



The Empowerment Fund **Prospectus**



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Online via the Communities and Local Government website: www.communities.gov.uk

October 2008

Product Code: 08DLG05611B

ISBN: 978-1-4098-0702-5

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Section 1

The Empowerment Fund and this Prospectus

- 1.1 This Prospectus invites applications by 6 January 2009 from eligible third sector organisations for funding from the Empowerment Fund. Applicants should not apply if they have any reason to doubt their eligibility as set out in section 2.10 of this prospectus.

The fund

- 1.2 As described in the White Paper – *Communities in control: real people, real power* – published on 9 July 2008, the Department is establishing an Empowerment Fund of at least £7.5m which will provide over three years support for third sector organisations which operate across England and are helping communities turn key proposals into practical action on the ground in such themes as community leadership, community involvement in planning and social enterprise. Financial assistance through the fund will be available for the financial years 2009-10, 2010-11 and 2011-12.
- 1.3 The purpose of the support is to help selected third sector organisations to achieve to a greater extent than otherwise their own goals, and those selected to receive assistance will be organisations that have, and are pursuing, goals that further the empowerment of local communities.
- 1.4 Accordingly, the Empowerment Fund will provide:
- **strategic funding:** to selected organisations recognised to be of strategic importance and whose work is considered to be significant through a general grant for agreed outcomes.
 - **stable funding:** for the selected organisations there will be certainty of funding, subject to performance and associated conditions, until the end of the financial year 2011-12.
 - **sector funding:** funding will be restricted to selected third sector organisations which in the opinion of the Secretary of State are covered by section 70 of the Charities Act 2006.

- 1.5 The Empowerment Fund is part of the wider framework for building cohesive, empowered and active communities, as set out in Public Service Agreement 21 – *to build more cohesive, empowered and active communities.*

The rationale for the fund

- 1.6 The fund has been established against the background of the Government's aim to pass power into the hands of local communities so as to generate vibrant local democracy in every part of the country, and to give real control over local decisions and services to a wider pool of active citizens.
- 1.7 Hundreds of thousands of third sector organisations already contribute to this aim in a way that no one else can. They often have a unique ability to articulate and drive change in a community through advocacy and action. Such organisations can include groups and campaigns, co-operatives and mutuals, and social enterprises owned and run by their own members, investing their profits in the local community.
- 1.8 These community level organisations are characteristically centred around individual active citizens, social entrepreneurs, campaigners, volunteers or political activists. Over the country a multitude of people are involved, acting in their community organisations with altruism and selflessness. These people deserve support.
- 1.9 Such support is often provided by other community groups and organisations, by local authorities and other statutory partners and through national associations or other charitable or voluntary organisations. As explained in the White Paper, the Government is firmly of the view that those active in their communities deserve support and recognition from central government itself.
- 1.10 It is for this reason that the Government has established the Empowerment Fund outlined in this Prospectus. The aim of the fund is to provide support in the form of financial assistance by way of general grants to third sector organisations operating across England who themselves are helping local community organisations fulfil that aim of people having and exercising some real power, control, and influence over local decisions affecting their day to day lives.

This Prospectus

- 1.11 This Prospectus in the following sections sets out the basis on which this Fund is to be operated by the Secretary of State for Communities and Local Government ("the Secretary of State"). It describes the legal basis of the financial assistance and how it will be provided, the aggregate amount of financial assistance available, the organisation which may apply for the financial assistance and how they should do so, how the Secretary of State will decide the applications she receives, and other terms and conditions on which any financial assistance will be provided.

Section 2

The operation of the Empowerment Fund

The legal basis of the fund

- 2.1 The Secretary of State intends under section 70 of the Charities Act 2006 to give financial assistance in the form of grants to certain charitable, benevolent or philanthropic institutions on the terms and conditions as described in this Prospectus.

The provision of financial assistance

- 2.2 Our intention is to select less than 25 organisations for the receipt of financial assistance through the fund.
- 2.3 To be considered for this financial assistance an institution must be an organisation which:
- is eligible when judged against the criteria (paragraphs 2.10 and 2.11) set out in this Prospectus
 - has made an application for assistance in accordance with this Prospectus
 - has complied with all other relevant terms and conditions set by the Secretary of State.
- 2.4 The amount of financial assistance to be given to an eligible organisation will be determined through a competitive grant process in which eligible third sector organisations through their applications apply for a set level of funding. 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.
- 2.5 The Secretary of State will decide whether or not to accept an application and at what level. In taking this decision the Secretary of State will have regard to the matters set out in this Prospectus, including the eligibility of the applicant organisation, its application, the aggregate amount of financial assistance available, and to all other relevant matters. The submission by an eligible organisation of a valid application does not give any entitlement to financial assistance.

- 2.6 The terms and conditions on which financial assistance will be given are those set out in this Prospectus and any other terms and conditions which the Secretary of State may specify, including terms and conditions which may be set in relation to a particular application. In particular the Department will seek to agree the timing of payments of grants with a recipient of financial assistance as soon as practicable after the decision on the application is made. Where appropriate and necessary this may include payment in advance of expenditure where this would achieve better value for money. It is our intention to pay grants quarterly.
- 2.7 Applicants should consider their application on the basis that financial assistance to selected organisations will not continue after the end of the 2011-12 financial year.

Aggregate amount of available financial assistance

- 2.8 Subject to Parliamentary approval, at least £7.5m will be available over the three years – 2009-10, 2010-11, and 2011-12.
- 2.9 If there are insufficient satisfactory applications, not all the available amount will be given to organisations.

Eligibility criteria

Who is eligible?

- 2.10 Subject to the criteria in paragraph 2.11 an organisation is eligible to receive financial assistance from the Empowerment Fund if:
- it has made an application for the organisation to receive level 1 or level 2 funding
 - it is a third sector organisation that in the opinion of the Secretary of State falls within the scope of the Charities Act 2006 definition of being a charitable, benevolent or philanthropic institution
 - it has a mission and goals substantially related to one or more of the community empowerment themes set out in section 3 of this Prospectus, as demonstrated through its existing mission statement, corporate and business plans and other strategy documents. This does not mean that pursuit of the theme or themes concerned must be the organisation's sole purpose but it should not be tangential to its activities. Even where the application cites more than one theme, the application must still be for the organisation to receive in total either level one or level two funding. In all cases the total funding must not exceed the limit set below
 - 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. This is to ensure that the organisation will not be overly reliant on funding from the Department and maintains a diversity of funding sources

- it is able to operate across England, being an organisation able to demonstrate its capacity to work both at a national level and able to reach communities throughout England
- it is a corporate body or has a formal constitution if not incorporated
- it has an Equal Opportunities Policy.

Who is not eligible?

2.11 Irrespective of whether an organisation meets the criteria set out in paragraph 2.10 above, it is not eligible to receive financial assistance from the Empowerment Fund if it meets one or more of the following:

- it already receives grant funding from the Department, which in combination with the financial assistance from the Empowerment Fund, the Secretary of State considers on the basis of information available, is likely to represent in any accounting year more than 50 per cent of the organisations income
- it undertakes largely for beneficiaries outside England the activities relating to a theme or themes by reference to which it would otherwise claim eligibility
- it is an organisation that exists purely for private gain or the Secretary of State considers on the basis of the information available to her, that there is a risk that it become such an organisation
- the Secretary of State considers on the basis of the information available to her that the organisation's financial position is not sound
- it intends to use, or the Secretary of State considers on the basis of the information available to her, that there is a risk that it might use, the financial assistance for which it has applied for
 - whether directly or indirectly, for activities such as: services or events where the key purpose is to promote a religious doctrine; mission or proselytism; promotion of the beliefs of a particular faith (beyond basic religious/cultural awareness raising)
 - to subsidise services or activities in such a way that would distort or threaten open competition in line with current European Commission rules on State Aid.

Partnership Applications

2.12 We will consider, as eligible, 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.

2.13 Any funding provided will be paid to the lead partner and that funding may be provided with conditions about how that lead partner shares the funding with other partners.

Alternative funding

2.14 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.

2.15 If your organisation is not eligible to apply, there are other sources of funding available at www.governmentfunding.org

2.16 The Office of the Third Sector has funded Grassroots Grants which is a £130m programme that aims to invest in a thriving community sector. The fund is delivered by the Community Development Foundation (CDF) and a list of local funders is available from their website: www.cdf.org.uk

Section 3

The themes

- 3.1 The purpose of the Empowerment Fund is to give financial assistance to eligible third sector organisations which in a variety of ways are empowering people and their local communities. Such organisations are active across the country in relation to a range of themes which in various ways can contribute towards giving people some real power, control, and influence over decisions that affect them and their communities.
- 3.2 We believe that those organisations which are active in the themes set out below are likely to be able to make the strongest and most effective contributions to delivering the goals for empowering communities set out in the Communities in Control: real people, real power White Paper. Accordingly the Secretary of State considers that such organisations are likely to be well placed to make the most effective use of financial assistance from the Empowerment Fund, enabling them to do yet more to empower people and local communities.
- 3.3 These themes are encouraging and supporting:
- **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.
 - **Community Development** – this seeks to empower individuals and groups of people by providing them with the skills they need to effect change in their own communities.
 - **Community and Social Media** – this provides alternative sources of information and platforms for dialogue and debate, enabling citizens to make choices about where to get information on their neighbourhoods, and supports innovation.
 - **Community involvement in Planning** – priorities to include: early involvement in planning; alignment of statutory and community led plans, engaging specific disadvantaged sectors of society, addressing climate change and other environmental issues and involving communities in housing delivery, including affordable rural housing.
 - **Improving communication between citizens and councillors** – to support communities and councillors to have increasingly effective forums for ongoing dialogue.

- **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.
- **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.

3.4 We will provide additional weighting to those organisations working to empower excluded communities, who are often less empowered than the population at large.

Section 4

The Application Process – how to apply and how your application will be handled

How to apply

- 4.1 We have sought to make the application process for financial assistance from the Empowerment Fund as simple as possible, whilst equally ensuring that decisions on any applications will be fair, transparent, and soundly based, having regard to the information and any other relevant matters supplied by the applicant.
- 4.2 An organisation wishing to receive financial assistance from the Empowerment Fund will need to make an application to the Secretary of State. All such applications must be received by the Secretary of State **on or before 6 January 2009** and must conform to the requirements set out below in this Prospectus.

Information required

- 4.3 The information we ask for is to ensure that we have accurate contact details, understand the nature of the organisation including any partnership structure, the level of funding sought, plus the mission and goals of the organisation applying and why it is relevant to the specific theme or themes concerned. We also ask for information about economic activities of the organisation so we can be confident that a grant would not be an unlawful state aid.
- 4.4 Applicants for financial assistance from the Empowerment Fund need to provide the information necessary to demonstrate both the eligibility (against the criteria set out in section 2) of their organisation, and how receiving the financial assistance for which they are applying for would enable them to achieve to a greater extent their own goals in relation to a relevant theme or themes. It is particularly important that applicants demonstrate not only how their organisation currently contributes to the theme or themes concerned, but how funding would help the organisation to enhance its achievements if its application is successful.

4.5 Applicants will need to complete the application form which seeks to ensure we are able to understand:

- your organisation's current plans in the absence of any Empowerment Fund financial assistance to pursue activities in relation to the specified theme or themes concerned
- what difference receiving financial assistance from the Empowerment Fund would make to the scale and range of activities your organisation would undertake in relation to those specified theme or themes
- what indicators you would use to report to the Department on a six-monthly basis your progress on those activities and on how they are being enhanced?

Application Forms are available from www.communities.gov.uk

4.6 In addition, we will need to receive copies of:

- your current strategy or business plan, setting out plans over the next three years
- your organisation's annual report and accounts for the accounting years ended in 2006-07, and 2007-08; if these are not available your organisation will need to provide a statement, agreed with its auditor, explaining the situation
- applicants may also provide such other information as they consider appropriate, and at any time during the selection process the Secretary of State may request for further information to clarify material previously submitted. Any such further information must be provided in accordance with any timetable included in the Secretary of State's request.

Partnership Applications

4.7 Applications from partnerships will need to explain the basis of the partnership and provide the information set out above both in relation to the partnership and in relation to the lead partner who must be clearly identified as such. Information should be provided to demonstrate that the partnership is robust and sustainable.

How your application will be handled

4.8 Once your application is received you will receive an email notification with a reference number within five working days. This will be to confirm receipt and to facilitate future correspondence.

4.9 Applications, once received, will be subject to a three stage internal assessment process which is designed to be fair and transparent. The process will be:

- **Stage 0 will assess completeness of the application.** In this stage the project team will log all applications and ensure they are complete. Applicants will receive an email confirmation that their application was complete and is proceeding to Stage 1. If there are any elements missing applicants will be notified and given 48 hours to provide the necessary information. If this is not received within the deadline then the application will be rejected. We anticipate receiving and processing around 200 applications.
- **Stage 1 will assess compliance with the eligibility criteria of the Empowerment Fund** as set out in section two. Applicants will be notified of the results of this assessment, which we envisage being made by late January 2009. We anticipate reducing the applicants to around 50-70 at this stage.
- **Stage 2 will assess the relative quality of the applications from eligible organisations. All applicants at this stage will necessarily be within scope and have an empowerment focus.** This stage will assess the relative merits of the applications, having regard to the organisation's impact on empowerment and value for money. The Secretary of State will select from all the applications proceeding to Stage 2 those organisations, including any partnerships, to which she is minded to give financial assistance. We anticipate this stage will result in around 20-25 organisations selected to receive financial assistance. The Secretary of State will make the selection, on the basis of the available information and having regard to all relevant matters, with the aims of:
 - giving financial assistance to those organisations where in her opinion this would result in the greatest increase in the scope, range, and effectiveness of activities relating to the Empowerment themes, having regard to the level of funding provided
 - in so far as practicable achieving the outcome of giving financial assistance across the range of themes set out in Section 3 of the Prospectus.

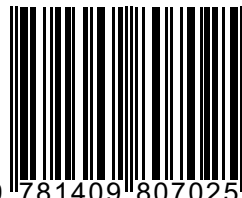
4.10 The Secretary of State will notify applicants of the result of her selection which we envisage being by mid-February 2009. The Secretary of State will agree with those to whom she is minded to provide financial assistance the monitoring and reporting arrangements to the Department.

4.11 We recognise that there is a cost associated to monitoring and reporting and will therefore ensure it is proportionate and outcome focussed, while sufficient to maintain proper control of public money. We are proposing to seek only information that is necessary to ensure grant conditions have been met, relying where possible on the monitoring information which the recipient will produce, as a matter of good practice, to report to their own governing body.

- 4.12 We are therefore asking for proposed monitoring and reporting arrangements in the application. It is our intention to review progress at six monthly intervals with recipients of financial assistance.
- 4.13 Once selected organisations have accepted the terms and conditions on which the financial assistance is to be provided, the Secretary of State will confirm her selection and begin to make the assistance available. The financial assistance will be provided until the end of the 2011-12 financial year, as described in this Prospectus, subject to the organisation's satisfactory performance as judged through the agreed monitoring arrangements. If the Secretary of State were to judge that performance was not satisfactory it is open to her to require remedial action by a specified date. Should such required remedial action not be taken and she considers that the effective use of public funding is at risk, it is open to her to suspend or terminate the provision of the financial assistance, after giving three months, in line with the Compact.
- 4.14 All applications should be sent to:
- Third Sector Team
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ISBN: 978-1-4098-0702-5

ISBN 978-1-4098-0702-5



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