

<b>Grants Determination Sub Committee</b> 6th June 2018	
<b>Report of:</b> Zena Cooke, Corporate Director Resources	Unrestricted
<b>MSG Extension Report</b>	

<b>Originating Officer(s)</b>	Steve Hill - Head of Benefits Services
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	Yes
<b>Community Plan Theme</b>	All

## **REASONS FOR URGENCY**

This report is urgent due to the extension considerations for Mainstream Grants and the decisions required in relation to the extension.

## **EXECUTIVE SUMMARY**

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

At the 12<sup>th</sup> September 2017 Grants Determination Sub-Committee meeting, an extension to the programme was agreed to 31<sup>st</sup> March 2019. In order to facilitate a longer co-production process for Community Commissioning, this report proposes a further extension of the current MSG programme to 30<sup>th</sup> September 2019.

Currently the programme has 112 live projects operating across four different funding themes. Projects are delivering a diverse range of community activities and services including supporting vulnerable residents, upskilling young people to enable them to take advantage of emerging employment opportunities, lunch clubs for the elderly etc. Each project has targeted outcomes to achieve.

The October to December 2017 monitoring reports submitted in January 2018 by grant recipients have been subject to assessment, monitoring and verification in order to inform the Red, Amber, Green (RAG) performance status used as the basis for determining satisfactory performance.

In light of the extension to the programme, Monitoring Officers have liaised with project providers to ensure that an extension is desired and that it is practical to extend without changing the nature of the project. Premises issues have also been considered to ensure suitable premises agreements are in place.

Appendix 1 lists the individual projects recommended for extension to 30 September 2019 .

Appendix 2 lists the individual projects not recommended for an extension.

## **RECOMMENDATIONS**

The Grants Determination Sub Committee are recommended to:

- i) Agree that the current MSG programme be extended by six months to 30 September 2019 for those projects which receive grants and which are also performing satisfactorily.
- ii) Consider and agree the recommendations for the extension of individual MSG funded projects to 30<sup>th</sup> September 2019, as detailed in Appendix 1.
- iii) Consider and agree the recommendations for individual projects not to be extended as set out in Appendix 2
- iv) Delegate to the Corporate Director of Resources the negotiation and signing of Grant Offer extension letters setting out the detailed targets and conditions for the extension period.
- v) Agree that a condition of the extension will be for projects to maintain satisfactory performance up to the end of the current three year MSG programme, which is 31 August 2018.

## **1. REASONS FOR THE DECISIONS**

The decisions are required in order that the Council is able to manage current grant agreements with existing service providers; advise all projects/organisations of the outcome of decisions relating to extensions of existing grant agreements, and where necessary agree variations for the extension.

## **2. ALTERNATIVE OPTIONS**

- 2.1 If the extensions to the MSG programme are not agreed, the alternative option would be to allow all current grant agreements to end at the end of the three year MSG programme, 31st August 2018. This could have a detrimental impact on residents e.g. vulnerable residents accessing advice services, employment support, youth projects, luncheon clubs etc. as there will be no replacement service provision in place at this point. .

### **3. DETAILS OF REPORT**

#### **Introduction**

- 3.1 The Mainstream Grants (MSG) 2015-18 programme was approved by Commissioners in July 2015 for three years from September 2015 to August 2018.
- 3.2 The Council is committed to providing a continuation of projects and services delivered by VCS organisations while new programmes are developed.
- 3.3 Extensions to MSG programmes are not new. The previous MSG programme which ran from 2012 to 2015 was extended by five months by Commissioners.
- 3.4 The new programmes currently being developed include 'Community Commissioning' where service delivery will be subject to contracts, together with a new corporate grants policy which includes some delivery funding through grants.

#### **Extension of the MSG programme**

- 3.5 At its meeting on 12 September 2017, this Sub-Committee received a report which discussed proposals to replace the existing Mainstream Grants with a new commissioned funding programme to be developed through a process of co-production with VCS organisations and other stakeholders. The report highlighted the need for adequate timescales to carry out the process of co-production which was, at that time, a new way of working for the Council.
- 3.6 In order to facilitate the co-production engagement process, the Sub-committee agreed to extend the current MSG programme by seven months to 31 March 2019.
- 3.7 The co-production process began at the end of 2017 and the outcome of the first phase, the framework and rationale for the Community Commissioning programme, was agreed by the Mayor in Cabinet on 20 March 2018.
- 3.8 The engagement of voluntary and community sector organisations in the co-production of the new Community Commissioning programme has exceeded expectations. Over 100 organisations have actively participated in the open co-production sessions, one to one surgeries with officers and other forums. Many organisations have participated in most or all of the open sessions as the process has developed.
- 3.9 It has become apparent that there could be real benefits to the final outcome of the programme from giving more time to continue and further develop these valuable co-production conversations before decisions are made on the final shape of the programme and the services it will deliver.
- 3.10 This additional time would provide the opportunity to improve the quality of commissioned services through:

- Allowing more detailed conversations on specific service areas, giving organisations and networks such as the Children and Youth Forum and TH Community Advice Network the opportunity to undertake focused co-design work with commissioning managers in their particular service areas;
- Extending our outreach to have more discussions with organisations which have not engaged up to now, and
- The potential to extend co-production to directly involve service users

The additional time would give the VCS:

- More opportunities for training and support to ensure they have the best chance of being able to take advantage of the commissioning opportunities, and
- More time to manage the transition from grants to commissioning, developing partnerships and consortia where appropriate, to deliver new services more effectively.

3.11 There may also be some benefit from having more time to consider the range of procurement routes, ranging from the full formal and open tendering of larger contracts to the more light touch Request for Quote process used for lower value contracts.

3.12 The revised timescale for Community Commissioning will be,

2018	Summer/ early autumn	Co-production of services
	Late autumn/ winter	Bidding process
2019	Spring	Evaluation process
	Late spring/ early summer	Decision making process
	Summer	Contract mobilisation
	1 October	New services commence

3.13 In order to give more time to co-produce the Community Commissioning programme it will be necessary to extend the current Mainstream Grants programme to 30<sup>th</sup> September 2019. This would also avoid the risk of vulnerable service users being set at a disadvantage by loss of support from current MSG funded projects if the existing grants came to an end on 1 April 2019 and new services were not in place until 1 October 2019.

3.14 The extension of funding for individual projects will be by mutual consent and there is the possibility that some organisations may choose to decline the Council's offer to extend funding. Where this happens, the Council would have to consider whether to allow the funded project to draw to an end in an orderly way or to seek an alternative provider for the extension period. In the event of this situation arising, a further report will be brought to the Sub Committee.

#### **Determining satisfactory performance**

3.15 The MSG Programme currently has 112 live projects.

- 3.16 The MSG Performance Report for October to December 2017 details the key achievements, payments and commentary on project delivery together with the RAG status for individual projects. These performance ratings together with an Officer assessment of cumulative performance of individual projects inform the recommendation whether the project is performing satisfactorily and whether or not it should be extended.

### **Ensuring projects are able to be extended**

- 3.17 Ideally each project approved for extension will be able to carry over its activities, outputs, milestones and funding on a pro rata basis.
- 3.18 Key factors include:
- Can the activities be carried over the lifetime of the extension period? e.g. does the project activity have year long cohorts whose ending coincides with the end of the programme in August 2018? Is the culmination of the project achieving a qualification over a period of time longer than the proposed extension etc.?
  - Is match funding available beyond August 2018? e.g. can part funded organisation staff continue to work on the project post August 2018?
- 3.10 When determining whether an extension should be recommended officers have established whether the organisation wishes to and is capable of extending the project. Any organisation which has no desire to extend their project or is unable to extend, will not be recommended for extension.

### **Significant Variation**

- 3.11 In some cases although it is practical and desirable to continue the project if the changes required to facilitate the extension are significant, they will require specific approval and will follow the Significant Variation request process.

### **Impact of premises issues**

- 3.12 A key part of the MSG 2015-18 conditions of grant is that organisations in Council Buildings have appropriate property arrangements in place to cover the period of the grant funding.
- 3.13 In some cases the Red performance status of the project will include an outstanding premises issue. However, each organisation is dealt with on an individual basis and consequently there may be occasions whereby although an organisation may not have a lease in place, the Grants Determination Sub Committee will approve grant payments if the organisation has indicated a clear willingness to engage with the process and/or in instances where any delay may be as a consequence of outstanding Council action.

## Summary

- 3.14 The table below summarises the number of projects recommended for extension and the factors that have been considered as part of the recommendation:

<b>RAG Status</b>	<b>No. of projects</b>	<b>Premises issues</b>	<b>Significant Variation required</b>	<b>Other Issues</b>	<b>Recommended for extension</b>
GREEN	105	24	1	n/a	105
AMBER	1	n/a	n/a	n/a	1
RED	6	3	1	n/a	3

- 3.15 Appendix 1 and 2 lists the projects recommended and not recommended for extension with rationale and the value of grant extension/amount. In light of premises and performance reporting issues during the last twelve months the recommendation is not to extend the three Tower Hamlets Youth Sports Foundation (THYSF) projects beyond the end of original three year programme.

## 4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 The report seeks approval for the rollover of mainstream grants following a review of performance.
- 4.2 There are sufficient resources within directorate budgets to fund the agreed programme over the period of 13 months to 30th September 2019.
- 4.3 The report highlights a number of instances where approved grant awards will not be made as the organisations have not met key project milestones, within the agreed timescale.

## 5. LEGAL COMMENTS

- 5.1. The Council has a legal duty both in terms of Best Value and under administration law to operate a fair and open application procedure to the allocation of grant monies.
- 5.2. The extension of the existing grant agreements tends to be contrary to this general legal obligation. However, it is justifiable in order to ensure that the Council properly prepares for the next application event. Therefore, the extension is necessary to safeguard the fairness of the next application procedure by properly completing the coproduction work.

- 5.3. The completion of the coproduction work will also improve compliance with the best value duty by ensuring that the money spent better meets the Council's objectives.
- 5.4. When considering which grants to extend the Council has taken into account the ability to demonstrate the economy efficiency and effectiveness of the grants in line with its Best Value duty.

## **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 Voluntary and Community Sector 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 bids 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.
- 7.5. This monitoring and reporting will continue through the extension period.

## **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 to 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.



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## **Linked Reports, Appendices and Background Documents**

### **Linked Report:**

- Grants Determination Cabinet Sub-Committee 12 September 2017 'Extension of Mainstream Grants and Corporate Grants Policy'

### **Appendices:**

- Appendix 1 – Projects recommended for extension
- Appendix 2 – Projects not recommended for extension

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

- None

### **Officer contact details for documents:**

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