

Committee: Cabinet	Date: 2 nd December 2009	Classification: Unrestricted	Report No:	Agenda Item:
Report of: Lutfur Ali, Assistant Chief Executive Originating officer(s) Jon Underwood, Everett Haughton, Strategy and Performance		Title: Corporate Match Funding Wards Affected: All		

1. **SUMMARY**

- 1.1 The Council's Third Sector Strategy identified over £55m of Council funding to Third Sector organisations from over 35 different funding streams. In order to deliver unavoidable savings, reductions have been applied to some of these funding streams. However, arising from the recommendations in the Third Sector Strategy, investment has been secured to establish a new Council for Voluntary Services and a small grants pot. As a result there will be a net increase in Council investment in the Third Sector in 2009/10, 2010/11 and 2011/12.
- 1.2 A key element of the Council's £55m investment in the Third Sector is the annual £4m grant funding allocation. This paper sets out recommendations in relation to the Corporate Match Funding (CMF) stream for 2010/11 and the administration of the small grants pot based on the recommendations in the Third Sector Strategy.

2. **RECOMMENDATIONS**

- 2.1 Cabinet is recommended to:
- Approve the proposals for the allocation of the Corporate Match Funding for 2010/11 and agree that a full review of the focus of Corporate Match Funding is undertaken in 2010/11 (sections 3, 4 and 5)
 - Agree the proposals for the allocation of the new funding stream established by the Third Sector Strategy (section 6 and 7)

3. **BACKGROUND TO CORPORATE MATCH FUNDING**

- 3.1 Corporate Match Funding (CMF) is one of the Council funding streams used to grant fund Third Sector organisations to support the delivery of the Community Plan. Specifically, CMF has been used to match fund Third Sector Organisations to draw in funding to deliver objectives around regeneration and worklessness.

CMF for 2010/11 amounts to £660,000 though savings options that will impact on the size of the fund have been put forward.

- 3.2 The current allocation, set out in Appendix 1, is due to expire at the end of 2009/10. This paper proposes that the current allocation is maintained for 2010/11 and a full review undertaken in this year.

4. PROPOSALS FOR THE 2010/11 ALLOCATION OF THE CORPORATE MATCH FUNDING

- 4.1 It is proposed that the current allocation of CMF, set out in Appendix 1, be continued for 2010/11. Specifically, this will only apply to projects already funded by CMF which can demonstrate both good performance to date and the ability to draw in further match funding. It is suggested that the definition of 'further match funding' should include other Council funding streams but not Mainstream Grants Funding.

- 4.2 The rationale for continuing the existing allocation is that:
- The objectives of CMF (job creation, business development and building the capacity of local organisations) are still pertinent
 - The current CMF programme is performing well and has benefited from significant investment of officer time to improve standards
 - The Working Together Compact requires the Council to give appropriate time for consultation with the Third Sector when funding streams are changed. The lack of sufficient time to do this mitigates against changing the focus of CMF

- 4.3 It is proposed that any CMF funding not used for continuation funding be incorporated into the Community Chest, detailed in section 6 below.

5. REVIEW OF CORPORATE MATCH FUNDING

- 5.1 It is proposed that there is a full review of the Corporate Match Funding (CMF) stream in 2010/11. The drivers for this are as follows:
- The management arrangements for the CMF have changed
 - CMF was originally intended to help the Third Sector draw in large 'area-based' regeneration funding streams (e.g. Single Regeneration Budget and European Objective 2) which required match funding. These funding streams are now less prevalent
 - The recently reviewed Council Third Sector Team are looking to play an increased role in drawing in match funding
- 5.2 This review will include an analysis of:
- The benefits of a commissioning approach vs. a grant funding approach
 - The links and redundancies between CMF and other grant funding streams

- Other key drivers including the expiry of WNF funding and the need to strengthen the Council's approach to investing in strategically important organisations

6. **BACKGROUND TO THE NEW FUNDING STREAM**

- 6.1 Assuming the proposals above are agreed, there are 3 Third Sector funding streams where the allocation process for 2010/11 requires clarification. These total £480,000 and consist of:
- The Third Sector Strategy small grants pot of £300,000. This was allocated from Accelerated Delivery funds following recommendations in the Third Sector Strategy
 - Elements of Corporate Match Funding that are not rolled over for 2010/11 as match funding has expired. The exact amount will not be clarified until the end of the financial year but it is estimated to be around £60,000
 - Elements of the Challenge Fund, a Third Sector funding stream managed by Scrutiny and Equalities. Specifically, £120,000 is included from this fund
- 6.2 It is desirable for these funding streams to have maximum impact in terms of demonstrating Council commitment to the local Third Sector. As such it is proposed to give them a single overall brand identity as the 'Community Chest'.
- 6.3 It is suggested that the Community Chest be allocated in a co-ordinated way across 3 elements:
- An 'Innovation and Improvement Fund' of £120,000. This would be for small grants of up to £2,000 for small groups to undertake new activities to benefit the community, develop innovative projects and products and build their capacity
 - A 'Capacity Building Fund' of £240,000. This would be for grants of £2,000 to £15,000 for established organisations to improve their capacity to deliver and undertake specific projects
 - A 'One Tower Hamlets Fund' of £120,000. This would fund the Third Sector to deliver key activity across the 6 equalities strands
- 6.4 It is proposed that the 3 elements of the Community Chest are resourced as follows:

Fund Element	Proposed Amount from the Small Grants Pot	Proposed Amount from Challenge Fund	Proposed Amount from CMF (Predicted)	Total
Innovation and Improvement Fund	£120,000	£0	£0	£120,000
Capacity Building Fund	£180,000	£0	£60,000	£240,000
One Tower Hamlets	£0	£120,000	£0	£120,000

Fund				
Community Chest				£480,000

The section below gives further details about each element of the Community Chest.

7. PROPOSED FOCUS, DECISION MAKING ARRANGEMENTS AND TIMESCALE

7.1 It is proposed that the Community Chest is announced at the 8th December TH3 event alongside the launch of the Third Sector Strategy. Despite being branded as one fund there will be three elements, as detailed above. It is proposed that each of these will have a specific focus and decision making arrangements as below.

7.2 Focus of the Innovation and Improvement Fund

The Council recognises that small projects can have a big positive impact on the lives of residents. In order to support this it is proposed that this funding stream be used to provide small grants of up to £2,000 to support groups with an annual income of less than £50,000 to build capacity and undertake new and innovative projects.

7.3 The fund will be used to support local initiatives that benefit the lives of Tower Hamlets residents that are linked to one of the following themes taken from the Council's 6 key priorities:

- Increasing achievement and attainment
- Increasing skills and enterprise
- Tackling anti-social behaviour and crime
- Improving the environment
- Benefiting older people - and overcoming barriers faced by specific vulnerable groups

7.4 Examples of eligible projects might be:

- Paying for a training programme or learning opportunity for a group's committee or members
- Hiring or purchasing equipment
- Undertaking local initiatives that overcome barriers faced by specific groups or support individuals achieve their full potential.
- Paying for new groups to hire a room to hold a first meeting
- Developing collaborative working or partnerships with other Third Sector organisations
- Supporting fund raising activities
- Delivering imaginative projects that bring groups of residents together to tackle local problems.
- Designing and printing community group stationery or publicity materials

- Renovating premises or building improvements to enhance community use of a building
- Developing small public areas that enable local people to meet and interact
- Undertaking research into service needs and customer satisfaction
- Developing innovative new services or products

7.5 Focus of the Capacity Building Fund - £240,000

It is proposed that this fund be used to allocate grants of £2,000 to £15,000 for established organisations to improve their capacity to deliver and undertake specific projects. A Capacity Building fund of £117,000 has been available in 2009/10. As this has worked well it is proposed that the criteria are maintained with the addition of a general projects and staff development categories.

7.6 As such the allocation criteria would be as follows:

- Delivering projects of key importance
- Quality assurance accreditation
- Developing plans or strategies
- Improving organisational management or governance
- Meeting key compliance requirements
- Developing partnership initiatives
- Organisational development
- Staff development

7.7 Although there is a degree of cross-over between the focus of the Improvement and Innovation Fund and the Capacity Building Fund they can be differentiated in the following ways:

- Anticipated beneficiaries. The Innovation Fund will be directed specifically at small organisations, and primarily those who have not received funding from the Council before. The Capacity Building Fund is likely to benefit more established organisations which are of strategic importance
- Size of allocation. The Improvement and Innovation Fund has a limit of £2,000 meaning that it will be focused on small impactful work. The Capacity Building Fund ceiling of £15,000 will allow for more substantial activity

7.8 Decision making and allocation timescales for the Innovation and Improvement and Capacity Building Funds

It is suggested that grants are allocated on a rolling programme to offer the maximum flexibility and address arising need. Wherever appropriate, grants will be allocated before the end of 2009/10 to allow groups a full year to implement their programmes.

7.9 To enable the maximum flexibility it is proposed that responsibility for grant allocation is delegated to officers, with lead responsibility with the Assistant Chief Executive. This will following assessment and prioritisation of applications. Reports on allocation will be submitted to CMT and the Grants Panel.

7.10 One Tower Hamlets Fund - £120,000

It is proposed that this consists of £120,000 allocated in grants for Third Sector organisations to deliver key activity across the 6 equalities strands, i.e. gender, race, disability, sexuality, age, religion / belief. Priority will be given to organisations that work across a number of equalities strands to promote an integrated approach to this agenda.

7.11 It is proposed that this funding is allocated throughout the year in accordance with the equalities timetable (i.e. Islam Awareness Week, Black History Month, International Day of Disabled People etc) and the priorities in the Diversity and Equality Action Plan. It is proposed that decision making for this fund is delegated to the appropriate cross-Directorate forum, i.e. the Corporate Equalities Steering Group. The development of specific criteria, advertising, application process and assessment will be overseen by the Diversity and Equality Co-ordinators.

7.12 Timetable

The following is proposed for the initial allocation of funds, which is to take place before the end of 2009/10:

Approach agreed at Cabinet	2 nd December 2009
Application process	16 th December 2009 – 12 th February 2010
Fast-track appraisal	15 – 26 February 2010
Announce funding decisions	First Week March 2010
Funding decisions implemented from	1 April 2010

8. COMMENTS OF THE CHIEF FINANCIAL OFFICER

8.1 The report identifies that the around £55m is currently spent by the Council each year with Third Sector organisations. This covers a wide variety of areas from small grants to large commissioned services.

8.2 This report describes proposals to continue the current allocation of Corporate Match Funding (CMF) in 2010-11 and undertake a review to make further changes for 2011-13. Also, to redefine 'further match funding' to include other Council funding streams but not Mainstream Grants Funding and to include the creation of a "Community Chest".

8.3 The 2009-10 CMF budget is £660,000 and the report proposes to allocate £543,000 in match funding this year. The options for future allocation from 2010-13 are based on the premise this funding will continue.

8.4 The Council currently commissions the Third Sector to deliver Community Plan objectives through the CMF programme and a similar report reviewing the Council's mainstream grants arrangements and recommendations for improvements went to Grants Panel on 15th October 2009.

8.5 This report recommends the allocation of £480,000 in 2010-11 funded from three sources renamed as the “Community Chest”:-

- £300,000 from the “Third Sector Strategy small grants pot”.
- £60,000 of Corporate Match Funding available for 2010/11.
- £120,000 from the Challenge Fund managed by Scrutiny and Equalities Team.

The funding within the Community Chest will be reallocated to create three new funds:-

- ‘Innovation and Improvement Fund’ of £120,000.
- ‘Capacity Building Fund’ of £240,000.
- ‘One Tower Hamlets Fund’ of £120,000.

8.6 The creation of the “Community Chest pot” was agreed by the Cabinet on 4th November 2009 as part of the Accelerated Delivery funding for 2009-10 and continued funding is expected to come from a number of sources including a levy of Council Third Sector commissioning budgets in 2010-11.

8.7 The costs of implementing the proposals described in this report are expected to be contained within existing budgets.

8.8 The Council is under a legal duty to secure best value for the use of public funds. In allocating resources in grants to the Third Sector, grant monies should be allocated to those organisations which can be identified as contributing to the wellbeing of the area. As the report points out, funding needs to be allocated through a process which is fair and transparent and targets grants to individuals and organisations in a way which will contribute towards meeting the Council’s policy objectives. In deciding to continue the allocation of funding from 2009/10 into 2010/11, Members should satisfy themselves that these organisations continue to meet the necessary criteria.

9. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

9.1 There are no specific legal comments.

10. ONE TOWER HAMLETS CONSIDERATIONS

10.1 The contribution of Third Sector organisations to delivering One Tower Hamlets is explicitly recognised in the Third Sector Strategy. This paper builds on this with the establishment of a dedicated One Tower Hamlets fund, aimed at funding Third Sector Organisations to deliver activities to deliver the equalities agenda in the Borough. Furthermore, the other funds covered in this paper (Corporate

Match Funding, the Improvement and Innovation Fund and the Capacity Building Fund) will all fund activity that will support the delivery of One Tower Hamlets.

11. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 11.1 The Third Sector play a key role around sustainability issues and active partnership working is already in place. Organisations working in this area would be able to apply for the Capacity Building Fund and this will be proactively communicated to them.

12. RISK MANAGEMENT IMPLICATIONS

- 12.1 The utilisation of resources in the proposed way will mitigate a range of risks including:
- Non-delivery of LAA target NI7
 - Non-delivery of key services due to a lack of Third Sector capacity and support
 - Reduced community cohesion due to a lack of funding for small Third Sector organisations
- 12.2 The key risk to delivery anticipated by officers is a lack of capacity to engage and develop small organisations to benefit from the Improvement and Innovation Fund. To mitigate this there will be a review of existing roles within the relevant team and discussion with partners about innovative ways to increase capacity in this area.

13. EFFICIENCY STATEMENT

- 13.1 The proposals above are congruent with the delivery of proposed efficiencies from the Chief Executive's Directorate budget. Despite this, due to additional resources secured from the Accelerated Delivery Fund, there will be a net increase in funding for the Third Sector in 2009/10, 2010/11 and 2011/12.

**Local Government Act, 1972 Section 100D (As amended)
List of "Background Papers" used in the preparation of this report**

Brief description of "back ground papers"	Name and telephone number of holder and address where open to inspection.
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12. APPENDICES

Appendix 1 below – 2009/10 Corporate Match Funding allocations.

Organisation	Service	Amount
Account 3	Childcare Training	£30,000
Beta Bangla	Beta Bangla Radio Training Project	£25,000
TH Somali Orgs Network	Somali Development Project	£50,000
MIND in Tower Hamlets	Café Training Project	£18,000
Stepney Community Trust	Employment Guidance Project	£15,000
Bangladesh Football Association	Young People's Training and Development Project	£20,000
Graduate Forum	Mutual Gains	£25,000
Dawatul Islam	Shadwell BME Skills & Employment Project	£30,000
TH Skills 4 Life Project	Thames Gateway Youth Football Project	£30,000
HEBA Women's Project	HEBA Training for Enterprise Programme	£25,000
Old Ford Housing Association	IT Skills 4 Life Project	£15,000
East London Mosque & LMC	Way To Work	£45,000
Stifford TJRS Community Centre	Health Trainers Initiative	£20,000
Tower Project Job Opp's Team	Tower Project Job Opportunities Team	£10,000
St Hilda's East Comm'y Centre	Work Experience	£15,000
Boundary Community School	Pathways to Development Skills	£20,000
Cultural Industries Dev't Agency	Capacity Building Programme	£35,000
Jagonari	Activating Mohila Project	£30,000
Limehouse Project	Basic Skills Progression	£20,000
Ocean Somali Community Ass'n	Somali Development Project	£20,000
Brick Lane Youth Dev't Agency	Aasha Gang Conflict Mediation Project	£45,000
GRAND TOTAL		£543,000