

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE OVERVIEW & SCRUTINY COMMITTEE

HELD AT 7.00 P.M. ON MONDAY, 17 DECEMBER 2012

**C1, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE CRESCENT,
LONDON, E14 2BG**

Members Present:

Councillor Ann Jackson (Chair)
Councillor Sirajul Islam

Councillor Khaled Uddin Ahmed
Councillor Peter Golds

Other Councillors Present:

Councillor Motin Uz-Zaman

Co-opted Members Present:

Memory Kampiyawo – (Parent Governor Representative)
Rev James Olanipekun – (Parent Governor Representative)

Guests Present:

– (Interim Manager of the Third Sector Team)

Officers Present:

Jill Bell – (Head of Legal Services (Environment), Legal Services, Chief Executive's)
David Galpin – (Head of Legal Services (Community), Legal Services, Chief Executive's)
Kate Bingham – (Acting Service Head Resources, Children Schools & Families)
Heather Bonfield – (Interim Service Head Culture, Learning & Leisure Services , Communities Localities & Culture)
Barbara Disney – (Service Manager, Strategic Commissioning, Adults Health & Wellbeing)
Chris Holme – Service Head Resources
Frances Jones – (Service Manager One Tower Hamlets, Chief Executive's)
David Courcoux – (Political Adviser to the Labour Group, Chief Executive's)
Evelyn Akoto – (Committee Officer)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Rachael Saunders, Stephanie Eaton, Fozol Miah, Amy Whitelock of which Khales Ahmed deputised, Helal Uddin, Denise Jones, and Tim Archer of which Cllr Peter Golds deputised.

Apology was also received from Mr Nozrul Mustufa, Parent Governor.

2. DECLARATIONS OF INTEREST

Councillor Peter Golds declared that he is the council nominee to the board of the Green Candle dance company, but is not party to any discussions.

3. SECTION ONE REPORTS 'CALLED IN'

3.1 Mayor's Strategic MSG Programme

The Chair, Councillor Jackson welcomed all parties and read out an email from Cllr Choudhury which questioned why the meeting was held at a time knowing that key executive members were scheduled to attend a statutory event. The Chair stated that the date of the meeting was chosen as it was the last date that the call-in could be heard in order to allow time for the Mayor to respond before the Christmas holidays. Moreover, she stated that she had invited the Mayor, Deputy Mayor and all lead members in turn to the meeting, which was the only date that a quorate could be assured, but had been refused by all.

The Chair began the meeting by informing the committee about information she has obtained since the call in and prior to this meeting. She continued that she had requested specific information from Aman Dalvi such as, details of the grant applications including officer assessments at all stages including drafts, the draft reports and papers on the 3rd Sector Grants Board, including minutes, and a geographical breakdown of the grants proposals.

The Chair, highlighting her concerns, raised the following points:

- She queried why the original officer recommendations produced on 14 August 2011 were rejected as the reasons given were, in her judgement, spurious.
- That Equality Impact Assessments (EQIA) has been reviewed and changed and the original approach and processes for Assessment amended.
- That organisations that had proven track records have either had their funding cut or not received any grant at all for reasons not substantiated.

- She raised concerns that funding had been allocated to organisations which had been judged as not eligible for funding by officers.
- The mapping report did not show how funding had been allocated across the borough and there was no stated Mayoral policy to fund some areas to a greater extent than others. Organisations based in the E1 and E2 areas appear to have received a higher proportion of funding than E3 and E14.
- That there were documents missing from the MSG documentation folders and this was unexplained.
- The funding allocation was not conducted in a transparent way, nor had it followed proper guidelines.
- Many of the applications in the MSG folders had colour banding which needs further explanations.

Councillor Motin Uz-Zaman for the Call-In Members referred to the reasons in their requisition and made the following comments:

- He expressed disappointment that members 'called in' were not present at the meeting to be held to account.
- Noted that whilst some of the funding recommendations presented at Cabinet had been reversed, not all the concerns raised had been addressed
- The cuts in funding in some areas, including social welfare advice, were not forced upon the administration but rather imposed by the Mayor. In contrast, neighbouring boroughs including Islington and Camden have increased funding for social welfare advice. Despite an overall increase in the amount of funding put into the MSG programme, this had not been directed into continued support for organisations with track records of good performance.
- Given the pressures on funding for third sector organisations and uncertainty about future funding, it is unwise to shift funding to new, untested organisations that will face real challenges in establishing themselves and are unlikely to thrive in the current climate. The way the process has been carried out behind closed doors by the Administration had shown contempt for genuine scrutiny.
- There is an imbalance of funding across the borough and information about the geographical spread of funded organisations should have been made available before the final funding decisions were made.

Barbara Disney, Strategic Commissioning Manager, Kate Bingham, Interim Service Head Resources, Heather Bonfield, Interim Head of Culture and Leisure services, Chris Holme, Service Head Resources and Jill Bell, Head of Legal Services – Environment responded to the concerns raised informing the Committee that:

- Grant applications far exceeded available funding; hence officers went through a robust process to moderate the bids to ensure that they were meaningful in what they were delivering.
- Decisions on funding allocations were also based on the quality of application bids. Some established organisations did not submit very good applications, whereas some new applications put more consideration in their bids. Moreover, many established organisations put in bids for new proposals which were judged on merit.
- The issues covered in the Equalities Impact Assessments were discussed by the Programme Board and the review applications provided additional information on the impact of funding decisions on residents from the nine protected characteristic groups. The Equality Impact Assessments were finalised and provided to the Programme Board as they made their final funding recommendations.
- On the £100,000 reduction on EYNTH infrastructure funding, the Dedicated Schools' Grant is ring fenced for provision of education including for childcare. From 1st September 2013, 25% of 2 year olds from the poorest backgrounds will receive free 15 hours early years education, this becomes a statutory duty for the Authority. Allocation of the grant focused on building the capacity of local providers to meet this statutory responsibility.
- With regards to youth service and the E1 / E2 provision, the focus was on value added and not necessarily duplicating services being provided by the council.
- Additional funding had been put into the Community and Economic Engagement Stream with a greater emphasis on redirecting people to employment services but it was acknowledged there has been a reduction in funding for Social Welfare advice.

The Chair stated, and the committee agreed there is a need to put more investment in this area now in the context of impending welfare reform changes which mean that people will need to access employment if they are to be protected from the impact of the welfare benefit cap.

A member questioned why there were dramatic increases in funding for some organisations, from the initial recommendation made to Cabinet on 3rd October 2012, to the final grant given without explanations. He expressed grave concerns with these changes and the possible reasons behind them.

In response to questions, Barbara Disney gave the following answers:

- Cannot adequately comment on the reasons behind the increase in the final grant allocation to organisations like the Stifford TRA without reviewing particular applications.
- Will provide information later on how many organisations were funded for the first time.

- There is no duplication of clubs operating in the same area. Moreover, it depends on how close one classifies the same area and the transport links between them. There has been an increase of 9 lunch clubs.
- The intention was to prioritise lunch clubs across the borough, with a focus on the different community groups they serve, the actual cost of the lunch and the additional services that they provided.
- Apart from the Alzheimer's Society which was considered different, the amount of funding was based around the number of operating days, the number of people that attended and the number of advice sessions that were offered.

Rev James Olanipekun queried why established organisations were sidelined for new organisations, given the current unstable financial climate.

The Chair highlighted that out of a total of 31 lunch clubs, 24 existed in the E1 and E2 areas. Barbary Disney replied that there were not many applications from other areas of the borough, but acknowledged that funding for these organisations were increased from the original recommendations.

In response to questions Kate Bingham gave the following answers:

- The priority for assessment was the actual provision of service to children across the borough. It was recognised that the Early Years work was a valued service in terms of infrastructure support they provide to smaller organization through administration and finance management. However, the focus is on 2 year old provision which is a statutory duty. It is recognized that it is a risk in terms of the grant reduction to this organization which will affect its ability to support other smaller organizations, but officers will use the funding to capacity build over the next two years to support smaller organisations.
- Cannot comment satisfactorily on the funding given to the East London Mosque, but will review the case and provide a response.

Rev James Olanipekun raised concerns that from a resident's perspective, the scrutiny process has not been effective in this matter.

Jill Bell commented that when the call in was received, the chair was informed that all papers regarding the Mainstream programme will be available to the committee. Some of the papers contain confidential matters relating to the organizations, which was supported by the Chief Executive of the Council for Voluntary Service for the borough. The papers have been available for committee members to scrutinise. This information is not however open to view by other members of the council. When asked by a member if a Councillor put a freedom of information enquiry would they get access to the papers, she responded that they would not get access to the same level of documentation as they would as a member of this committee, due to the

commercial confidentiality. The groups who had submitted applications were in a competitive environment for funding and the content of their applications was commercially sensitive.

A member responded that under localism, people should be entitled to have access to this information as these were not commercial organizations but voluntary ones, bidding for public money.

In response to questions Heather Bonfield gave the following answers:

- Cannot adequately answer why majority of youth service funding have gone to organisations in the E1 and E2 areas without review the particular application.
- With regard to Life Long Learning, the Council has invested a lot of money towards its own ESOL provision, so overall there has been an increase in investment rather than a reduction.

In response to questions Christ Holme gave the following answers:

- There has been a recommended reduction with social welfare advice, though not as much as the original cabinet decision. It is felt that this service is not sustainable in the long term and there is a need to redirect people through the employability route
- One of the recommendations that the mayor did agree is that officers should monitor the affects of the welfare changes on the community. There is a deliberate attempt to put money through the employability route, in certain areas there are other sources of financing such as the Big Lottery that can support organizations. Moreover, there is an additional £945,000, some of which may go towards supporting the Third Sector to provide welfare support.

The Chair asked each officer the following questions:

- Are you satisfied that funding process was followed correctly in allocations made in their directorates?
- Are you satisfied that the eligibility assessments made were thorough and ensured fairness and transparency?
- Are you satisfied that balanced portfolios of projects had been funded in their funding streams?
- Would you agree that a fair borough wide / 3rd sector wide allocation of MSG had been achieved for their funding streams?

All but one officer confirmed that this was correct in so far as this pertained to information supplied by grant applicants.

Frances Jones, One Tower Hamlets Service Manager made the following points:

- In terms of the process, officers worked stream by stream looking at the overall balance of the recommended allocation of the different protected groups under the Equalities Act. They completed a summary of the need of the different service funding and then assessed the recommendations the programme board made at each stage and mapped the need in terms of the proposal allocation spend. The purpose of the Equalities system was to inform those making the decisions, of the impact on protected groups. Each time the decision of funding changed, the Equalities assessment was revisited.
- There is an established process for EQIAs, the approach followed was the same but the content varied according to officer's knowledge on the various areas.

In response to a question, Jill Bell confirmed that the EQIA was not completed during the time when the programme boards were reviewing the grants. She continued that as the programme board looked at the different funding streams the officers presented their recommendations and at that point were looking at the equalities issues. However, each time any decision changed, the Board revisited the EQIA to ensure that they were fulfilling their duty under the Equalities Act. The EQIA was not finalized until the final recommendations were all been made, which was on 30 November 12.

Chris Holme also commented that one of the problems was that as the initial recommendations were being finalised it became clear that there was no settled EQIA and only upon this completion did the Board recognize that there were issues that had not been addressed.

The Committee's discussion of the call-in brought forward the following views:

- The Committee further expressed disappointment that neither the Mayor nor the relevant 'call-in' members were in attendance at the O&S Committee meeting, leaving officers to answer questions intended for the decision maker. They felt that this denied the Committee and public the opportunity to hear from the Mayor his reasons for the allocations of grants.
- The committee remained concerned with the disproportionate funding allocation to the E1 and E2 areas.
- The committee remained unhappy with the lack of transparency and accountability of the decision making process.
- The committee felt that they should have had unhindered access to information and also noted that a lot of paper work was missing.
- The Committee remained concerned about the increase of funding allocations to some organisations, which differed greatly from officers' original recommendations.
- The Committee wanted clarification behind the funding of a lot of new untested applications in favour of established ones.

The Committee felt that the decision on a matter of great importance had been taken in an unaccountable and opaque way. The Chair would therefore request to meet with the Mayor to address her issues

Following discussion, the Overview and Scrutiny Committee endorsed the reasons for the call-in and resolved to refer the decision back to the Mayor for further consideration.

The Committee also endorsed the Chair's comments, In particular, that the matter be referred to the District Auditor for further probing.

4. EXCLUSION OF THE PRESS AND PUBLIC

The Chair **Moved** and it was: -

Resolved:

That in accordance with the provisions of Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985, the press and public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contained information defined as exempt or confidential in Part 3 of Schedule 12A to the Local Government, Act 1972.

5. SECTION TWO REPORTS 'CALLED IN'

5.1 Mayor's Strategic MSG Programme

This item was considered in closed session.

The meeting ended at 9.00 p.m.

Chair, Councillor Ann Jackson
Overview & Scrutiny Committee