

05

A bite size guide to:

Grants for the Voluntary Sector

Publications gateway reference: 02381

Why?

What is a grant?

Core principles

Practical Steps

Want to learn more?

Other bite-size guides

The NHS must be more responsive to the needs and wishes of the public, all of whom will use its services at some point in their lives.

This bite size guide sets out the benefits and principles of providing grant funding for the voluntary and community (VCS) sector and suggests some Practical Steps commissioners can take to use grants in the most effective way to support local priorities.

Why?

Grant funding is a vital part of the funding mix within a local health economy as it enables commissioners to work with voluntary and community organisations (from small community organisations to larger national bodies) to respond to the needs of patients and the public and to target health inequalities. Many voluntary and community (VCS) organisations do not have the scale and capacity to compete or to deliver large scale public sector contracts but, with a grant, can make significant contributions to improving health outcomes.

The [Health and Social Care Act 2012](#) gives Clinical Commissioning Groups (CCGs) the

power to use grant funding to support VCS activities at national, regional and local levels. This relates specifically to section 14z5 of the NHS Act 2006, amended by the Health and Social Care Act 2012 which enables CCGs to award grants to voluntary organisations which provide or arrange for the provision of services which are similar to the functions of the CCG. It is continued recognition that grant funding plays a powerful role in the local health and care economy and the role that grants can play a vital role in helping commissioners fulfil their commitments to their population and improve health outcomes for all.

Why?

What is a grant?

Core principles

Practical Steps

Want to learn more?

Other bite-size guides

Why?



“At NHS Hull Clinical Commissioning Group we believe in communities. We believe the people in our communities know the problems within their local area and how these problems have taken hold. We believe that communities not only have the solutions but, have the skills motivation and drive to make those solutions a reality and turn people’s lives around; often the only thing holding them back is lack of funding.

Last year we asked community groups in the city how they would help us realise our vision of “Creating a Healthier Hull” for £5000 or less; we received more than a hundred applications asking for NHS funding from £500 to £5000. Communities can make a little go a long way. There was no shortage of ideas or ambition, projects submitted all aimed to improve the health and wellbeing of the community but also; tackle social isolation, improve confidence in young people through sport, get people back into employment, and support those on the edges of society.

We asked local people, from the areas where the solutions came, to vote for the projects that, in their own opinion, would make the most difference; making the commitment that we would fund a project if the people thought it would benefit the health of their community.

Why?

What is a grant?

Core principles

Practical Steps

Want to learn more?

Other bite-size guides

Why?

We invested £360,000 into community projects, with a potential reach of 22,500 people; per head that is less than the cost of a GP appointment each. The impact the money has made to people and their communities is impossible to fully quantify, we continue to hear inspiring personal stories of how the smallest acts have made the biggest impact to the lives of those most in need.

We believe in communities, with their help we can create a healthier Hull, and are pleased that these ideals are echoed through the [NHS Five Year Forward View](#) which was published in October 2014 by NHS England and its partner organisations.”



NHS Hull Clinical Commissioning Group

Why?

What is a grant?

Core principles

Practical Steps

Want to learn more?

Other bite-size guides

What is a grant?

Under a grant agreement a CCG (Clinical Commissioning Group) provides financial support to a voluntary sector organisation for an area of its work. By contrast, the NHS Standard Contract is about the purchase of specific clinical services from an organisation (other forms of contract may be used for the purchase of other types of service from that organisation). A grant agreement may not impose an obligation to provide services, but can require the grantee to use the money towards a particular project or service and set out other terms on which the grant is made. The terms might require the recipient to pay back the grant, or part of it, in some circumstances, for example if the project or service is fulfilled at lower cost.

There is a distinction between awarding a grant and awarding a contract for services. Grant funding is not subject to European Union procurement rules, although in making arrangements for large grants CCGs should demonstrate a transparent process equivalent to that required by EU procurement rules for contracts, and non-competition should be justified. The [National Audit Office's Guide to Successful Commissioning](#) and NHS England's [Technical Guidance](#) on the NHS Standard Contract both provide guidance about how to make this decision.

Why?

What is a grant?

Core principles

Practical Steps

Want to learn more?

Other bite-size guides

“Voluntary organisation” is defined in section 275 of the [NHS Act 2006](#) as “a body the activities of which are carried on otherwise than for profit, but does not include any public or local authority.” This captures all charities and community interest companies, even if they pay their frontline staff or charge for services. Other NHS bodies, local authorities and companies run by local authorities are excluded and do not qualify for grants under section 14Z6. Awards to public bodies such as local authorities are covered by separate legislation.

Why?

What is a grant?

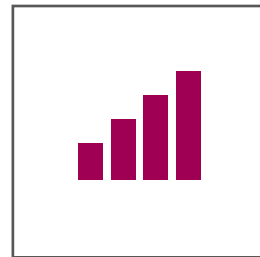
Core principles

Practical Steps

Want to learn more?

Other bite-size guides

Core principles



Promoting innovation: VCS organisations have a long history of developing innovative and creative approaches to improving health and wellbeing and delivering health and care services. Grants are a useful tool to enable these approaches to be developed, piloted and evaluated where this would not otherwise be possible. This could include new approaches to delivering services where current services fail, or piloting new funding models, such as social impact bonds. Grant funding can enable voluntary and community organisations to work in new and flexible ways with communities to develop new solutions to persistent challenges.

Why?

What is a grant?

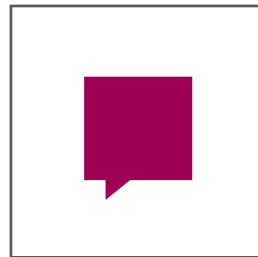
Core principles

Practical Steps

Want to learn more?

Other bite-size guides

Core principles



Hear and amplify voices: VCS groups are often trusted, accessible and skilled at outreach and engagement. A grant award can support an organisation to reach out to people who aren't often heard and offer a vital source of insight, both about issues and possible solutions. They have knowledge of the needs and strengths of their beneficiaries, are aware of current issues, can represent the voice of their beneficiaries and support them to be more directly involved in health and wellbeing strategies and plans.



Local problem, local solution: Grants can support organisations to work with their community to develop bespoke solutions to persistent health and wellbeing problems or to support individuals to take a proactive approach to their own health and wellbeing. A small grant can resource a community based organisation to develop tailored support and interventions that are specific to a particular community. Developing a VCS grants scheme can help you to develop co-produced tailored solutions to specific local problems.

Why?

What is a grant?

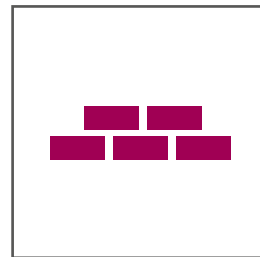
Core principles

Practical Steps

Want to learn more?

Other bite-size guides

Core principles



Building capacity: Grants which support the strategic development and capacity of the local VCS can be useful where the objectives of the organisation align with and contribute to the CCG's responsibility for health and wellbeing. Supporting a vibrant local VCS through an emphasis on coproduction and collaboration is an essential scenario for CCGs. At national level, a strong voluntary and community sector supports the health, care and wellbeing system to develop more effective responses to national challenges.



Engage the community: VCS organisations have routes into and established relationships with particular communities (geographic communities, equalities groups and particular demographics (e.g. older people/teenagers), and are skilled at working with those communities. This helps commissioners to engage deeply both locally and nationally. For example, the VCS can work closely with local NHS organisations to aid the implementation of the [Equality Delivery System for the NHS \(EDS2\)](#) – particularly with regard to identifying local stakeholders that will need to be involved in EDS2 use, as well as acting as independent validators and having an oversight role with regard to EDS2 implementation processes.

Why?

What is a grant?

Core principles

Practical Steps

Want to learn more?

Other bite-size guides

Core principles



Small grants, big impact: Grants mean that local charities and community groups can make things happen for local people. A small grant can help an organisation to lever in additional resource, bring additional volunteer capacity and respond flexibly to the needs of their communities and build on the strengths.

Legal powers of CCGs to award grants to the voluntary and community sector

Section 14z6 of the [NHS Act 2006](#) (inserted by section 26 of the Health and Social Care Act 2012) gives CCGs legal powers to award grants to voluntary and community organisations as follows:

- 1) A clinical commissioning group may make payments by way of grant or loan to a voluntary organisation which provides or arranges for the provision of services which are similar to the services in respect of which the group has functions.
- 2) The payments may be made subject to such terms and condition as the group considers appropriate.

Why?

What is a grant?

Core principles

Practical Steps

Want to learn more?

Other bite-size guides

Practical Steps

1. Identify the purpose of the funding and the nature of the intended outcome

This will help you to determine which funding mechanism is most appropriate.

You should consider what the recipient will do and achieve with the funding, how this would be evidenced and ensure that social value and value for money are key considerations.

Different approaches will be appropriate in different circumstances. There is a recognised need for support for a vibrant voluntary and community sector. When making this decision CCGS should act reasonably, fairly and transparently. For some organisations a mix of funding arrangements may be appropriate, for example using both grant funding and the NHS Standard Contract for different purposes. You will need to have considered any possible conflict with procurement rules and the implications of state-aid rules. If you are not sure, seek advice at an early stage. The [What is a Grant](#) section of this guide provides some further information on making this decision.

Why?

What is a grant?

Core principles

Practical Steps

Want to learn more?

Other bite-size guides

Practical Steps

2. Make use of voluntary sector intermediaries:

VCS support and development (or infrastructure) organisations (such as councils for voluntary service) can be a rich source of expertise about the sector in your area and will be happy to help you to identify local voluntary organisations and co-design fair and effective grant making processes. These organisations also work with their members to improve quality and monitoring processes. Many [support and development organisations](#) will have experience in managing grant schemes on behalf of statutory bodies.

3. Consider developing joint schemes with other statutory partners:

You may wish to work with other local partners, such as the local authority, to develop a joint grants scheme. VCS organisations often take a holistic approach to working with their beneficiaries to meet the desired outcomes of different agencies and shared grant programmes are an excellent way of facilitating this particularly with a view to pursuing integration. This might involve more than one CCG working together or a CCG working with a local authority or NHS Trusts, working towards shared goals and measures of success.

Why?

What is a grant?

Core principles

Practical Steps

Want to learn more?

Other bite-size guides

Practical Steps

4. Develop a grant funding application form and agreement:

There is no mandatory standard grant application form or standard grant agreement. NHS England will develop template resources based on good practice which will be made available from February 2015 via the [NHS England NHS Standard Contracts](#) page. Grant funding can be awarded on a competitive or non-competitive basis. CCG Governing Bodies, and Standing Financial Instructions (SFIs), may prescribe standard forms and agreements that you should use. If you wish to develop a competitive process there is a range of good practice examples you can draw on. Grant processes and agreements should include information about how the grant will be monitored against key milestones and plans for sustainability.

CCGs should make sure that funds are used for the purpose for which the grant is made. It is usual to consider setting appropriate conditions, taking into account the value of the grant, the use of the asset to be funded and its future value. CCGs should consider conditions such that the grant may be reclaimed if any part of the funding is unspent at the end of the Grant Funding Period (or where a grant funded asset is no longer used for the intention for which it was bought) unless alternative arrangements are made.

Why?

What is a grant?

Core principles

Practical Steps

Want to learn more?

Other bite-size guides

Practical Steps

Grant payments should generally be made when expenditure falls due. There are circumstances where payment can be made in advance for example to small voluntary or community bodies where the recipient needs working capital to carry out the commitment for which the grant is paid, but advance payment should not be used to circumvent expenditure controls or budgetary limits.

[NHS England](#) will work with CCGs and the voluntary sector to develop model or template agreements and forms based on good practice. If you would like to share any existing models or case studies please email england.nhs.participation@nhs.net

5. Champion the Compact:

The [Compact](#) is the agreement between the government and VCS that outlines a way of working which improves their relationship for mutual benefit. When considering funding the VCS you should ensure that your processes are compliant with, and in the spirit of, the Compact- that processes are fair and transparent. Many areas have local Compact arrangements, you should consider these when developing your grant funding plans. Your local support and development organisation should be able to help you with this. See “want to find out more” for more information about the Compact.

Why?**What is a grant?****Core principles****Practical Steps****Want to learn more?****Other bite-size guides**

Practical Steps

“When funding is tight, NHS, local authority and central government support for charities and voluntary organisations is put under pressure. However these voluntary organisations often have an impact well beyond what statutory services alone can achieve. Too often the NHS conflates the voluntary sector with the idea of volunteering, whereas these organisations provide a rich range of activities, including information, advice, advocacy and they deliver vital services with paid expert staff. Often they are better able to reach underserved groups, and are a source of advice for commissioners on particular needs.”

[NHS Five Year Forward View](#)

Why?

What is a grant?

Core principles

Practical Steps

Want to learn more?

Other bite-size guides

Want to Learn More?

The [NHS England NHS Standard Contracts Page](#) will host template resources as they emerge

The [Regional Voices Grants Page](#) will host a range of case studies about voluntary sector grants

[Technical Guidance](#) on the NHS Standard Contract

[Health and Social Care Act 2012](#)

[Transforming Participation in Health and Care \(2013\)](#)

[Government Consultation Principles and Guidance](#)

[NHS England Learning Environment for CCGs](#)

[NAVCA Directory of support and development organisations](#)

[NHS Networks Smart Guides to Engagement](#)

The Equality and Human Rights Commission website includes a range of useful [advice and guidance](#).

Why?

What is a grant?

Core principles

Practical Steps

Want to learn more?

Other bite-size guides

Want to Learn More?

The [Engagement cycle](#) is an online resource to help commissioners undertake meaningful patient and public engagement, for maximum impact, hosted by InHealth and the Centre for Patient Leadership.

The Equality Delivery System for the NHS – (EDS2) is a facilitative tool that helps NHS organisations to improve their equality performance, in full collaboration with their patients, communities and staff. [More information about the Equality Delivery System.](#)

[Compact Voice](#) offers a range of useful resources and voluntary sector information. [Voluntary sector health and care: strategic partners portal](#) is a source of news, events and resources, for and about the sector.

[Compact Voice Partnership working toolkit](#)

[Further information about state-aid rules can be found here](#)

Contact the [Local Grants Forum](#) your local [Community Foundation](#) or your [local support and development organisation](#) for further advice.

We intend to develop accompanying resources to sit alongside this guide including model agreements, application forms and case studies. If you have any examples you would like to share with us please email them to england.nhs.participation@nhs.net

Why?

What is a grant?

Core principles

Practical Steps

Want to learn more?

Other bite-size guides

Other Bite-Size Guides

Click on the links below to download each of our '[bite-size guides](#)' to participation. Additional guides are in development.

[Bite-size guide 1 – Principles for Participation in Commissioning](#)

[Bite-size guide 2 – Governance for Participation](#)

[Bite-size guide 3 – Planning for Participation](#)

[Bite-size guide 4 – Budgeting for Participation](#)

Why?

What is a grant?

Core principles

Practical Steps

Want to learn more?

Other bite-size guides

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NHS England's series of 'Bite-size guides' aims to help colleagues plan and deliver the best possible patient and public participation, in line with Transforming Participation in Health and Care.

For further information, please contact england.nhs.participation@nhs.net

Produced by the Patient and Public Voice team at NHS England.