

<b>Grants Determination Sub-Committee</b>	
1 May 2019	
<b>Report of:</b> Will Tuckley, Chief Executive	<b>Classification:</b> Unrestricted
<b>Emergency Funding – Revised Criteria</b>	

<b>Lead Member</b>	<b>Councillor Candida Ronald, Cabinet Member for Resources and the Voluntary Sector</b>
<b>Originating Officer(s)</b>	Robert Mee, Interim Voluntary & Community Sector Team Manager Mohammed Ahad, Strategy & Policy Manager
<b>Wards affected</b>	All
<b>Key Decision?</b>	No
<b>Forward Plan Notice Published</b>	1 April
<b>Reason for Key Decision</b>	n/a
<b>Community Plan Theme</b>	<b>All</b>

### Executive Summary

The Emergency Funding Programme was established in October 2014. The programme was revised in September 2016 by tightening and giving examples of what could and couldn't be funded as the original criteria was seen as being too vague. Since then the Council has confirmed that the eligibility criteria for all grant funding streams should include that Voluntary and Community Sector organisations based in Council buildings must have an appropriate property arrangement in place and that funding would not be released to organisations that are a debtor to the Council – this was a requirement of Commissioners who previously oversaw grants.

In addition to this, the current criteria states that organisations that are currently not in receipt of Council funding would be ineligible for emergency funding. Feedback received from the sector and from the Council's experiences has suggested that this penalises organisations with a successful track record of delivery in the borough that are facing a legitimate emergency.

An additional factor in bringing report for decision now is the change from the current Mainstream Grants (MSG) funding to the new Local Community Fund. The new fund with new criteria and priorities may lead to existing funded projects to no longer receive funding with the detrimental impact to the organisation that can follow.

It is proposed that the revised criteria for the emergency funding programme should explicitly state within the eligibility criteria that organisations based in Council

buildings must have an appropriate property agreement in place and should not be a debtor to the Council. In addition, that organisations funded by the Council in the previous 2 years shall be eligible for funding on the basis that those organisations will be known to the Council and that there is a time limited flexibility in the type of funding that can be requested due to specific issues resulting in the change from MSG to LCF funding.

## **Recommendations:**

The Grants Determination Sub-Committee is recommended to:

1. Consider and agree the revised criteria for the Emergency Funding as detailed in paragraphs 3.5 to 3.12 and appendix A of this Report.

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

- 1.1 A revised criteria is required to take into consideration the Council's requirements around not funding organisations that are a debtor to the Council and who do not have an appropriate premises agreement in place, when based in a Council building. In addition, through feedback from the VCS sector it has been highlighted that the programme should not exclude those that are not currently being funded by the Council.
- 1.2 The change in the Council's primary funding programme for the Voluntary & Community Sector from Mainstream Grants to the Local Community Fund could lead to specific issues for organisations that the Council may wish to mitigate that would need additional flexibility in the current Emergency Fund criteria.

## **2. ALTERNATIVE OPTIONS**

- 2.1 The Grants Determination Sub-Committee may decide to continue with the existing eligibility criteria or suggest changes to the revised proposals.

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

- 3.1 Historically, the Council has had emergency funding arrangements in place enabling local third sector organisations to apply for what was often referred to as "life-and-limb" support to tackle unforeseen emergencies.
- 3.2 The current Emergency Funding Programme was approved by Mayoral decision on 23 October 2014. This followed a detailed report on the need to re-introduce a programme which was presented to the Corporate Grants Programme Board (CGPB) in September 2014. The programme was established with a one-off allocation of £250,000 from the Corporate Match

Funding budget. The maximum available grant to community organisations is £20,000 (within a rolling 12-month period). The first grants to be awarded through the programme were in February 2015.

- 3.3 Through feedback from the Voluntary and Community Sector, in particular the Tower Hamlets CVS, it was highlighted that the criteria for the Emergency Funding Programme was too vague and there was a lack of clarity or consistency on what would constitute as eligible and ineligible expenditure. A revised criteria and process was presented and agreed by Commissioners at their public meeting on the 27th September 2016.
- 3.4 Since the inception of this Programme in October 2014, funding has been approved for 21 organisations. However 5 organisations decided not to accept the funding, in most cases as it was a loan or a reduced amount. Funding to the 16 that did accept grants totalled £183,811.61 - which leaves a remaining budget of £66,188.39.

### **Revised Criteria**

- 3.5 It is proposed that the revised criteria for the scheme clearly states that VCS organisations based in Council buildings must have an appropriate property agreement in place and also must not be a debtor to the Council. This would be consistent with other grants streams, such as the Council's ESF Community Employment Programme, Mainstream Grants and Innovation Fund.
- 3.6 In addition to this, it is also proposed that organisations that are no longer in receipt of Council funding will still be eligible for the Emergency Funding. On the basis that this is a one-off fund which aims to support those with a clear emergency, it is proposed that the organisation must have received a grant from the Council in the past two years. For the avoidance of doubt this does include match funded projects such as the ESF Community Programme but does not include in-kind support or the reduction awarded through the community benefit rent reduction scheme.
- 3.7 The criterion that organisations must be in receipt of Council funding in order to be eligible for the Emergency Funding was included as part of the revised eligibility of the Programme in September 2016. Since then, 4 organisations have applied to the Fund that have been ineligible due to this; however a number of other organisations who queried this criterion decided not to submit an application. Of the 4 organisations, 1 would have been eligible if the criteria stated that organisations funded in the past two years through the Council would be eligible.
- 3.8 VCS organisations applying to the Emergency Fund must still meet and evidence other criteria requirements which aim to ensure the programme is robust. The full criteria is detailed in Appendix A and includes being able to demonstrate financial viability, having a formal reserves policy in place, evidencing how the organisation delivers projects consistent with the Strategic

and Community plan priorities of the Council and detailing how they have already taken/or are in the process of implementing reasonable measures to address the emergency.

### **Time Limited Revised Criteria**

- 3.9 The change from Mainstream Grants (MSG) to Local Community Fund (LCF) includes some major changes in how the primary Council funding to the voluntary and community sector will operate. Under MSG there was flexibility in funding, for example an organisation may be awarded less than was applied for and subsequent negotiation would determine what activity was funded with this reduced grant award. The intention with the LCF is that if the bid is successful then the full funding would be awarded and if not successful there would be no funding awarded. This does increase the likelihood that some organisations that have been funded from current and previous MSG programmes would not be funded at all for the next 3.5 years.
- 3.10 The scheduled end of existing funding and being unsuccessful in future funding applications would not normally be considered 'unforeseen', a key criterion for the current Emergency Fund.
- 3.11 Other issues that could arise include a potential gap in funding between the end of MSG and start of LCF activity. This can occur when existing MSG projects have activity up to July due to term time working and the LCF is not due to start delivery until 1 October. There might be a need for 'bridging' between the two projects if LCF has been awarded in July. The current Emergency Funding criteria is not for funding project related costs including staffing but agreeing a time limited revised criteria to allow this would give flexibility to address all potential issues that arise.
- 3.12 Applications would still have to demonstrate need and give clear rationale for why this funding is wanted but agreeing a revised time limited criteria around the introduction of the Local Community Fund would allow flexibility with the assessment and recommendation process.

## **4. EQUALITIES IMPLICATIONS**

- 4.1 A key equalities consideration is that organisations currently funded by the Council do so against specifications, especially the Mainstream Grants (MSG) programme which has gone through a strategic assessment identifying need in the borough. The residents supported by organisations that are facing financial difficulty are at risk of not receiving support if the organisations and / or projects are not able to continue.

## **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 Council's support of the voluntary and community sector through grants contributes to the delivery of One Tower Hamlets priorities and objectives.

### **Best Value (BV) Implications**

- 5.3 Grants are considered through the Emergency Fund Programme to ensure organisations are not at risk of increased costs in future when an emergency isn't remedied and to safeguard any existing Council projects the organisation may be delivering.

### **Sustainable Action For A Greener Environment**

- 5.3 There are no immediate sustainable or environmental issues arising from this report.

### **Risk Management Implications**

- 5.4 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

As part of the Programme Management arrangements, support will be provided to ensure that all risks are minimised.

### **Crime And Disorder Reduction Implications**

- 5.5 There are no immediate Crime and Disorder reduction implications.

### **Safeguarding Implications**

- 5.6 There are no safeguarding risks or benefits from the proposals detailed in the report.

## **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 Whilst migrating from MSG to LCF the Council's strategic objectives aim to be achieved by ensuring the best possible outcomes for residents and key stakeholders within the most cost effective expenditure regime.
- 6.2 The contents of this report have no direct financial implications providing the budget envelope set out in paragraph 3.4 is not exceeded.

## **7. COMMENTS OF LEGAL SERVICES**

- 7.1 The Council is entitled to determine the criteria by which it issues grant funding provided that the criteria are applied fairly to each application in manifestly the same way and that the criteria are not in themselves discriminatory. The changes referred to in this report comply with these principles as do the criteria referred to in Appendix A.
- 7.2 However, the Council must still ensure that these grants deliver statutory Best Value. This means that there will be a grant agreement in place which is monitored to ensure that the outcomes that are agreed as part of the application process are achieved.

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

#### **Linked Report**

- None

#### **Appendices**

- Appendix 1 – Revised criteria

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

- None

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

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<p style="text-align: center;"><b>TOWER HAMLETS COUNCIL EMERGENCY FUNDING 2019/20</b> <b>General Eligibility Requirements</b></p>
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In order to be considered for Emergency Funding, organisations must meet all of the following general requirements.

Governance

- Be a voluntary/community sector/ not-for-profit organisation
- Have a formal legal structure together with an appropriate governing document

Financial

- Has been in receipt of Council funding in the past 2 years (including match-funded projects but excluding in-kind support).
- Have a bank or building society account in the organisation's name
- The organisation is able to demonstrate financial viability
- Is in danger of closing down or is unable to continue to provide core funded services at a 'reasonable level or standard'
- Has already taken/or is in the process of implementing reasonable measures to address the emergency
- Has a formal reserves policy
- Is not a debtor to the London Borough of Tower Hamlets
- Organisations based in or using Tower Hamlets Council buildings must have an appropriate property arrangement in place before applying for this fund.

LBTH Priorities

- Have a base within Tower Hamlets or a demonstrable track record of successful service delivery within the borough
- Provides project activities that mainly benefit Tower Hamlets residents
- Provides evidence that their project / organisation is consistent with Council priorities as detailed in the Strategic / Community Plan

**LBTH Strategic Plan**

[http://www.towerhamlets.gov.uk/lgnl/community\\_and\\_living/community\\_plan/strategic\\_plan.aspx](http://www.towerhamlets.gov.uk/lgnl/community_and_living/community_plan/strategic_plan.aspx)

**LBTH Community Plan**

[http://www.towerhamlets.gov.uk/lgnl/community\\_and\\_living/community\\_plan/community\\_plan.aspx](http://www.towerhamlets.gov.uk/lgnl/community_and_living/community_plan/community_plan.aspx)

Time Limited criteria revisions

To cover the move from Mainstream Grants (MSG) to the Local Community Fund (LCF) the following situations could be considered up to 30 September 2019:

- Financial difficulty for the organisation brought about due to the change from MSG to LCF

- Request for project related costs, including staff, due to early end of MSG activity and start of LCF activity – would apply where LCF funding application is successful

Set out below, as a guide, the following information gives an indication of things which are likely to be supported through this funding scheme together with examples of things that are unlikely to be supported.

For clarification, this does not mean that applications will automatically be supported or rejected based purely on the purpose for which the funding will be used.

Applicants must clearly demonstrate the need for the funding and the fact that they are facing an unforeseen emergency.

The following are **likely** to be considered favourably for funding:

- Building repairs (for essential emergency work)
- Health and safety equipment / improvement
- DDA Improvements
- Redundancy costs arising as a consequence of council action or inaction
- Staff salaries / wages (to cover unforeseen medium/long term absences)
- Winding-up costs

If the purpose for which you would like funding isn't in the above list, you are still able to apply to the Emergency Funding scheme.

The following are **unlikely** to be supported for funding

- Accreditation fees
- Computers / tablets / smartphones
- Fundraising strategies
- Business plans
- Consultancy fees
- Insurance
- Delivering new project
- Enhancing existing project
- Furniture
- Photocopying
- Staff training
- Team building away-days
- Volunteer training
- Debt repayment
- Project match-funding
- Volunteer expenses
- Utilities (*gas, electricity etc.*)
- Rent increases (*where due notice of increase has been provided*)