

The CLG's Empowerment Fund

Introduction

The Empowerment Fund has been established by Communities and Local Government (CLG) as part of its delivery of the White Paper *Communities in control: real people, real power*. The aim of the fund is to empower local communities to turn key proposals into practical action on the ground. To do this, the CLG will make up to £7.5m available over 3 years to third sector organisations operating across England whose goals further this aim through identified themes such as community leadership, community involvement in planning and social enterprise.

On 9 July 2008 the CLG issued a 12 week consultation on a draft Prospectus for the administration of the Fund. Voice4Change England (V4CE) broadly welcomed the establishment of the Empowerment Fund and was supportive of themes included in the draft Prospectus. However, we responded strongly to the proposed financial thresholds included in the eligibility criteria which we believe would exclude many national third sector organisations from applying regardless of their experience, specialism, reach and network with local community organisations. This would have grave implications not only for local BME TSOs in helping and mobilising communities to find local solutions but also for national BME infrastructure support organisations providing leadership and voice to local community voluntary activism.

The CLG received 123 responses to the consultation and on 30 October 2008 issued a revised final proposal for the Fund.

What are the details of the revised administration of the Fund?

Funding available

Two funding levels will be available:

- **Level 1:** £500k spread over three years on the following basis: £200k in 2009-10, £200k in 2010-11 and £100k 2011-12.
- **Level 2:** £250k spread over three years on the following basis: £85k in 2009-10, £85k in 2010-11 and £80k in 2011-12.

The CLG intend to pay grants quarterly and will consider payment in advance of expenditure where this would achieve better value for money.

Themes

Encouraging and supporting:

- Community Voices and Leadership
- Community Development
- Community and Social Media
- Community Involvement in Planning
- Improving communication between citizens and councilors
- Social Enterprises and Social Entrepreneurship
- Helping small organisations to work together

Additional weighting will be given to organisations working to empower excluded communities.

Eligibility

- The CLG intends to award financial assistance through the fund to less than 25 organisations whose work is considered of **strategic importance**.
- **The Empowerment Fund is not designed to support local organisations directly.** While recognising that local or regional organisations play an important role in empowering communities they are not the focus of this fund.
- The Empowerment Fund is designed to help **organisations enhance the work around a particular theme or themes that they already contribute to.**
- The Empowerment Fund **is designed to be strategic and not related to the delivery of particular projects or programmes** but enabling organisations to do more than they would otherwise be able.
- **Partnership funding will be considered** where the lead partner organisation meets all the eligibility criteria of the fund in its own right, on the basis that the level of funding applied for were to be provided to that partner alone.

| Who is eligible? | Who is not? |
|---|--|
| TSOs that are defined as charitable, benevolent or philanthropic institutions as defined by the Charities Act (2006). | TSOs that already receive grant funding from the CLG which combined with financial assistance from the Empowerment Fund would be more than 50% of the TSOs income in any accounting year. |
| TSOs whose missions and goals substantially relate to one of more of the community empowerment themes. | TSOs that undertake activities related to the themes for which it would otherwise claim eligibility, for beneficiaries outside England. |
| TSOs for whom each annual payment of the grant will be less than 50% of their annual income in 2007/08. | Organisations that exist purely for private gain. |
| TSOs who work nationally across England. | TSO's whose financial position is not sound. |
| TSOs that are a corporate body or have a formal constitution if not incorporated. | TSOs who will use the financial assistance to promote, for example, the beliefs of a particular faith beyond basic religious/cultural/awareness raising. Or to subsidise activities that would distort open competition in line with the current European Commission rules on State Aid. |
| TSOs that have an equal opportunities policy. | TSOs who will use the financial assistance to subsidise activities that would distort open competition in line with the current European Commission rules on State Aid. |

How to apply?

For details on how to apply and to download an application form visit:

<http://www.communities.gov.uk/publications/communities/empowermentfundprospectus>

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| 6 th January 2009 | Applications due |
| Within 5 working days of receipt | Email notification of receipt |
| January | Stage 0 – assess completeness of application |
| By late January 2009 | Stage 1 – assess compliance with the eligibility criteria |
| End Jan / begin Feb | Stage 2 – assess quality of applications |
| By mid-February 2009 | Notification of application result |

Has the CLG responded to V4CE's recommendations?

CLG should remove the proposed income thresholds as the eligibility criteria. This would redress the exclusion and discriminatory nature of the eligibility criteria.

CLG have retained the principle of preventing overdependence on the Empowerment Fund by including the criteria that the Fund will contribute no more than 50% of an organisation's income in anyone year.

the level of grant applied for provides for annual payments of grant, each of which is less than 50 per cent of the organisation's annual income in its accounting year ended in 2007-08, as demonstrated through its audited annual accounts.

They have also retained the principle of a fixed level of grant to limit the number of organisations receiving the fund but have reduced the Level 1 grant amount (this is now £500 rather than £600k, Level 2 remains at £250K).

In practice this means that under the revised Prospectus income eligibility is:

- **Level 1: annual income for the accounting year 2007/08 must be at least £400k (previously £1m or more)**
- **Level 2: annual income for the accounting year 2007/08 must be at least £170k (previously £400k or more)**

In addition if an organisation already receives funding from the CLG, in combination with the financial assistance from the Empowerment Fund, this must not represent in any accounting year more than 50% of the organisation's income.

CLG reports that one of the main issues emerging from the consultation responses was disappointment with the financial thresholds and it is evident that they have responded to the force of feeling. The argument for preventing overdependence on one funding source is valid, however many national BME TSOs may still be unable to apply: research commissioned by V4CE identified that 'a national survey of BME organisations found that average annual income was in the region of £150,000.¹ The new guidance also makes it clearer that the fund is not intended for TSOs that only operate locally or regionally but they could become involved in partnership bids (see below).

CLG should introduce specialism, reach and experience in providing support for local community organisations as part of its assessment process for the empowerment themes. This is a more inclusive approach allowing a diversity of third sector organisations to apply and contribute to CLG's aim to empower local communities in finding local solutions and nurturing a vibrant local democracy.

The original application form put forward by the CLG was very light touch requiring only: contact details; theme and level of funding applied for; and 500 words on the organisations current plans in relation to a theme, what difference the Empowerment Fund would make and proposed indicators to report progress. The CLG state that they have strengthened how they will assess the organisation's contribution and impact to community empowerment and have added additional questions to the application form.

¹ Taylor and Hoyle, 2003, Finding the funds: the results of a survey investigating the experiences of black and minority ethnic (BME) voluntary and community organisations in their search for funds, in Bridge the Gap, V4CE, 2007

The revised application form requires more detail from applicants but should enable a fairer assessment of the quality of applications. Specialism, reach and experience may be drawn out in the following additional questions:

- Describe the main activities, a brief history, why it is important and how your organisation operates across England.
- State your vision or mission statement and strategic aims.
- Tell us your current analysis of need related to the theme(s).
- How do you reach marginalised and disadvantaged communities?
- How do you evidence your impact, and what impact you make on this basis?

In addition the CLG agreed with respondents that **excluded communities should be an underpinning factor across all themes and have agreed that additional weighting will be given to organisations working to empower these communities.**

CLG to introduce an option for partnership bids to encourage consortia/partnership working among third sector organisations. This would also promote innovative cross-thematic projects on community empowerment with more than one element of empowerment themes proposed by the draft Prospectus,

In the new Prospectus the CLG will consider applications from partnerships where the lead partner organisation meets all the eligibility criteria of the fund in its own right, on the basis that the level of funding applied for were to be provided to that partner alone. Additional questions have been included in the application form to assess whether partnerships are robust and sustainable.

What else has changed?

- The themes proposed originally have remained but some have been reworded based on the consultation responses. In addition the different arrangements and ringfenced money proposed for the planning theme have been removed.
- Timetable: the application deadline has been moved to 6th January 2009. It was originally set 17th November giving applicants very little time to apply. The funding periods have been changed accordingly.
- Legal form: the new Prospectus has provided clarification that the fund is not just open to registered charities but to the third sector more generally.

Recommendations for V4CE

1. V4CE should consider making an application to the Empowerment Fund.
2. V4CE's mission and goals are particularly relevant to the following themes as set out in the Prospectus:

- **Community Voices and Leadership** – for communities to feel empowered they need civil and civic leaders they trust, who understand them and reflect their makeup. But in many places significant groups feel they lack pathways into power. *V4CE policy development function; research on the sector; campaigns work*
- **Social Enterprises and Social Entrepreneurship** – these are businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community. Such enterprises can involve providing goods and services across a range of sectors, and creating work and wealth, particularly in the most deprived neighbourhoods. *See V4CE strategy to support BME social enterprise.*

- **Helping small organisations to work together** – this enables more collaborative working between organisations to help raise their profile and voice, and ability to deliver services.
Partnership approach; advocacy and policy voice based on input from sector
- Additionally V4CE can be seen to be working to empower excluded communities.

It should be remembered that that The Empowerment Fund is designed to be strategic and not related to the delivery of particular projects or programmes but enabling organisations to do more than they would otherwise be able.

3. The partnership arrangements in the new Prospectus would allow V4CE to bid with BTEG as the lead partner. Roles should be clearly stated and the CLG may provide conditions about how the lead partner shares the funding with other partners. Including a regional partner may provide a way of ensuring work is connected to communities and organisations on the ground.
4. The Prospectus is not explicit about the outcomes the CLG is seeking from the Empowerment Fund other than very broadly to empower local communities to turn key proposals into practical action on the ground. It would be useful to refer to the goals for empowering communities set out in: *Communities in Control: real people, real power White paper* for guidance.

Resources

[The Empowerment Fund: Consultation on proposals for funding third sector organisations to empower communities across England](#)

[V4CE response to Consultation](#)

[The Empowerment Fund: Prospectus](#)

[The Empowerment Fund Application Form](#)