approve any application or nomination if, through its decision-making, it determines that the resulting grant would not be charitable or would conflict with the Foundation's policies or damage its reputation.

Fundholders and donors will be encouraged to make visits predominantly to those organisations where their fund has made the award and the Foundation will be active in keeping fundholders and donors informed about how funds have been used.

8. Grant Offer – Terms & Conditions

Funding is awarded to an applicant with T&Cs specific to that fund/programme, which must be completed, returned and accepted before any payment is released. Every applicant in receipt of a grant must, as part of their T&Cs, inform the Foundation grants team immediately of any change to their circumstances. Any change must be reviewed and acknowledged by the Foundation where a specific change to the use of the grant is requested and must be agreed with the Foundation.

Failure to notify the Foundation may result in the grant being withdrawn and all funding being returned. Funding for one project cannot be transferred to another project without prior agreement.

9. Breach of Terms & Conditions

In the event that the Foundation considers an applicant has breached the T&Cs, we reserve the right to request the return of the total grant awarded. No future applications for funding will be accepted from organisations/individuals in breach for a minimum of two years and then only if the organisation is able to provide evidence of action taken to strengthen management capacity, including support sought from appropriate organisations.

Other changes to T&Cs may be implemented by the Foundation at any time. All agreed changes to the T&Cs will be recorded in the Foundation's database.

10. Appeals

Throughout the Foundation's grant-making policy and specific fund/programme criteria, care is taken to assess all applications against published criteria in a consistent and equitable way. The Foundation will explain in writing why an application has not been successful.

Applicants who feel that they have been treated unfairly (i.e. they perceive that the Foundation has failed to take account of submitted information or has based the assessment on inaccurate information), can appeal in writing to the Foundation who will consider the request. Applicants must include evidence to support their appeal.

Applicants cannot appeal just because they do not agree with the Foundation's decision.

Please see our Appeals Policy available on our website.

11. Monitoring Reports

The completion and return of an end of grant monitoring form by the given deadline is a requirement of the T&Cs set out with the grant offer letter. It helps us to understand community need, enables us to learn from our grant-making and inform future strategies; it also enables us to show donors the impact of their funding and hopefully encourage further donations.

Failure to submit a satisfactory monitoring form, which includes proof of financial expenditure for the funded project, will be considered a breach of the grant T&Cs. Failure to return monitoring information by the specified deadline may affect any future funding, meaning that no future applications for funding will be accepted from applicants in breach for a minimum of two years and then only if the organisation is able to provide evidence of action taken to strengthen management capacity. This may include phased payments or other interventions as appropriate.

Where multi-year funding is agreed, an appropriate monitoring framework will be implemented including interim reports. The Foundation will have the right to undertake a monitoring visit to any of the funded applicants.

Receipts are not always requested with the submission of a monitoring report (except for individuals as per T&Cs), however, we request that these are kept by the organisation in case of audit. The Foundation is committed to undertake a number of audits annually, chosen from grant awards made in the previous year. This will include the submission of receipts for grant spend as well as a visit from a member of the Foundation's monitoring team. Non-compliance by organisations will be regarded as a breach in T&Cs and subsequent action will be taken.

12. Safeguarding Children, Young People and Vulnerable Adults

The Foundation is committed to ensuring that all grant recipients working with children, young people or vulnerable adults have in place policies and safeguards to protect these client groups in line with current legislation. We may request copies of such policies as part of our grants assessment process.

13. Mitigating the Risk of Fraud

The Foundation takes fraud very seriously and we are committed to ensuring that appropriate checks are undertaken during the assessment process for any application to mitigate the risk of fraud at every opportunity.

We are aware that fraud could take place in all stages of the grant-making process and will use the following indicators when checking and assessing grant applications:

- very new groups
- very few management committee members
- applicant only having a mobile phone number and/or PO Box address
- discrepancies between financial information provided on the application form and that in the audited accounts or on the charity regulator's website

- a registered charity not complying with the statutory duty to submit accounts and annual returns to the charity regulator within 10 months of the end of the financial year
- discrepancies between the named applicant organisation and the name as it appears in the constitution/bank account
- only one cheque signatory, or cheque signatories that are related
- relationships between trustees/committee members/cheque signatories
- organisations with one or more trading names

The list above is not an exhaustive; such indicators may lead the Foundation’s grants team to carry out more rigorous investigation of a particular applicant. In the event that the Foundation considers that a grant has been used fraudulently, we will seek to recover the full grant and any associated costs. We will inform the relevant regulatory authorities, which will include the police, and legal action will be considered.

14.Future Review

This policy is a working document and as such is used to guide and clarify the grant-making activity of the Foundation. The policy has been developed over time and looks to reflect the needs and requirements of the voluntary and community sector and our donors.

The policy will be reviewed every three years by the grants team and relevant sub-committee and ratified by the Board of Trustees to ensure that it continues to meet the needs of our beneficiaries as well as any changes in regulation or legislation. Any intermediate changes to the policy will be agreed with the relevant sub-committee.

15.Further Information

Please contact the Foundation for further information about this policy.

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