

Grants Determination Sub Committee	
6 March 2019	
Report of: Neville Murton, Acting Corporate Director Resources	Classification: Unrestricted
MSG Project Performance Report – Period 12 (July 2018 to August 2018)	

Lead Member	Councillor Candida Ronald, Cabinet Member for Resources and the Voluntary Sector
Originating Officer(s)	Steve Hill – Head of Benefits Robert Mee – Interim Voluntary & Community Sector Team Manager
Wards affected	All Wards
Key Decision?	Yes
Reason for Key Decision	Impact on Wards
Community Plan Theme	All

Executive Summary

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

At the 12th September 2017 Grants Determination Sub-Committee, the programme was extended to 31st March 2019.

A further extension to the programme, to the 30th September 2019, was agreed by the Grants Determination Sub-Committee at its meeting on the 6th June 2018.

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. Projects are classified as Red, Amber or Green within the Council's agreed performance management framework. This report covers Red and Amber rated projects only. Red or Amber performance ratings may be as a consequence of premises issues, debtor issues, performance issues, failure to submit the quarterly monitoring returns or a combination of these factors.

There were 112 live projects in July-August 2018. Project performance for this period (July to August 2018) shows there are three Red rated projects.

All three projects relate to:

Tower Hamlets Youth Sports Foundation (three projects rated Red for premises

related issues).

There is also one Amber project. Wadajir Somali Community Centre – Homework Club

This report details these issues and provides recommendations for the Sub-Committee to consider.

Recommendations:

The Grants Determination Sub Committee are recommended to:

1. Consider and agree the recommendations relating to the releasing of MSG payments to projects as set out in section 3.3 and 3.8 of the report.
2. Consider and agree the recommendation relating to Tower Hamlets Community Transport as set out in section 3.10 of the report.

1. REASONS FOR THE DECISIONS

- 1.1 Regular performance updates ensure that the MSG themes and individual projects are on track to achieve the targeted outcomes.
- 1.2 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 Information relating to various aspects of project and monitoring activity is contained within the report to provide Grants Determination Sub Committee with an overall understanding of how projects and organisations have performed against the key elements of their Grant Agreements.
- 2.2 Grants Determination Sub Committee could request further information or alter the recommendations.

3. DETAILS OF THE REPORT

- 3.1 For the reporting period July and August 2018, the MSG Programme had 112 live projects. The reporting period is in respect of the two months to the end of the original three year period of the MSG programme 2015-2018.

The Mainstream Grants Spotlight Review Panel took place to review Red and Amber performance rated projects on the 12th December 2018. Updates have been included below together with a theme by theme summary for Red and Amber projects. The Significant Variation request was also brought to this meeting and was discussed by the panel.

3.2 The deadline for the MSG programme has been subsequently extended and will now end in September 2019.

3.3 **Theme 1 Summary - Children and young people**

The work of the theme focuses primarily on delivering activities and services aimed at children and young people.

There are 55 live projects within this theme of which 2 are RAG rated Red and 1 Amber rated project.

The Red rated projects are:

Tower Hamlets Youth Sports Foundation – Hub Club Programme – an update is provided in section 3.8 of this report.

Tower Hamlets Youth Sports Foundation – Stepping Stones Programme – an update is provided in section 3.8 of this report.

The Amber rated project is:

Wadajir Somali Community Centre – Homework Club

This project provides separate activities for boys and girls. However, there has been difficulty getting the boys to attend the project activities and this has now become unsustainable.

A significant variation request has been made to stop the boys' provision and divert resources to enhancing the girls' provision. This has been assessed to ensure that boys can be signposted to other provision and to confirm that the increase support to girls will bring the project performance back to Green status.

The Youth Services Team has been fully involved and support the recommendation.

Appendix 3 of this report provides additional information on the significant variation request.

Recommendation 1

Agree the significant variation to the Wadajir Somali Community Centre project to replace the existing boys provision with additional provision for girls. This will move the performance rating to Green and will enable approval of the outstanding payments.

3.4 Theme 2 Summary – Routeways to employment & Welfare Advice Services

The theme is split into two distinct areas of focus; the first being employability skills training which is formally referred to as Routeways to Employment. The other area focuses on delivering a range of social welfare advice services.

There are 20 projects, all are RAG rated Green for performance.

3.5 Theme 3 Summary – Health and Wellbeing

This theme is entitled prevention, health and wellbeing and is intended to achieve a range of targeted outcomes with a primary focus on what were traditionally referred to as adult services.

This theme is made up of 34 live projects, of which 1 is rated Red and 1 is Amber:

The Red rated project is:

Tower Hamlets Youth Sports Foundation – Active Families Update provided in section 3.8 of this report.

3.6 Theme 4 Summary – Third Sector Organisational Development

Theme four consists of 3 projects. All projects within this theme have been RAG rated Green for performance for this reporting period.

One of the projects covers a key “strategic partner” role to the Council and is undertaken by Tower Hamlets Council for Voluntary Services. The other two consortium projects provide organisational development and capacity building support to local voluntary and community sector organisations

3.7 Theme 5 Summary – Community Engagement, Cohesion and Resilience

This theme focused on community engagement, cohesion and resilience. Projects worked closely with local residents to facilitate the building of a stronger, more cohesive, supportive and stronger community.

The theme was made up of 10 projects which concluded at the end of March 2017. A closure report detailing the outcomes of this theme was considered by the Grants Determination (Cabinet) Sub-Committee at their meeting on the 12th September 2017

3.8 Tower Hamlets Youth Sports Foundation (Active Families, Hub Club Programme and Stepping Stones Programme)

Tower Hamlets Youth Sports Foundation (THYSF) is in the process of settling its outstanding liabilities and the council has been assisting with that process whilst monies owed to the Foundation are recovered.

THYSF have three projects which met their monitoring performance requirements for July and August 2018. However, to date there has been no submission of premises agreements covering the July to August 2018 monitoring period. Without this information as no premises agreements have been supplied, premises conditions relating to their grants are not met.

In the event that THYSF are able to provide suitable evidence in the form of premises agreements acquired during the July to August 2018 monitoring period, the position will be reviewed.

THYSF are not part of the MSG extension period and activities ceased in August 2018.

Recommendation 2

THYSF be provided with a deadline of 31st March 2019 to supply any further premises agreements held by the organisation and not yet made available to the council, in respect of MSG activities for all three THYSF projects. In the event that no further evidence or information is supplied by 1st April 2019, as premises conditions are not met, no further release of grant funding relating to the active period will be considered.

In the event that THYSF provide satisfactory evidence to enable consideration for funding to be released, this must be agreed with approval via delegated authority of the Corporate Director Resources and/or the Divisional Director, Finance, Procurement and Audit after consultation with the Executive Mayor. Any sums approved will be used to facilitate an orderly close down of THYSF and in settlement of identified payments.

Premises

3.9 At the Grants Determination Sub Committee meeting on the 1st August 2018, it was agreed that subject to completion of an appropriate property agreement, the following organisations would receive a rent subsidy to cover the cost of rent up to the end of the MSG programme (30th September 2019). Officers are in the process of liaising with these organisations confirming the rent subsidy and next steps. In accordance with the decision on 1st August 2018, whilst this takes place, together with lease negotiations, MSG payments to these organisations continue subject to satisfactory performance:

- Age UK East London
- Bethnal Green Weightlifting Club
- Black Women's Health and Family Support
- Legal Advice Centre
- Stifford Centre
- Our Base

- Tower Hamlets Community Transport

Asset Management are working with the organisations to put in place appropriate property agreements. The position as advised at 25 January 2019 is that the organisations are meeting their obligations in respect of premises and consequently there are no premises issues that give rise to grant payment implications at this time.

3.10 Tower Hamlets Community Transport

Tower Hamlets Community Transport operates a fleet of accessible vehicles from its base in Limehouse, supporting over 100 local voluntary and community organisations to meet their transport needs. The total number of journeys per year is approximately 6,000, with an average of 12 passengers per booking. The users of THCT include a range of small social care, leisure and sports organisations and some larger providers including St Hilda's, Stepney City Farm and Valance Community Sports Centre.

The organisation's current turnover is approximately £350,000 per annum, about half of which is generated through passenger bookings. Other income includes membership fees, driver training fees, grants and donations. THCT receives £11,000 from the Council through the MSG partnership funding of Tower Hamlets Council for Voluntary Service. It is currently green rated.

The fleet operated by THCT is ageing and many of its vehicles will not meet the new emissions regulations due to come into force on 8 April 2019. While in the short term THCT could pay the additional levy when vehicles go into the ultra-high emissions zone, this is not financially sustainable and would be contrary to the principle of seeking to reduce harmful emissions. Also, an ageing fleet is uneconomic and will become less reliable.

In order to replace part of its fleet, THCT has been offered loan finance from the East London Impact Fund. This fund is provided through Social Investment Business, one of the UK's main social investors which, since 2002, has provided over £400 million of loans and grants to charities and social enterprises nationwide.

The loan would be for £150,000 over five years repayable at a low interest rate. THCT has provided a business plan to show how it intends to increase its turnover over the next three years to both generate funds to repay the loan and to set aside a reserve to replace vehicles in the future so that by October 2021 it has a fully compliant fleet when the ULEZ is extended to include Tower Hamlets.

THCT has asked the Council to provide funding for the loan repayments for the first three years. This will allow THCT to build up the operating surplus which will result from the newer vehicles bringing improved reliability and increased usage and also reducing costs through lower maintenance requirements. This surplus will be used to pay the final two loan instalments and begin an ongoing programme of regular vehicle replacement.

THCT is not asking the Council to guarantee or underwrite the loan. The loan offer will be based entirely on the Social Investment Business's own assessment of risk. However, the offer of grant aid from the Council towards repayments for the first three years will clearly have an impact on the SIB's assessment of risk.

If THCT fails to secure finance to replace its fleet, the organisation will find it increasingly difficult to meet the needs of its member organisations. There are few affordable alternative services. The monitoring returns for the quarter to September 2018 from THCT indicate the range of beneficiaries who would be affected by the loss of THCT support.

Organisation main beneficiaries	No of orgs
Older People (50+)	8
Women / Girls	11
Youth / Young People (12-25)	14
People with a disability / long term illness	6
Children / 11 and under	7
BAME Communities	10
New Migrants	2
Other	1
Prefer not to say	1
Total for quarter	60

In addition, organisations such as St Hilda's, East End Homes and the Bangladeshi Parents and Carers Association which have partnership arrangements will also lose low cost maintenance for their own vehicles.

Recommendation 3

The Sub Committee is recommended to agree a grant to Tower Hamlets Community Transport (THCT) of £30,000 per annum for three years from 1 April 2019 towards the cost of loan repayments to the Social Investment Business (SIB) East London Impact Fund subject to the Council's standard grant conditions. The funding will only be released on receipt of a copy of the signed loan agreement between THCT and SIB. The Sub-committee is also recommended to authorise the Corporate Director Resources to authorise the execution of any agreements and other documentation relating to the grant.

4. EQUALITIES IMPLICATIONS

- 4.1 A strategic assessment was undertaken of the proposed MSG programme in April 2015. It focused on identified need (or beneficiaries) and the difference between the MSG Programme 2013-15 and the proposed programme. Looking in particular at the potential impact of;
Reduction in overall funding;
Rationalisation of themes; and
Introduction of locality boundaries
- 4.2 The programme continues to deliver against the themes developed to address the identified need.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.

One Tower Hamlets Considerations

- 5.2 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.

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.

The opportunities offered through the MSG Programme will play a key role in delivering the aims of One Tower Hamlets.

Best Value (BV) Implications

- 5.3 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.

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.

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.

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.

Agreement of the proposed rent subsidies will assist the Council in achieving the Best Value action plan in relation to the regularisation of lease arrangements with VCS organisations which occupy our premises.

Sustainable Action for a Greener Environment

- 5.4 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.

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.

Risk Management Implications

- 5.5 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

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.

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.

Crime and Disorder Reduction Implications

- 5.6 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.

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.

Safeguarding Implications

- 5.7 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.

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.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 The Main Stream Grant (MSG) Programme was approved by the Commissioners on the 29 July 2015 and initially covered the period between, 1st September 2015 through to 31st August 2018. However subsequent Grants Determination Committees (GDC) revised the date which led most recently to the current programme end date of 30th September 2019 this was decided at a GDC meeting held on the 6th June 2018.
- 6.2 The Councils MSG programme is budgeted at approximately £3.049m per annum. Funding exists within individual directorate budgets to fully fund the agreed programme and associated payments until 30th September 2019.
- 6.3 At the conclusion of the MSG programme there will need to be a full review of expenditure and income to determine the remaining funds available to deliver the post MSG programme in 2019/20. The current medium term financial plan assumes a proposed saving target of £330k in 2019/22. If at the point of the review it is determined that there is the potential for incurring costs that exceed the current envelope, those additional costs will need to be approved using existing financial procedures and rules before any further commitments can be made.
- 6.4 This report highlights projects, which have achieved varying levels of performance by reaching respective key milestones, within the agreed monitoring and payment framework. It should be noted that projects in Section

3.8 need the agreement of the Executive Mayor, Corporate Director Resources and or Divisional Director, Finance, Procurement and Audit in order for payment to be made.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The decisions of the Commissioners relating to the Mainstream Grants were made at a time when the Council's grant function was being carried out by the Commissioners. Therefore, the Council executive should still consider itself to be bound by those decisions.
- 7.2 A number of recommendations have been made in respect of certain projects highlighted within section 3. With the exception of Recommendation 3, the recommendations relating to each project may be actioned given that the grant application and terms enable the Council to pay, refuse, discontinue or suspend payment (with or without conditions) as appropriate relative to each individual project.
- 7.3 The key requirement for the Council is to act reasonably and consistently with the advertised grant process and terms. In addition, the Council is bound by its Best Value duty to ensure that the grant funds are being used in accordance with the grant terms. Therefore, where monitoring concludes that
- 7.4 In the event that organisations are not performing in a manner consistent with those terms then the Council is entitled to take a variety of actions as highlighted in this report.
- 7.5 Recommendation 1 has the effect of closing the availability of the service to the male part of the target group. However, this does not breach the Council's duties under the Equality Act 2010 because the reason for closing this part of the service is not duty to gender (the relevant protected characteristic) and the Council has made available signposted services to meet the needs of the target group elsewhere.
- 7.6 Recommendation 3 amounts to the granting of a new grant. The Council has the legal power to make this grant. However, this also needs to be subject to a new grant agreement entered into by the parties. The payment of the grant will be subject to THCT abiding by its obligation to pay the lender and also the right to receive the grant will be specifically non-transferrable to third parties.

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Appendix 1 – Project Performance July – August 2018
- Appendix 2 – Project Performance by RAG rating
- Appendix 3 – Significant variation request additional information - Wadajir Somali Community Centre Project

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

- None

Officer contact details for documents:

Robert Mee, Interim Voluntary & Community Sector Team Manager

Phone: 020 7364 0487 **Email:** robert.mee@towerhamlets.gov.uk