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| Grants Determination (Cabinet) Sub-Committee Report 28th March 2017 |  TOWER HAMLETS |
| Report of: Zena Cooke, Corporate Director Resources | Classification: Unrestricted |
| MSG Project Performance Update Report – Period 5 October to December 2016 | |

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| Lead Member | Rachel Saunders |
| Originating Officer(s) | Steve Hill – Head of Benefits Services |
| Wards affected | All wards |
| Key Decision? | No |
| Community Plan Theme | One Tower Hamlets |

EXECUTIVE SUMMARY

The Main Stream Grant (MSG) 2015/18 Programme was approved by Commissioners on 29 July 2015 and runs from 1 September 2015 through to 31 August 2018.

The Programme is made up of five (5) broad Themes covering a range of activities and services. The activities and services are being delivered by a portfolio of projects each of which has targeted outcomes to achieve during the course of the programme period.

The reports to Grants Determination (Cabinet) Sub Committee on 14th February covered Red and Amber performance rated projects for the period ending December 2016. This report updates the Committee on the premises related issues and provides the Committee with the appendices detailing project performance for the period (October to December 2016).

Following Committee decisions on 14th February there are 2 Red rated projects and 2 Amber rated projects for this period. However there are a number of ongoing premises issues that are in the process of being resolved.

Projects are classified as either Green, Amber or Red within the Council's agreed performance management framework.

RECOMMENDATIONS:

The Grants Determination Sub-Committee are recommended to:

1. Consider the options to resolve the outstanding property related matters for the organisations listed in section 3 of the report
2. Consider the recommendations at 3.2, 3.3, 3.9 and 3.11.

1. REASONS FOR THE DECISIONS

- 1.1 To comply with Commissioners instructions that no funding be released to Mainstream Grants recipients based in Council buildings until an appropriate property agreement is in place.
- 1.2 Regular performance updates ensure that the MSG Themes and individual projects are on track to achieve the targeted outcomes.
- 1.3 Any issues that raise concerns can be addressed and appropriate remedial actions agreed. Where necessary, this could include the reduction, withdrawal or reallocation of funds to ensure that the overall Programme is making the most effective use of resources and maximising the potential achievement of agreed aims and objectives.

2. ALTERNATIVE OPTIONS

- 2.1 The Grants Determination Sub-Committee may wish to request further information or consider alternative recommendations detailed within the report.

3. DETAILS OF REPORT

- 3.1 Monitoring of Mainstream Grants recipients has identified the following organisations in council buildings. It should be noted that all of these buildings with the exception of the premises occupied by Children Education Group ('CEG'), do not form part of the community buildings portfolio. An update on each organisation is detailed below for the Grants Determination Sub-Committee.

The organisations are:

3.2 Children Education Group

A meeting was held on Friday 3rd March with CEG, the Mayor, and Council officers. The need to enter into an appropriate property agreement as a matter of urgency was stressed to CEG and it was explained that any grant payments were predicated on such an agreement being signed and in place.

The Council has prepared Heads of Terms for the Children Education Group's continued occupation of Harkness House Community Centre. CEG have been advised they must respond to the Head of Terms within seven days, Failure to do so will have serious consequences for their MSG programme allocation as well as their continued use of the property.

It was also noted that subject to an appropriate property agreement being in place, payments of MSG could only be made for periods where performance outputs and outcomes had been met and that the Third Sector Team would need to support the project to commence delivery again.

Recommendation 1 – That the Children Education Group (CEG) must have entered into an appropriate property agreement within seven (7) days of the issue of the Heads of Terms by the Council. If CEG have entered into an agreement, MSG payments can be released subject to satisfactory performance. In the event that CEG have not entered into an appropriate property agreement within seven (7) days of the issue of the Heads of Terms, CEG are to be removed from the current MSG programme and no further MSG payments are to be made.

3.3 Bethnal Green Weightlifting Club

The Bethnal Green Weightlifting Club and Ability Bow are meeting with council officers on Thursday 9th March to explore the possibility of the two organisations delivering their services from the current premises occupied by the Bethnal Green Weightlifting Club. Once the meeting has taken place a view will be taken as to how to proceed (ensuring the Bethnal Green Weightlifting Club enter into an appropriate property agreement) and what options and support may be available to them as part of that process.

Recommendation 2 – that if the outcome of the meeting between the Bethnal Green Weightlifting Club and Ability Bow presents an opportunity for sharing the rental for the premises; MSG should continue to be paid monthly in arrears until the agreement is signed. A reasonable timeframe will be agreed between the Council and the Weightlifting Club. If the outcome of the meeting does not provide a solution, Bethnal Green Weightlifting Club will be required to confirm their intentions and an update for Grants Determination Sub Committee will be provided in line with agreed policy.

3.4 Black Women’s Health and Family Support (Russia Lane)

The Black Women’s Health and Family Support (BWHFS) organisation is currently considering the Heads of Terms that were issued to the organisation on the 1st February 2017.

The Council is proposing the grant of a new lease for the first floor at 82 Russia Lane, London, E2 9LU to Black Women’s Health and Family Support for a three or five-year term, commencing on 1st April 2014, at an annual rent of £25,000 per annum.

The Council has asked BWHFS for an update on their deliberations. The Council is also exploring potential ways in which the organisation may be assisted as it also provides commissioned services in addition to its MSG funding.

An update will be provided to Grants Scrutiny Sub Committee and the Grants Determination Sub Committee meetings, setting out the outcome of the discussions with Black Women’s Health and Family Support and the recommended options which may include consideration of Emergency Grant Funding, a variation to the MSG agreement and a contract variation.

3.5 Age UK East London (Russia Lane)

Age UK East London were sent Heads of Terms for a lease on 9th February 2017 for the organisation's comments.

The Council is proposing to grant a new lease for the second floor at 82 Russia Lane, London, E2 9LU to Age UK East London for a three-year or five-year term, commencing on 1st April 2014, at an annual rent of £25,000 per annum.

It should be noted that Age UK's MSG performance is good. The organisation has consistently met GREEN performance ratings for delivery of their projects and the recent RED performance ratings have been applied due to the premises conditions for grants. The organisation is being paid monthly in arrears rather than quarterly in advance while the premises issue is resolved.

Age UK East London has written to the council to express a number of concerns about the council's proposals.

Some of the issues raised by Age UK East London include (among others):

- concerns about the rental level,
- the commencement date of the lease and specifically the decision to backdate the lease for two years (at a cost of £25k p.a.),
- the impact this has had on their MSG RAG performance rating

The Council is looking into all of the concerns raised and is responding to Age UK East London.

The Council is exploring potential ways in which the organisation may be assisted as it also provides commissioned services in addition to its MSG funding.

An update will be provided to Grants Scrutiny Sub Committee and the Grants Determination Sub Committee meetings, setting out the outcome of the discussions with Age UK and the recommended options which may include consideration of Emergency Grant Funding, a variation to the MSG agreement and a contract variation.

3.6 Pollyanna Training Theatre (Wapping TRA)

The Council's Asset Management Team have terminated the Tenancy at Will with the Wapping TRA and Community Centre, with effect from 6th February 2017. Correspondence has also been sent to Pollyanna Training Theatre suggesting heads of terms for the grant of a Tenancy at Will in the interim and for a maximum of 6 months.

The council has undertaken a review of the arrangements with the Wapping TRA and Pollyanna Training Theatre; the draft recommendations arising from the review are being considered and a formal response and action plan is being prepared.

An update will be provided to Grants Scrutiny Sub Committee and the Grants Determination Sub Committee meetings setting out the latest position regarding both organisations and the recommended options for the payment of MSG.

- 3.7 Officers of the Council met with the Chief Executive of THCVS on Wednesday 8th March to consider the premises issues and how they might best be addressed to ensure that the requirements of the MSG agreements relating to property are met, whilst recognising and responding to the concerns that have been raised by the affected organisations.

Premises Audit Update

- 3.8 As set out in the report to the January 17th meeting, an audit of all MSG projects being delivered from Council buildings (whether as the main delivery site or an outreach site) has been undertaken. The purpose of this exercise was to provide full assurance that all MSG recipients were meeting the premises condition for grants. As part of the exercise, Officers in the Third Sector Team have gathered evidence of agreements between organisations and the premises they are using. Organisations based in buildings which the Council has an interest in have been prioritised. The Council's Asset Management Team is also verifying the evidence that has been received from the relevant organisations as part of the assurance.

It should be noted that for outreach sites the exercise has demonstrated that although there may be no formal written agreement in place, evidence has been gathered from organisations to confirm they have permission to use the premises in question. This evidence ranges from email confirmation from the site managers, letters confirming arrangements, evidence of payments made for room bookings etc. some of which has been identified as insufficient. What the Council is seeking is assurance that the organisation have an agreement in place which corresponds to the length of the grant payment period.

The Council has produced a model agreement form. Where an appropriate agreement form is not in place, the newly devised form has been issued to organisations based in buildings which the council has an interest in and also to the Premises Managers. A deadline for the return of the completed form has been set for 14th March 2017.

This process has taken some time working with Premises Managers and organisations, some have disputed the necessity of the forms and whether they are proportionate with the use given in some cases the provision is as simple as a table in the foyer of an Idea store, use of a football pitch at Mile End Leisure Centre, use of a playground in a School etc. Nevertheless the information is being obtained with the objective to secure appropriate property agreements where currently no such arrangements are in place.

The council issued 41 new agreements to replace the arrangements which were previously in place. The deadline for return is 14th March 2017. As at 9th March 2017 13 signed agreements have been received.

An update will be provided to Grants Scrutiny Sub Committee and the Grants Determination Sub Committee meetings on the completion of the assurance work and the agreement forms.

3.9 **Our Base LTD**

The organisation is based at the community space at 16 Goulston Street which is owned by the London Metropolitan University and was leased to LBTH on the 13th April 2011 for 125 years. It was identified on the 6th February 2017 that the organisation does not currently have an appropriate agreement in place for their occupation of the building.

Council officers are meeting with Our Base Ltd on 9th March 2017 to confirm to the organisation the requirement to enter into an agreement and the process for doing so.

Recommendation 3 - in line with agreed policy, it is recommended that MSG payments are suspended to Our Base LTD until an appropriate property agreement is in place.

3.10 **Betar Bangla**

This project is due to end at the end of this month and has received its final grant payment.

The Council are in the process of challenging the landlord over the sub-letting arrangements and the terms of the lease, following confirmation of the basis of the agreement given to Betar Bangla by Blue Pearl who are the tenants of the building.

3.11 **Family Action**

The organisation provides services from Albert Jacob House, 62 Roman Road, where it uses a few desks for their service delivery.

The council is preparing a licence and the organisation has confirmed its intention to sign once the licence is ready.

Recommendation 4 - as the process for preparing a licence is underway, MSG payments to Family Action should continue to be paid monthly in arrears pending the appropriate premises agreement being signed within an appropriate timeframe.

3.12 Attached to this report are the updated appendices for period 5 October to December 2016. These are the usual set of appendices provided with the quarterly MSG Performance reports.

4. **COMMENTS OF THE CHIEF FINANCE OFFICER**

4.1 This report provides an update on the Councils MSG programme, budgeted at approximately £3.049m per annum or £9.148m, over the three year period 2015/18.

4.2 There are sufficient resources within directorate budgets to fund the agreed programme over the 3 year period.

- 4.3 The report highlights a number of instances where approved grant awards will not be made, either because the organisation has declined the award or organisations have not met project milestones.

5. LEGAL COMMENTS

- 5.1. The Council has a duty under 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. This is referred to as the Council's best value duty. Best Value considerations have also been addressed in paragraph 7 of the report.
- 5.2 Applying this duty to grants, the Council must operate a fair and open application procedure to process a request to obtain funding. Requests for grant funding should ordinarily be measured against a predetermined set of criteria and the criteria themselves must be fair and transparent. The grant agreement should include a clear monitoring process against defined parameters in order for the Council to demonstrate either: that delivery is in line with the application and, therefore, the grant achieved its purpose; or provide clear delineation where outcomes were not achieved and the reasons for such failure are apparent. Monitoring should therefore include measuring performance against the expected outcomes.
- 5.3 This report provides the Sub-Committee with a performance update advising as to the MSG Themes and whether individual projects are on track to deliver the agreed outputs and outcomes. There are four (4) specific recommendations all of which are appropriate and in line with agreed procedures.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1. The contribution of VCS Organisations helping to deliver One Tower Hamlets objectives and priorities are explicitly recognised and articulated within the Council's agreed VCS strategy.
- 6.2 VCS organisations play a key role in delivering services that address inequality, improve cohesion and increase community leadership. These services are real examples of 'One Tower Hamlets' in practice.
- 6.3 The opportunities offered through the MSG Programme will play a key role in delivering the aims of one Tower Hamlets.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1. The level of awards to organisations was determined by the quality of their individual applications as well as the overall demand for the funds available within each Theme.
- 7.2 Additionally, the application appraisal process took into consideration the proposed levels of outputs and outcomes to be delivered as well as the organisation's track record and the bid's overall value for money rating.

- 7.3 There will be ongoing performance management of the approved portfolio of projects to ensure that interventions meet the required standards; that the evidencing of project achievements and expenditure are accurately recorded and reported.
- 7.4 Monitoring and reporting arrangements are in place to ensure that payments to organisations are in line with performance. The agreed Payment By Results process will ensure that grants will not be paid to organisations that either significantly or consistently under-perform, or those that are not able to properly evidence the work/outcomes for which funding has been approved.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 The MSG 2015/18 Programme has a broad focus including developing new skills for local people and organisations that are disadvantaged and perhaps facing multiple barriers to achieving a sustainable future.
- 8.2 All programme beneficiaries be they individuals or local organisations will be encouraged to consider taking appropriate steps to minimise negative impact on the environment when taking up the opportunities offered within the programme and on an ongoing basis.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 A number of different risks arise from any funding of external organisations. The key risks are:
- The funding may not be fully utilised i.e. allocations remain unspent and outcomes are not maximised
 - The funding may be used for purposes that have not been agreed e.g. in the case of fraud
 - The organisation may not in the event have the capacity to achieve the contracted outputs/outcomes
- 9.2 The monitoring being undertaken has identified a small number of projects that have been rated either Red or Amber within the Council's RAG performance rating process. In these circumstances either formal project improvement plans or other appropriate arrangements have been put in place to minimise the risk of further/significant underperformance.
- 9.3 As part of the ongoing programme management arrangements, support, advice and guidance will be made available projects to ensure that all performance and other risks are minimised.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 The activities, services and outcomes that are being targeted through the MSG Programme support the objectives of reducing crime and disorder; this is particularly true of the projects delivering under the Community Engagement Cohesion and Resilience Theme.

10.2 Throughout the programme as a whole however, those people involved in, or at risk of involvement in the criminal justice system will be targeted for support.

11. SAFEGUARDING IMPLICATIONS

11.1 As part of the initial application process organisations were required to provide details of their safeguarding policy if appropriate. The Grant Agreement that funded organisations have entered into includes requirements in relation to safeguarding.

11.2 Organisations providing services to children or vulnerable adults and employing staff or volunteers in a position whose duties include caring for, training, supervising or being responsible in some way for them, are required to fully comply with all necessary safeguarding requirements.

Linked Reports, Appendices and Background Documents

Linked Reports

- **MSG Project Performance Report – Period 5 – October to December 2016 (14th February 2017)**
- **MSG Performance Addendum Report – Period 5 – October to December 2016 (14th February 2017)**

Appendices

Appendix 1 – Project Performance October to December 2016

Appendix 2 – RAG status

Appendix 3 – Beneficiary data

Appendix 4.1 – Theme 1 summary

Appendix 4.2 – Theme 2 summary

Appendix 4.3 – Theme 3 summary

Appendix 4.4 – Theme 4 summary

Appendix 4.5 – Theme 5 summary

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

- None

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