

REPORT TITLE: OPTIONS FOR FUNDING COMMUNITY GRANTS5 JULY 2022REPORT OF CABINET MEMBER: Councillor Margot Power, Cabinet Member for Finance and ValueContact Officer: Melissa Fletcher Tel No: 01962 848 492 Email  
mfletcher@winchester.gov.ukWARD(S): ALLPURPOSE

The council has a programme of community and voluntary sector grants made up of a series of funds; Strategic Partners, Priority Outcomes and Small Grants. This programme is funded from both the General Fund and the Winchester Town Forum account. Pressures on the council's financial position have led to planned reductions in the community grants budget over the coming years. However, the importance of the funded services is recognised, so this paper sets out research into alternative options and examples of other approaches adopted by local authorities to raise finance for discretionary grant giving to off-set reductions or replace council budget.

These options considers the models; one from Westminster and one from Bath and North East Somerset councils; and the third a community lottery.

RECOMMENDATIONS:

The Committee is asked to comment on the options set out in this report, in particular:

1. The three schemes set out in sections 1.7 – 1.9, whether one is preferred and the reasons why: and
2. The committee's opinions on other issues set out in the report, in particular:
  - a. Who such a scheme should be targeted at specific people or the whole

population;

- b. Partnering with a charitable trust;
- c. The potential impact on other fundraising in the district;
- d. Ethical considerations around encouraging of gambling; and
- e. The timing of launch for any such scheme.

## 1 SUPPORTING INFORMATION:

- 1.1 Winchester district benefits from a flourishing voluntary sector, with groups and organisations providing assistance to some of our most vulnerable residents and delivering vital services, whilst others enhance the district's varied and wide ranging cultural offering. Funding provided by the council through its discretionary community grants programmes is key to ensuring the long term sustainability of these organisations.
- 1.2 Pressures on the council's financial position have led to planned reductions in the community grants budget. The immediate impact of reductions has been mitigated, but reductions over the next three years will see the total grant budget reduced by 20% by 2025.
- 1.3 Recognising the risk of a substantial impact on key voluntary sector services, Cabinet requested an investigation of alternative options to raise finance for discretionary grant giving in the future, in particular by considering schemes that have already been adopted by local authorities in other parts of the country.
- 1.4 Ten local authorities were approached, with research conducted using the following methods:
- Online research into other local authorities - South Oxfordshire, Basingstoke, New Forest, Eastleigh.
  - Discussions with local authorities - East Sussex, Test Valley, Southampton, East Hants, Bath and North East Somerset, Westminster.
- 1.5 This research identified three different options to generate additional income to support the charitable / voluntary sector that have been successfully implemented. These three schemes were investigated in greater detail and form the basis for this report:
- Community Contribution Fund (Westminster model)
  - Community Contribution Fund (Bath and North East Somerset model)
  - Community Lottery
- 1.6 In addition the research also showed that all the above authorities provided some level of core / revenue grant funding through competitive grant schemes and / or direct awards to organisations such as Citizens Advice.

### Options appraisal

#### 1.7 **Community Contribution Fund (Westminster model)**

### ***Outline of the scheme***

- 1.7.1 Westminster Council's Community Contribution Fund was created in March 2018 as a way for residents in higher value properties to make a voluntary payment in addition to their council tax payments to support local projects. Westminster has the lowest council tax in the country and the current national banding scheme means that residents in multi-million properties only pay twice the current Band D Council Tax (which is in itself lower than Band D charges in a number of other boroughs). This was considered unfair, so the Council sought to identify a financial solution that would enable delivery of additional services to the most vulnerable members of the community without exerting an extra financial burden on the less well-off residents.
- 1.7.2 The council initially sought the traditional method of delivering change through lobbying central government and proposed the revaluation of all band H properties by the Valuation Office. This was not supported so instead the council developed the concept of a voluntary contribution from residents predominantly living in Band H properties.
- 1.7.3 A consultation exercise was undertaken over a four week period with the borough's 15,600 council tax band H residents. The consultation sought views on support for the scheme, as well as for preferences as to where any money raised should be spent.
- 1.7.4 The council decided to utilise an existing charitable organisation, the City of Westminster Charitable Trust, to host a new Community Contribution Fund as this maximised additional income by enabling Gift Aid on donations.

### ***How it was implemented***

- 1.7.5 Following consultation in November, 2017, the scheme was launched in March 2018. A small project team was formed, including officers from Revenue Services, Policy and Communications and IT, supported by external printing & mailing contractors. Key milestones included:
- Setting up new Trust bank account and implementation of Gift Aid rules;
  - Development of website / payment portal / reporting database;
  - 'ask' letters sent with Council Tax letter for Band H properties; and
  - Payment reporting, including thank you letters.
- 1.7.6 The majority of payments were initially made by cheque despite online options being available.

- 1.7.7 People who engaged with the consultation were more likely to contribute and the Council used audience segmentation to identify and track potential and actual donors. The average level of donation was around £1,000.
- 1.7.8 In the first year of the scheme, approximately £600k was raised from 800 individuals amongst the 15,600 band H properties in the area - an average contribution of £750 per person and representing a 5% response rate. The council agreed to continue with the scheme for a further four years.

### ***What it has achieved***

- 1.7.9 The website <https://www.westminster.gov.uk/community-contribution-fund> now states over £1.5m raised to date (2018/19 – 2021/22) which has helped to fund:
- 4 rounds of grant schemes, including a COVID-19 scheme
  - 97 projects funded in total, including 1 direct award
  - 23 rough sleeping projects
  - 42 youth support projects
  - 32 social isolation and loneliness projects
- 1.7.10 Donations in the most recent financial year have reduced from those received in earlier years, and totalled around £180k in 2021/22 – a drop of 70% from the first year. The Council are now looking to improve communication with donors around how people and communities are benefitting from the Fund.

### ***How could the approach be applied in Winchester?***

- 1.7.11 The profile of Winchester properties is different to Westminster, with only 5% of the band H properties that the London borough has. It is estimated that WCC could generate £30k in the first year from its 724 Band H properties, based on the assumption of equivalent donations received as with the first year of operation of the Westminster scheme. However, Westminster council tax is significantly lower than Winchester so residents here may have less ability, and motivation, to contribute.
- 1.7.12 In Winchester, given the fewer number of potential contributors, the cost effectiveness of the scheme is questionable when considering the set-up, implementation and ongoing running costs. Westminster Council meets these operational costs so all monies raised goes towards good causes.

1.7.13 The timing of implementing contribution schemes needs to be considered: Revenues and Benefits would need to know by January of any year in order to implement sending out of letters with bills for April collections.

***In summary***

1.7.14 This scheme generated significant amounts of additional funding, though the levels have decreased over time. There is a lot of work involved in setting up and maintaining the scheme, across a number of council departments. Some important differences between the two areas mean there is uncertainty as to whether a similar scheme in Winchester would match the success of the Westminster scheme.

**1.8 Community Contribution Fund (Bath and North East Somerset model)**

***Outline of the scheme***

1.8.1 The Community Contribution Fund was launched in March 2021 as a pilot scheme offering residents the chance to pay into a good causes fund to help local charity, community, and voluntary groups and help reduce inequalities in the area. The scheme is aimed at all residents.

1.8.2 The scheme was started as a pilot and is now into a second year. It launched during the pandemic, when the usual fundraising methods for organisations had been curtailed, and the council wanted to help the voluntary sector at a difficult time.

1.8.3 Contributions are not collected along with council tax, but by direct debit (if regular payments) or donate on a one off basis. The minimum contribution is £5, and there is no maximum.

1.8.4 The scheme is administered by the council, but is not used to supplement council services. Every penny contributed goes to fund local projects. Donors can't request a particular project or area where their money is spent; the fund is used for good causes across the district.

1.8.5 At present the scheme is not handled through a trust so no Gift Aid income is generated although whether Gift Aid is possible continues to be a frequent query from residents.

***How it was implemented***

1.8.6 Information about the pilot scheme was sent out with council tax bills but is not part of Council Tax collections.

1.8.7 The scheme raised £20k in first 6 months and there was regular communication with donors, sending 'thank you' messages and e-

bulletins. During this pilot phase consultation continues with donors to fund, grant applicants and those who haven't donated.

- 1.8.8 The Council bears all administrative costs – every penny raised goes to good causes.

***What it has achieved***

- 1.8.9 Over 300 people donated to the fund in its first year (ending March 2022) and just over £25,000 was raised. Most donors gave £5-£10, with a small number giving £1,000.
- 1.8.10 29 applications were received for a range of projects supporting the most vulnerable (application value approximately £50k in total). Theme of funding criteria was reducing inequalities and a panel of councillors awarded grants to 15 successful applicants. The maximum award was £2,000 per organisation
- 1.8.11 The fund continues as a pilot during 2022/23 to assess continued donor interest and evaluate the scheme before exploring future options.

***How could the approach be applied in Winchester?***

- 1.8.12 Bath and North East Somerset (BANES) has a very similar profile to Winchester district so, by extrapolating data from the BANES pilot, it is estimated that a similar scheme in Winchester could raise around £15k per year (based on relative population sizes of BANES – 196k vs Winchester district – 122k).

***In summary***

- 1.8.13 This scheme is more flexible and less targeted. It is less resource-intensive to establish and maintain, but generates less additional income and wouldn't bring about transformational change in funding levels for the sector.

**1.9 Community Lottery**

***Outline of the scheme***

- 1.9.1 An external lottery management company who are licensed by the Gambling Commission to run lotteries would be utilised. One example is Gatherwell, which offers a dedicated Local Authority Lottery platform, and over 80 UK councils have started a local lottery with them.
- 1.9.2 Local good causes sign up to the lottery at no cost to them and get their own webpage. Those good causes encourage their supporters to buy tickets online, paying £1 per ticket per week, and choosing the cause they want to support. Players are encouraged to make recurring

monthly payments, generating stable income for causes. Gatherwell conducts the draw every Saturday night, and notifies the winners.

- 1.9.3 With Council approval, Gatherwell distribute the funds to the local good causes every month. Of each £1 ticket purchased:
- 50p is donated to the good cause that a player chooses
  - 10p goes into a central fund that the council distributes through a grant scheme
  - 20p makes up the cash prizes for the weekly draw
  - 17p goes to the scheme operator towards admin and running costs
  - 3p goes to VAT which can be claimed back by the Council.

***How it is implemented***

- 1.9.4 The lottery operator provides the website, marketing, support and runs the lottery
- 1.9.5 The local authority promotes the lottery to local good causes, defines eligibility criteria to join the lottery, approves new causes and applies for local authority lottery license and nominates staff to oversee it. The local authority also publicises and administrates the central fund which organisations can apply to annually for additional funding.
- 1.9.6 The time from decision to proceed to go live with lottery is 6 months and approximate cost to set up is £5k. Annual fees are expected to be between £4k-£5k and include Gambling Commission licence, Lotteries Council membership and marketing costs. Estimates are based on quotes received in 2019.

***What it can achieve***

- 1.9.7 Other councils locally such as Hart, East Hampshire, Rushmoor, Guildford, Portsmouth, Havant and South Oxfordshire raise additional funds via community lotteries, as do many others around the UK, with Gatherwell the most commonly used provider. Estimates are that they raise £20k-£40k per year for good causes.
- 1.9.8 Havant Borough Lottery Community Grant have raised £153k in total since it launched nearly four years ago, with 106 good causes currently signed up. Registered good causes can apply for a grant from their community fund twice a year. In January, nine small grants, totalling £12,200, were issued to the good causes.

***How could the approach be applied in Winchester?***



1.9.9 A scheme of this type could be established very easily in Winchester.

1.9.10 A number of local organisations already have their own lotteries to raise funds:

- Naomi House raised £341,157 in 2021:  
[www.naomihouselottery.org.uk](http://www.naomihouselottery.org.uk)
- Winchester Hospice:  
<https://www.onelottery.co.uk/support/winchester-hospice>
- The Westgate School:  
<https://www.yourschoollottery.co.uk/lottery/school/the-westgate-school>
- Winchester Rotary who are supporting Friends of the Family Winchester with their lottery this year:  
<https://www.thegreatwinchesterlottery.co.uk/>

In addition funds raised from national and regional lotteries already support local causes across the Winchester district such as The National Lottery and The People's Postcode Lottery.

1.9.11 It is estimated that £20-30k per year could be raised for good causes, with the majority of this going to the cause selected by the ticket purchaser.

### ***In summary***

1.9.12 This scheme is simple to establish through a lottery operator. The costs to set up are relatively low, but there are ongoing costs to consider which reduce the net overall value added to the voluntary sector. It is known to work successfully in similar areas, but there is a question mark about the ethical value of encouraging gambling.

### **Further Considerations**

- 1.10 In addition to the review of the schemes; their costs, operational delivery and the income that each have the potential to generate, there are wider considerations that should be borne in mind and will need to be answered before a scheme can be implemented.
- 1.11 The Westminster scheme targeted only the band H properties, reflecting the very high proportion of their properties that fell within that band. In Winchester we have a more even spread of properties, but also council tax is higher here, so residents may be less receptive to a request for additional contributions. Could a scheme in Winchester be successful if focussed only on the high-value property households or would it need to be opened out to all households?

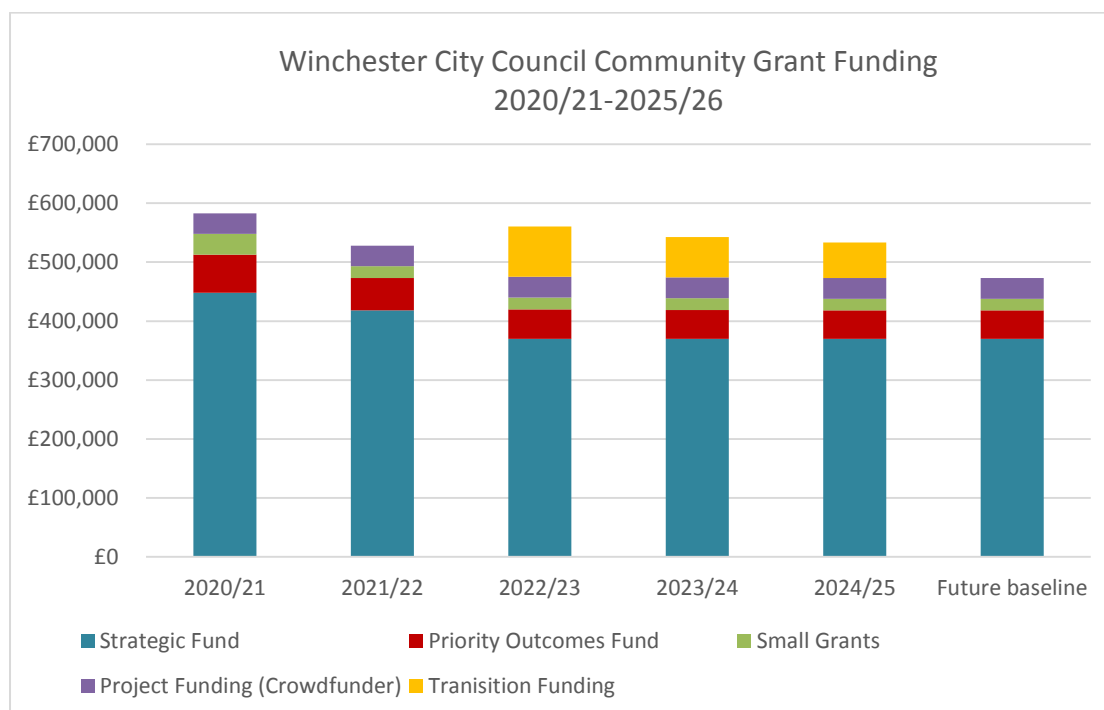
- 1.12 Some other councils have partnered with a charitable trust, enabling them to handle donations and allow Gift Aid to be collected. This has clear financial benefits, as the Gift Aid can considerably increase the value of donations, but would most likely limit the council's control or influence over use of the funds. Decisions would be made by the charity trustees and would not necessarily be consistent with the council's priorities. It is worth noting that the Council already administers a number of Charities, for example The Mayor of Winchester's Charity, The Winchester Charity for the Needy and Winchester Charity for the Sick (working name Winchester Welfare Charities), and that additional work of this type would require additional resource.
- 1.13 There are lots of existing campaigns and fund-raising activities taking place in the district. The council partners with The Winchester Beacon and Trinity Winchester in the 'Spare change for lasting change' fund raising campaign and there are various local lotteries being operated as set out in section 1.9.10. There is a real risk that the introduction of a new lottery could have a negative impact on those that already exist, with existing money simply being diverted from other good causes rather than new income being generated for the sector.
- 1.14 The option of establishing a lottery brings with it ethical considerations for the council in actively 'encouraging' gambling. Much research has been done to try and establish the demographics of lottery players and findings are conflicting. Some examples of surveys are given below:
- British Gambling Prevalence Survey 2010 - [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/243515/9780108509636.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/243515/9780108509636.pdf)  
*"for other lotteries, ... those in the least deprived areas had higher prevalence (28%) than those in the most deprived areas (19%)" and "those from the highest income households had the highest prevalence ... while those from the lowest income households were less likely to take part in each of these activities"* p48-9.
  - The Government's Taking Party Survey 2019/20 (<https://www.gov.uk/government/statistics/taking-part-201920-gambling-and-lotteries/gambling-and-lotteries-taking-part-survey-201920>) states  
*"Those working showed higher participation in National Lottery games (50%) than those not working (35%). No variability was seen in playing a National Lottery game in the last 12 months by Index of Multiple Deprivation, presence or absence of a long-term limiting illness or disability, or socio-economic status."*
  - However other reports suggest "it does appear that the upper and middle classes play the lottery a lot more often than the working classes. That said, people who claim benefits are 4% more likely to buy

a ticket than their peers.” <https://high50.com/life/who-plays-uk-lottery-why>

- 1.15 We are currently in the midst of a cost of living crisis that is affecting a large number of our residents. Many households are finding their income squeezed and this might not be the right time to launch such a scheme, where people are being asked to voluntarily sacrifice additional money. It should be noted that residents occupying properties in council tax bands A-D will be receiving a council tax rebate this year and requests for donations could be viewed as untimely. Other schemes considered in this report were launched at a time when living costs were lower and people may have been more open to such a proposal.
- 1.16 Further consideration of any new scheme to be implemented needs to include an equalities and impact assessment and a plan for monitoring and evaluation of the scheme.

## 2 RESOURCE IMPLICATIONS

- 2.1 The following summarises how the General Fund supports the community grants budgets, £475,000 in the 2022/23 financial year. It shows that funding is reducing over a five-year period. By 2025 the total grant budget is projected to be £109,822 lower than was the case in 2020 a 19% reduction over 5 years. The figures below include a time-limited one-off ‘transition fund’ that has been agreed to reduce the immediate impact of these reductions. Figures are for General Fund only, don’t take into account Town Forum grant awards, and can be seen in appendix 1.



- 2.2 The resourcing requirements for the respective options under consideration have been estimated as follows.

#### Westminster Model - Contribution Fund

- 2.3 Detailed costs to set up and run such a scheme were requested from Westminster City Council but were not provided. However, we do know that the additional resource implications and support from other parts of the council include:
- 2.3.1 Running and operation of any Charitable Trust;
  - 2.3.2 IT support to develop website / payment portal / reporting database;
  - 2.3.3 Revenues and Benefits support to send 'ask' letters out with Council Tax bills for Band H properties and advice' letter with Council Tax letter to other resident;
  - 2.3.4 Communications team support to develop and implement communications plan / consultation; Admin support for scheme e.g. drafting consultation response letters, 'ask' letters, thank you letters, development and management of ongoing grant giving scheme with monies raised; and
  - 2.3.5 Reporting / reconciliation support from finance to understand and manage contributions.

#### Bath and North East Somerset Model - Community Contribution Fund

- 2.4 Bath and North East Somerset estimate that their scheme cost approximately £10,000 to set up and costs approximately £5,000 per year to run, with staffing accounting for the majority of costs. The additional resource implications and support from other parts of the council include:
- 2.4.1 Revenues and Benefits support to send out ask letters with Council Tax bills;
  - 2.4.2 IT support to develop website / payment button;
  - 2.4.3 Communications support to develop required communication and consultation materials; Admin support for scheme e.g. drafting consultation response letters, 'ask' letters, thank you letters, development; and
  - 2.4.4 Finance support to manage donations, reporting / reconciliations.

#### Community Lottery

- 2.5 The approximate cost to set up is £5,000, using a commercial supplier such as Gatherwell. Estimated annual fees (based on quotes received in 2019) include Gambling Commission Licence and Lotteries Council membership

(approx. £1,100 per annum) and marketing costs (estimated min. £3000 per annum). The time implications for the council are much less.

2.6 The costs of the three options can be summarised as follows:

Model	One-off set-up costs	Recurring running costs
Community Contribution Fund - Westminster	UNKNOWN	UNKNOWN
Community Contribution Fund - Bath and North East Somerset	£10,000	£5,000
Community Lottery	£5,000	£4,000

2.7 We would also need to consult widely before implementing any form of contribution scheme. It would be important to generate 'buy in' to any scheme and, in Westminster, people who engaged with the consultation were more likely to subsequently contribute to the scheme.

2.8 All models will require staff resources to administrate the grant giving programmes that will distribute the funds raised.

### 3 CONCLUSION

3.1 Each scheme has the potential to raise additional income to the council however, in each case, the level of funds it is estimated can be raised is £20-30k per annum. This would replace a proportion of the grant reduction proposed by the council to the community and voluntary sector grant programme, but does not appear to be an approach that could replace the overall reduction in funding to the programme of £140k

3.2 Each scheme has its merits, but there is not one which stands out as being simple to implement without further consideration. The lottery scheme requires the least resourcing but any ethical challenges around gambling would need to be overcome. The community contribution schemes require more resources to set up but has the potential to bring in external funds to supplement grant giving, however timing of launch and the ability to accept Gift Aid on donations remain important issues to be resolved.

3.3 The committee's views are sought on the respective merits of these schemes to help inform a decision on whether any should be pursued further to generate additional income to fund good causes in Winchester district.

### 4 OTHER OPTIONS CONSIDERED AND REJECTED

4.1 Grant funding from external bodies will continue to be sought as opportunities to supplement grants budgets arise. For example, the current Shared Prosperity Fund provides an opportunity to support council interventions through grants to third party organisations. However, such opportunities are likely to be time limited, with strict criteria that don't necessarily fit with our

funding priorities and outcomes, and will not provide additional income to the community grants budget on a longer term basis.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB3223; CORE FUNDING GRANTS PROGRAMME 2022-2025; 8 DECEMBER 2021

Other Background Documents:-

City of Westminster Cabinet Member Report; 27 February 2019;

British Gambling Prevalence Survey 2010 -

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/243515/9780108509636.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/243515/9780108509636.pdf)

The Government's Taking Part Survey 2019/20

(<https://www.gov.uk/government/statistics/taking-part-201920-gambling-and-lotteries/gambling-and-lotteries-taking-part-survey-201920>)

APPENDICES:

Appendix 1 General Fund grant budget allocations

## Appendix 1

	2020/21	2021/22	2022/23	2023/24	2024/25	Future baseline
Strategic Fund	£448,000	£418,200	£370,000	£370,000	£370,000	£370,000
Priority Outcomes Fund	£64,822	£54,882	£50,000	£49,000	£48,000	£48,000
Small Grants	£35,000	£20,000	£20,000	£20,000	£20,000	£20,000
Project Funding (Crowdfunder)	£35,000	£35,000	£35,000	£35,000	£35,000	£35,000
<b>Total</b>	<b>£582,822</b>	<b>£528,082</b>	<b>£475,000</b>	<b>£474,000</b>	<b>£473,000</b>	<b>£473,000</b>

Table 1: General Fund Base Allocations / Budget

	2020/21	2021/22	2022/23	2023/24	2024/25	Future baseline
Transition Fund from Community Grants Reserve	£0	£0	£79,800	£63,900	£56,300	£0
Climate funding to Priority Outcomes Fund	£0	£0	£5,800	£4,600	£3,900	£0
Grant reserve to Priority Outcomes Fund	£0	£0	£14	£0	£135	£0
<b>Total</b>	<b>£0</b>	<b>£0</b>	<b>£85,614</b>	<b>£68,500</b>	<b>£60,335</b>	<b>£0</b>

Table 2: General Fund one off supplementary contributions for 2022-2025