

Appendix 1: Third Sector Transition Fund (Third Sector Resilience Fund)

Purpose

The Third Sector Transition Fund is a short term, one off, draw down resource established within City of Edinburgh Council reserves for use during 2025/26.

The fund aims to:

- Provide financial support for core *functions, including operating costs*, to Edinburgh based third sector organisations *impacted by the closure of the Edinburgh Integrated Joint Board's (EIJB) annual third sector grants programme*.
- Ensure that *organisations that are at risk of severe financial instability receive resilience funding enabling them to sustain, whilst working with the Council on any future funding model, and*
- Ensure that the closure of the EIJB third sector grants programme does not affect, disrupt or delay the delivery of City of Edinburgh Council grant funded or commissioned projects and services.

Towards these aims, the fund is

- *The funding is for the period 1 July 2025 to 31 March 2026, whilst the wider review of the Council's approach to supporting the third sector in Edinburgh is undertaken during 2025/26.*
- *Is intended to ensure the viability and survival of the third sector organisations whilst a new sustainable long-term approach, aligned with the Council's Business Plan priorities, is developed for implementation from 2026/27 onwards.*
- Not intended to provide costs associated with closure of an organisation because of the loss of EIJB grant funding, and
- Not intended to be used for delivery of any specific projects or services *that would be the direct function of the EIJB (noting that this fund will provide resilience until such time as the EIJB's Strategic Plan is published and any future procurement processes are confirmed and made available to the 3rd sector)*

The fund is designed to ensure the continued short term financial viability of key third sector partners of City of Edinburgh Council. In doing so, eligible uses of the fund will include the funding of *core functions and operating costs* for third sector organisations including:

- Cost of office space and other premises
- Energy costs
- Telecommunications, internet and phone costs
- Insurance
- *Salaries of employees*, including National Insurance and pension contributions, and
- Other costs critical to the maintenance of the organisation as a going concern.

Eligibility

To be eligible to apply to this fund, organisations must be:

- Registered charitable organisations, operating, and headquartered in the City of Edinburgh
- Included within the list of organisations in receipt of EIJB Third Sector Grant programme funds during 2024/25 provided as Appendix 2 to this paper,
- *Not in receipt* of any other City of Edinburgh Council grant funding established during 2025/26 in mitigation for the closure of the EIJB third sector grants funds (including the Council's proposed 2025/26 Income Maximisation third sector grants programme).

Eligible organisations must be able to demonstrate that:

- the loss of funding previously provided by the EIJB grants programme leaves the organisation at *significant financial distress which may result in closure, redundancies, reduction in staffing resource*
- *the organisation can deliver key Council strategic priorities, including Poverty, Health and Wellbeing interventions.*
- the organisation has taken and continues to take appropriate and proportionate steps available to it to maintain financial viability and continue to deliver City of Edinburgh Council funded projects at the standards expected.
- *For the Income Maximisation funding, organisations must demonstrate that they are Registered and Regulated to provide Type II and Type III Welfare Benefits, Money/Debt or Housing Advice, or be able to provide evidence from the Scottish Legal Aid Board of their submitted application and self-assessment to the standards expected by the council.*

In addition, organisations will be expected to provide details on:

- How funds will be used, and why this use will support *the short-term financial viability and delivery of core functions of the organisation,*
- How funds will support the ability of the organisation to *recover financial sustainability* from 2026/27 onwards,
- The geographical focus of services provided by the organisation within Edinburgh, and
- An indicative profile of clients supported by the organisation, including analysis across demographic and protected equalities groups.
- *Organisations must confirm a willingness to work with the council to co-produce a future funding model throughout 2025/6*

Assessment Panel and decision-making process

It is proposed that the assessment panel for this programme will be led by the Council's strategy team drawing on expertise including:

- Finance and procurement specialists
- Grant management specialists, and
- Third sector representatives (not including organisations eligible for funding through this programme).

The panel will make decisions based on an assessment of:

- *Eligibility for funding, including fit with provided financial eligibility criteria*
- *Client profiles – aiming to ensure that assessment decisions do not adversely and/or disproportionately impact any individual client group or demographic.*

Application and grant allocation process

Due to the target applicants having been in receipt of funding from the EIJB, and the short timescales, the grant process will be a relatively simple, brief application process.

An appeals procedure will be detailed in the information supplied with the application process.

Proposed timelines for the grant process are:

- w/c 10th March – Communications sent to all EIJB third sector grant recipients clarifying Council's proposed approach and next steps (subject to approval by committee)

- 17th March – applications open for eligible organisations
- 31st March – application process closes
- 1st April to 14th April – Assessment panel considers applications and develops recommendations for grant allocation
- w/c 21st April
 - o Officers provide briefing to Policy and Sustainability Committee members on proposed allocations,
 - o Chief Executive agrees final allocation decisions in consultation with group leaders
- w/c 28th April
 - o Contact organisations about funding decisions.
 - o Issue Grant Award letters and agreements for awards from 1 July 2025
- w/c 5th May
 - o *Agree monitoring and reporting approaches with successful organisations*
- 27th May
 - o Policy and Sustainability Committee consider report outlining learning from process, and next steps.