Grants Determination Sub Committee 28th March 2017	
Report of: Aman Dalvi, Corporate Director Growth and Economic Development	**Classification:** Unrestricted
BUILDING LEGACIES MATCH FUNDING APPROVAL	

Lead Member	**Councillor Joshua Peck, Cabinet Member for Work and Economic Growth**
Originating Officer(s)	Melanie Aust, Business and Town Centre Manager
Wards affected	All wards
Key Decision?	No
Community Plan Theme	**A Fair and Prosperous Community**

Executive Summary

This report seeks approval for £25,000 of match funding support for the Building Legacies project currently being delivered in East London (including in Tower Hamlets). Following an invitation from East London Business Alliance (ELBA) for the Council to participate in the European Regional Development Fund (ERDF) funded project, a letter of commitment in principle was issued by the Council on 25th September 2015. The letter confirmed 'support to the value of £25,000 for the lifecycle of the project (subject to the Council's financial protocols and approval through the Council's Commissioner processes)'. Approval of the match funding levers inward investment into the borough of a proportionate element of the total value of this project which is £1.62 million.

Recommendations:

It is recommended the Grants Determination Sub Committee:

1. Approves the provision of match funding support for the Building Legacies project in the sum of £25,000.

1. REASONS FOR THE DECISIONS

1.1 The Building Legacies project is concerned with the enhancement of the capacity of SME's through tendering processes to larger organisations.

1.2 The Council agreed in principle to support this project by providing some match funding support in September 2015.

1.3 The proposal to offer match funding provides the Council with the opportunity to capitalise on a proportionate inward investment of £1.62 million across the programme of activities offered by Building Legacies, which suggests good value for money to the Borough.

2. ALTERNATIVE OPTIONS

2.1 A decision not to approve could be taken. However that would not see the materialisation of the inward investment potential identified above.

3. DETAILS OF REPORT

3.1 East London Business Place (ELBP) develops supply chains which benefit Tower Hamlets enterprises, and enhances the capacity of local enterprises to make supplies of goods and services through procurement processes. ELBP, formerly part of the Canary Wharf Group, has provided these services in East London for some years. For certain projects (including Building Legacies) funding for ELBP is made through ELBA.

3.2 Following an invitation from the Chief Executive of ELBA for the Council to participate in an ERDF funded Building Legacies project, the Council issued a letter of commitment in principle on 25th September 2015.

3.3 This letter confirmed support to the value of £25,000 for the lifecycle of the project, subject to the Council's processes.

3.4 This project is concerned with the enhancement of the capacity of SME's to tender for contracts with large organisations. It follows on from a previous project entitled 'Fit for Legacy' which ran from July 2012 to March 2015.

3.5 Building Legacies is currently being implemented and will deliver from January 2016 to end of December 2018.

3.6 The lead organisation for the project is Newham College of Further Education, with ELBA (as the funding organisation) and Canary Wharf Group as delivery partner. ERDF resources for the project total £810,000 and a similar level of match funding support is required. Of the commitment of ELBA to their share of match funding, £175,000 is identified as emanating from London Boroughs

who are participating in the project. It is in this connection that ELBA sought support from the Council.

3.7 Tower Hamlets has a place on the Steering Group established to oversee the delivery of the project and therefore has a partnership role in the implementation of the project.

3.8 The following table sets out the outputs specified to be achieved in London and offered to the Council as a result of participation in the project:

Outputs	**Whole project (London-wide)**	**Tower Hamlets**
Number of enterprises receiving support	400	94
Number of enterprises supported to introduce new to the firm products	95	24
Number of new enterprises supported	53	13
Employment increase in supported enterprises	60	14.5

4. COMMENTS OF THE CHIEF FINANCE OFFICER

4.1 This report seeks the approval of the Grants Determination Sub-Committee to the release of funding of £25,000 as a contribution towards the 'Building Legacies' project that is being delivered in East London.

4.2 The total value of the project is £1.62 million of which half (£810,000) will be financed by the European Regional Development Fund (ERDF).

The total required match funding of £810,000 is made up as follows:

East London Business Alliance (ELBA)	£360,000
Newham College	£300,000
Canary Wharf Group	£150,000

The Council's proposed contribution of £25,000 is included within the ELBA funding which consists of:

London Authority Contributions	£175,000 *
London Legacy Development Corporation (LLDC)	£110,000
Private Sector Contribution	£ 75,000

* Includes LBTH contribution of £25,000

4.3 In 2015/16 New Homes Bonus funding for London boroughs was top-sliced in order to fund Local Enterprise Partnership (LEP) priorities via the Greater London Authority (GLA). As a result, Tower Hamlets' New Homes Bonus allocation was reduced by £7 million, but following a bidding process managed by London Councils, the authority was successful in securing an allocation of £7.021 million to finance projects designed to encourage local enterprise in the borough, support local businesses and improve employment

opportunities for residents. Spending plans have been agreed by the GLA of which £1,321,110 was approved for the 'Supply Tower Hamlets' project - £25,000 of this element will be applied to finance the contribution to the 'Building Legacies' project.

5. LEGAL COMMENTS

5.1 Whilst there is no strict legal definition of grant, a grant is in the nature of a gift and is based in trust law. However, grants are often given for a purpose so it is sometimes unclear whether a grant has been made or the arrangement is a contract for services.

5.2 There will be many grants which are made by the Council for the purpose of discharging one of its statutory duties. However, as a grant is in the nature of a gift, it is considered there must be some element of discretion on the part of the Council as grantor as to whom a grant is made to and whether this is made. If the Council is under a legal duty to provide a payment to a specific individual or organisation, and cannot lawfully elect not to make such a payment, then that should not amount to a grant.

5.3 In this case, the Council is not under a legal duty to provide this payment. The payment is discretionary and therefore considered to be a grant.

5.4 There is a need to ensure that the Council has the power to make the grants in question. In that regard, the proposed grants are supported by the Council's general power of competence. Section 1 of the Localism Act 2011 gives the Council a general power of competence to do anything that individuals generally may do, subject to specified restrictions and limitations imposed by other statutes.

5.5 When considering whether to approve the grant, consideration should be given to the arrangements in place to ensure that the power that is exercised is consistent with its best value arrangements. The Council is obliged as a best value authority under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness" (the Best Value Duty). Paragraph 7 below considers this in further detail.

5.6 When implementing the scheme, the Council must ensure that no part of the funds issued represents a profit element to any of the recipients. The inclusion of profit or the opportunity of making a profit from the grant or third parties indicates that the grant is really procurement activity and would otherwise be subject to the Council's Procurement Procedures and other appropriate domestic and European law. This would mean therefore, that the Council would have failed to abide by the appropriate internal procedures and external law applicable to such purchases.

5.7 When making grants decisions, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). A proportionate level of equality analysis is required to discharge the duty and information relevant to this is contained in the One Tower Hamlets section of the report.

6. ONE TOWER HAMLETS CONSIDERATIONS

6.1 Support will be provided to a range of SME's in the borough supporting them to supply through tendering processes to larger organisations.

7. BEST VALUE (BV) IMPLICATIONS

7.1 The match funding provision of £25,000 enables the Council to capitalise on a proportionate investment in the borough of £1.62 million. It is felt that this is providing good value for money.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

8.1 This project is aimed at enabling local businesses to compete effectively for local tenders.

9. RISK MANAGEMENT IMPLICATIONS

9.1 This funding provides match funding to a project that is already in implementation and delivering good results. Involvement in the project's Steering Group will enable the Council to participate in the implementation process going forward to ensure that the outputs offered are achieved or action taken to minimise any risk attaching to poor performance or focus.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

10.1 There are no implications for crime and disorder reduction.

11. SAFEGUARDING IMPLICATIONS

11.1 There are no safeguarding implications.

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- None

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None

Officer contact details for documents:
N/A