



# ANDOVER TOWN COUNCIL SERVICE PROVIDER GRANT POLICY

*Grant Funding for an Identified Service Need: up to £10,000 per year, three-year term*

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| <b>Policy title</b>        | Service Provider Grant Policy: Grant Funding for an Identified Service Need                    |
| <b>Nature of award</b>     | Discretionary grant, awarded at ATC's discretion, not a procurement contract (see Section 2.2) |
| <b>Policy owner</b>        | Town Clerk                                                                                     |
| <b>Approving body</b>      | Full Council (on recommendation of Grants Committee – 29 September 2026)                       |
| <b>Legal basis</b>         | Localism Act 2011, s.1 (General Power of Competence)                                           |
| <b>Maximum grant value</b> | Up to £10,000 per year; no more than £30,000 in total over the three-year term                 |
| <b>Date adopted</b>        |                                                                                                |
| <b>Version</b>             | 1.0 - Draft for Committee/Council consideration                                                |
| <b>Date of next review</b> | Annually, or sooner if legislation or the funding cap changes                                  |

## 1. Purpose and Scope

This policy sets out how Andover Town Council ("ATC" or "the Council") identifies a gap in local service provision that it wishes to see filled, and makes a discretionary Service Provider Grant to a provider to support delivery of that service to the community, over a three-year term. ATC's intention throughout this policy, and in every grant agreement made under it, is that funding awarded is grant funding in support of an identified community need, not payment made in return for a service supplied to ATC itself, and not a procurement contract. Section 2.2 sets out how this policy is drafted to achieve that.

This policy applies alongside, not instead of, ATC's Combined Grant Funding Policy and Procedure, which continues to govern Small, Medium and Large grants awarded on application.

This policy does not apply to capital grants, to one-off grants considered under the existing Small/Medium/Large tiers, or to procurements for goods or works, which remain governed by ATC's Financial Regulations and Standing Orders.

### Definitions

- **Service gap:** a service that ATC has assessed, through engagement with providers and the community, is not currently being adequately delivered within the parish.
- **Service Provider Grant:** recurring annual grant funding, of up to £10,000 per year and no more than £30,000 in total, awarded at ATC's discretion to a single provider to support the ongoing delivery of a service that fills an identified gap, as distinct from a one-off project grant.
- **Grant application:** a written proposal submitted by a provider in response to ATC's invitation, setting out how it would use grant funding to fill the identified service gap.
- **Grant term:** the three-year period for which a successful provider is offered funding, subject to annual reconfirmation under Step 8 of Section 3.

## 2. Legal Framework and Powers

This policy, and the model grant agreement used under it, are designed so that a Service Provider Grant operates in law as a discretionary grant, not a public services contract. Section 2.2 sets out the features that support that position and the drafting points officers should carry through into the grant agreement. Because



up to £30,000 total value also sits well below the main statutory thresholds discussed below, the wider compliance burden is modest.

### 2.1 Power to spend

ATC has resolved that it meets the eligibility conditions for the General Power of Competence ("GPC") under section 1 of the Localism Act 2011 and the Parish Councils (General Power of Competence) (Prescribed Conditions) Order 2012, namely that at least two-thirds of its seats are filled by elected councillors and its Clerk holds CiLCA or an equivalent qualification. The GPC gives ATC the power to do anything an individual may generally do, which is capable of covering grant-making of this kind, subject to the limits described below. ATC's GPC eligibility must be re-confirmed by resolution at each Annual Meeting; if eligibility is ever lost, the Council would need to rely instead on section 137 of the Local Government Act 1972 (power to spend for the benefit of the area, subject to a statutory spending limit per elector), and this policy would need to be reviewed accordingly. A £10,000 annual grant is well within the kind of expenditure either power supports.

GPC is a power, not a source of funds: any grant made under this policy must still be affordable, provided for in the budget and precept, and consistent with ATC's fiduciary duty to its precept payers.

### 2.2 Ensuring this operates as a grant, not a contract

#### Designed as a grant: features to carry through into the grant agreement

- ATC is not the recipient or beneficiary of the service: the community is. The provider delivers the service to local residents, not to ATC, and ATC receives no direct service benefit itself. This absence of a direct benefit to the funder is a key factor courts and HMRC look at when distinguishing a grant from a taxable contract for services (see the reasoning applied in the Woking tribunal decision on grant/contract classification for VAT purposes).
- The agreement made with the provider should be issued and referred to throughout as a "grant agreement" or "grant offer", not a "contract for services". It should record ATC's decision to award grant funding subject to conditions, not a purchase of a specified service.
- Payment is expressed as a discretionary grant made subject to grant conditions, with a right for ATC to withhold, suspend or withdraw funding for non-compliance, not as consideration owed in exchange for a specified, enforceable deliverable. The provider should not be able to sue ATC for the grant as a contractual debt owed in return for delivering a specified output; ATC's obligation is to exercise its funding discretion properly (following this policy and public law principles of proportionality, equal treatment and giving reasons), not a contractual promise to pay for a specified service.
- The KPIs at Section 4 are used as grant conditions, to monitor how public funds are used and the community outcomes achieved, not as contractual milestones that trigger payment as consideration for a specified deliverable.
- The open, competitive application process at Section 3 exists so that ATC exercises its discretion to award public grant funding fairly, transparently and with regard to value for money, not because procurement law requires a tender for this arrangement.

### 2.3 Procurement Act 2023: not engaged

The Procurement Act 2023 governs "public contracts": agreements for pecuniary consideration under which a supplier undertakes to provide a specified good, service or works to a contracting authority. A grant, drafted and administered as set out in Section 2.2, falls outside that definition: ATC is not purchasing a service for its own benefit in exchange for payment, it is making a discretionary award of public funds to support a provider's delivery of a service to the community, subject to grant conditions rather than contractual consideration. On that basis, the Act's competitive tendering procedures, standstill period, contract award notices and below-threshold notice regime do not apply to a Service Provider Grant.



### For completeness: a contingency only

If this arrangement were ever treated, in substance, as a contract despite the drafting safeguards above, it would still sit well below the Procurement Act's £207,720 sub-central services threshold. The one figure worth noting is that the Act's below-threshold notice regime is triggered by a contract valued at £30,000 or more, and a Service Provider Grant taken right up to the £10,000-per-year cap totals exactly £30,000 over three years. This is not a live requirement given the grant characterisation above, but if members want to remove even this contingency, capping slightly under (for example £9,999 per year) or running the application round with the same public advertising a below-threshold notice would require (which Section 3 already does) closes it off entirely.

## 2.4 Subsidy control

### Legal basis available: comfortably within Minimal Financial Assistance

A grant of this kind to a provider carrying on an economic activity is likely to be a "subsidy" for the purposes of the Subsidy Control Act 2022. This applies regardless of whether the award is characterised as a grant or a contract, because a "subsidy" under that Act is defined by its economic effect, not its legal label. At up to £30,000 in total, it sits well within the Minimal Financial Assistance (MFA) route, which allows public authorities to award up to £315,000 to a single recipient, cumulative across the current financial year and the two preceding financial years, without a full subsidy control assessment, and is far below the £100,000 threshold at which an individual award must be published on the UK subsidy database. The only step ATC still needs to take is procedural: before each year's payment, ask the provider for written confirmation that receiving the grant will not take it over the £315,000 cumulative cap (taking into account MFA and comparable assistance it has already received from any public authority), and issue ATC's own written MFA confirmation on award. This is a light-touch, one-page exchange of letters at this value, not a full assessment.

## 2.5 Equality, VAT and Financial Regulations

- **Equality Act 2010:** application criteria, assessment and the resulting service must not discriminate, directly or indirectly, against any protected group, and ATC should have regard to the Public Sector Equality Duty when deciding which service gaps to prioritise and how to assess applications.
- **VAT:** because this policy is designed and intended to operate as a grant (ATC receives no direct service benefit itself, and payment is not consideration for a specified deliverable owed to ATC, see Section 2.2), the grant should fall outside the scope of VAT as non-business grant funding.
- **Financial Regulations:** ATC's Financial Regulations should be checked for any provisions specific to the award of grants, as distinct from the quotation/tender thresholds that apply to ATC procuring goods, services or works for its own use (a different exercise from this policy). The open, competitive application process at Section 3 is recommended as good practice for transparency and value for money in awarding public grant funding, even though it is not a procurement exercise.
- **Multi-year budget commitment:** a three-year award commits future years' budgets, even at £10,000 a year. Full Council should expressly note, when approving each award, that years two and three are subject to the relevant year's budget and precept being set to provide for it, and that the grant agreement includes a right to review or discontinue funding (on notice) if the precept cannot sustain it.

## 3. Identifying Need and Awarding the Grant

The process below is summarised in sequence; detailed procedure (assessment criteria, minimum number of applications considered, delegated authority) should be set out in an accompanying procedure note or the application pack, consistent with ATC's Financial Regulations.



|   |                                       |                                                                                                                                                                                                                                                                                  |
|---|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | <b>Identify the service gap</b>       | The Town Clerk (or a delegated officer) engages with local service providers, voluntary and community sector organisations, and relevant Committees to identify gaps in service provision across the parish, and records the evidence considered.                                |
| 2 | <b>Select priority need</b>           | Having reviewed that evidence, the relevant Committee recommends, and Full Council resolves, which identified service need ATC wishes to support in that funding round, confirming the indicative annual grant available (up to £10,000).                                        |
| 3 | <b>Invite grant applications</b>      | ATC publicly invites providers to apply for grant funding, setting out how they would use it to fill the identified need, in line with ATC's Financial Regulations for grant awards (Section 2.5).                                                                               |
| 4 | <b>Assess applications and select</b> | Applications are assessed against published, objective criteria (for example community benefit, deliverability, value for money, safeguarding arrangements, insurance and financial standing) by the relevant Committee. The decision and reasons are minuted.                   |
| 5 | <b>Offer the grant</b>                | ATC offers the successful provider a Service Provider Grant of up to £10,000 per year for a term of three years (no more than £30,000 in total), on the basis of a signed grant agreement (Section 2.2), satisfactory due diligence (Section 2.4), and annual budget provision.  |
| 6 | <b>Agree grant conditions</b>         | ATC and the provider jointly agree a small set of SMART grant conditions (KPIs), proportionate to the size of the grant, tied to the community outcomes it is intended to support. These are appended to the grant agreement before the first payment is released.               |
| 7 | <b>Quarterly review</b>               | ATC and the provider meet quarterly to review progress against the agreed grant conditions, using a short standard reporting template appropriate to the scale of the grant. Concerns are addressed through the process at Section 7.                                            |
| 8 | <b>Annual reconfirmation</b>          | At each anniversary, ATC confirms continued budget provision and satisfactory compliance with the grant conditions before releasing the next year's instalment (up to £10,000). The grant may be suspended or withdrawn in line with the agreement for sustained non-compliance. |

#### 4. Grant Conditions (KPIs) and Quarterly Review

Before any funding is released, ATC and the provider will jointly agree a small set of grant conditions (KPIs) that are Specific, Measurable, Achievable, Relevant and Time-bound (SMART), directly linked to the community outcomes the grant is intended to support, not simply activity counts, and not framed as a specified deliverable owed to ATC in return for payment. Given the modest size of a Service Provider Grant, conditions and reporting should be kept proportionate: a small, focused set of measures is preferable to an extensive reporting burden that costs the provider more in administration than the grant is worth. Conditions, review frequency and the data the provider must supply are set out in a schedule to the grant agreement, so they can be updated without re-signing the whole agreement.

ATC and the provider will meet quarterly to review progress against the agreed grant conditions. Each meeting will be minuted and will cover: progress against conditions and trends since the last meeting; any emerging risks or barriers to delivery; spend against budget; and any safeguarding, complaints or compliance



matters. A short written summary will be reported to the relevant Committee at least annually, and sooner if a material concern arises.

### 5. Roles and Responsibilities

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- **Full Council:** adopts and reviews this policy; resolves which service gap(s) to prioritise in each funding round; approves the final grant award and any decision to suspend or withdraw a grant.
- **Relevant Committee:** oversees the assessment of grant applications, recommends the preferred provider to Full Council, and receives quarterly/annual reporting.
- **Town Clerk (as RFO) and/or Chair of the Grants Committee:** runs the application round, drafts the grant agreement and conditions schedule, confirms budget provision and the MFA confirmation, and chairs quarterly review meetings.
- **Provider:** delivers the service in line with the grant agreement and conditions, attends quarterly review meetings, and reports promptly any material risk to delivery.

### 6. Risk Management

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- **Non-compliance with grant conditions:** ATC's response is the remedial process at Section 7 (written notice, agreed improvement plan, right to withhold or claw back an instalment) before any decision to withdraw funding. This is a grant-conditions compliance process, not a contract-breach claim, so that funding is not withdrawn abruptly from a service residents rely on.
- **Provider dependency / market capacity:** where very few or only one provider is capable of delivering a given service, ATC should record how it has nonetheless tested value for money, and consider the implications for competition if the application round attracts only one bid.
- **Conflicts of interest:** councillors and officers involved in assessing applications must declare any interest in an applicant organisation in line with ATC's Code of Conduct and standing orders, and withdraw from the relevant decision where required.
- **Budget and precept risk:** see Section 2.5 on multi-year budget commitment: a break clause tied to annual budget-setting protects the Council from being bound beyond what a future precept can sustain, even at this modest value.
- **Exit and continuity:** the grant agreement should address what happens to any ATC-funded assets, service users or data at the end of the term or on early withdrawal of funding.

### 7. Remedial Process for Non-Compliance

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Where quarterly review identifies that a provider is not meeting an agreed grant condition, the Town Clerk will notify the provider in writing, setting out the shortfall and a reasonable period (normally not less than one quarter) to agree and implement a written improvement plan. If matters do not improve within the agreed period, this is reported to the relevant Committee, which may recommend to Full Council that the grant be suspended, reduced, or withdrawn in accordance with the grant agreement. Any decision to withhold, suspend or withdraw funding is minuted, with reasons, and the provider is given the opportunity to make representations beforehand.

### 8. Equality, Diversity and Inclusion

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In identifying service gaps and assessing applications, ATC will have regard to the needs of protected groups under the Equality Act 2010 and to reducing inequality of access across the parish. Application guidance will ask providers to describe how their proposed service will be accessible and inclusive, and assessment panels will score this as a distinct criterion rather than treating it as implicit.

### 9. Policy Review

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This policy will be reviewed annually by the Grants Committee, and sooner if there is a material change in subsidy control or local government finance legislation, or if ATC wishes to raise the £10,000 per year / £30,000 total cap (which would re-engage the legal checks in Section 2 at a higher value), or following the first full three-year cycle of a grant made under it, to capture any lessons learned.