Executive Summary
This report presents proposals for funding fifty projects provided by voluntary and community sector (VCS) organisations through the Local Community Fund (LCF) for the period 1st October 2019 to 31st March 2023 amounting to £9.31m over the 42 month period.

Despite many councils reducing their funding for the voluntary and community sector, Tower Hamlets has protected the current level of spending investing £2.6m a year to fund LCF projects. Despite the high level of funding available, the programme was significantly oversubscribed with bids for 240 projects submitted by over 130 organisations totalling more than £10m a year. This is almost four times the available budget and has meant that some strong bids were unfortunately unsuccessful.

In addition to the LCF the council has also launched a new Small Grants Programme with grants of between £200 and £5,000 available for projects running for up to 12-months. Larger grants of £20,000 are available through the community cohesion theme.

In light of the historical challenges the council has faced with regards to its previous Mainstream Grants (MSG) programme, including the Government’s removal of the councils grant making powers under the previous Mayor, the council has adopted a
new and enhanced process of assessment for the LCF. This report sets out the robust and independent process which was undertaken to assess the bids including external double assessment and moderation followed by a detailed equalities impact assessment and mitigation process.

The recommended programme will support a wide range of VCS activities across five themes which were agreed by Cabinet in 2018. The proposed programme will contribute to achieving the outcomes for local residents set out in the Tower Hamlets Plan and the Council’s Strategic Plan and will be flexible and responsive in meeting complex local needs.

The development of the programme, the bidding process and the assessment of bids are set out in the report, highlighting the high levels of participation of the VCS in all aspects from the initial co-production of the policy framework of the LCF through to the assessment criteria and scoring.

Some activities currently funded through MSG will not be funded through the Local Community Fund. Some of these may be significant, good quality services which no longer meet highest priority needs but which are, none the less, valued by the people who use them. The council recognises that in any period of change it is important to ensure that this happens in a managed, orderly way and that, as far as possible, adverse impact on the sustainability of organisations and quality provision for their service users is mitigated. This report sets out a range of measures to help support organisations and their service users during this transitional period.

A thorough assessment of the equality implications of the new programme has been undertaken. Where potential negative impacts have been identified the report sets out proposals at 3.55 and 3.56 for mitigation including recommendations to establish new themes in our Small Grants Programme to support projects which combat social isolation of older people, particularly in BAME communities, and to provide referral gateways for people from BAME communities. The report also recommends targeted commissioning of projects to meet thematic gaps in the proposed LCF programme including:

- early intervention and support for families leading complex lives particularly with children with disabilities;
- support for young carers, and
- support for young people with mental health issues.

The report and Equality Analysis also sets out the geographic distribution of services which will be provided through the LCF programme.
Recommendations:

The Mayor in Cabinet is recommended to:

1. Agree the Local Community Fund programme and funding to individual organisations as set out in appendix F of this report for a period of 42 months from 1st October 2019 to 31st March 2023, subject to agreement of detailed funding agreements setting out the outcomes the funded projects are expected to achieve and conditions of funding.

2. Agree that transitional arrangements will be put in place for funded organisations set out in paragraphs 3.54 to 3.58.

3. Note the Equality Analysis and the specific equalities considerations as set out in paragraph 4 and to agree the Equality Analysis Action Plan set out in appendix A.

1 REASONS FOR THE DECISIONS

1.1 The council has made a commitment in its Voluntary and Community Sector (VCS) Strategy 2016-19 to supporting a vibrant and sustainable voluntary sector in the borough. As part of this commitment the council has undertaken to continue to support the VCS through specific funding programmes to enable VCS organisations to participate in the delivery of high quality public services to local residents.

1.2 The council’s principal funding stream specifically for services provided by the VCS, the Mainstream Grants Programme, ends on 30th September 2019. The Local Community Fund, alongside the Small Grants Programme, is intended to replace the Mainstream Grants Programme (MSG) at the current level of £2.66m per annum.

2 ALTERNATIVE OPTIONS

2.1 The council could decide to cease specific funding directed towards supporting services and activities delivered by VCS organisations. However, the council agreed in 2016 a VCS Strategy which recognises the unique place of the VCS in the local community continues the commitment of the council to supporting services and activities delivered by VCS organisations.

2.2 The council could decide it wishes to fund a programme different from that recommended. The LCF programme is based on a policy framework co-designed with the VCS and previously agreed at Cabinet, invitations to bid to funding schemes developed from that framework, the assessment of bids based on agreed criteria, an analysis of the equality considerations relating to the programme and the principles of best value. If the council decided it wished to fund an alternative programme, the approach to developing such a
programme would need to be significantly different from the LCF. Pursuing this option would also require consideration of the impact of the current funding programme coming to an end without an agreed replacement or the extension of MSG funding for a further period.

3 DETAILS OF THE REPORT

Summary

3.1 This report presents proposals for a new funding programme, the Local Community Fund, which replaces the former Mainstream Grants programme. The proposed programme includes a diverse range of projects which meet the priority areas and outcomes of the LCF programme. Of the 50 projects recommended for funding, 15 are new projects from organisations which have not been supported through the MSG programme. Others are new projects from organisations the council has funded previously or developments of projects funded through MSG.

3.2 The number of good quality bids to the programme was high with 240 projects submitted by more than 130 organisations. The range of bids covered almost all of the priority service areas set out in the LCF prospectus. Inevitably the programme has been heavily oversubscribed with over £10m of bids against an annual budget of £2.66m. Many bids were from organisations which have not been funded previously by the council and most were local. Of the 20 organisations which submitted bids and are based outside the borough, the majority already work in Tower Hamlets or have strong connections through local partners.

3.3 Developed with a very high level of participation from VCS organisations through the co-production of the LCF framework, themes and priorities, this programme illustrates the changing relationship between the council and the VCS with increasing levels of confidence and trust and a positive commitment from the VCS to be involved in the transformation of public service and the delivery of high quality outcomes for local residents.

3.4 Transitional arrangements are set out to help ensure a smooth transition for service users of MSG projects which may not be funded through the LCF. These arrangements also form part of the mitigation of some of the issues highlighted in the equality analysis.

Context

3.5 The council is committed to supporting a vibrant, innovative and sustainable voluntary and community sector in Tower Hamlets which is equipped to deliver activities that are flexible and responsive in meeting complex local needs. These activities will contribute towards achieving the outcomes for local residents set out in the Tower Hamlets Plan and the council’s Strategic
Plan. The model of change set out in the Tower Hamlets Plan underpins the principles of new LCF funding proposals with a focus on outcomes and assets rather than prescriptive solutions, prevention through early intervention and greater integration of services.

3.6 The LCF funding proposals also reflect the vision set out in the VCS Strategy committing the council to working towards achieving, “an independent and sustainable voluntary and community sector, working closely with the council and partners to meet the needs of local people wherever they live in the borough”.

3.7 The LCF programme of £2.66m is a comparatively small proportion of the total financial support to the sector but it provides an important source of funding to the small and medium size VCS organisations and helps leverage other funding sources for the borough. Since 2008, in England and Wales, local authority support for small and medium size charities has fallen nationally by 44% (Lloyds Foundation report “Small and Medium Size Charities After the Crash”). In this context, Tower Hamlets has been one of the local authorities which have striven to maintain support for local VCS organisations and, through a focus on building the capacity of the sector, encouraged expansion and growth. The VCS Strategy sets out the total level of support to the sector through grants, rate relief and service contracts amounting to £59m, including £24m support to housing associations for services such as supported accommodation.

3.8 The two VCS funding programmes, Local Community Fund and Small Grants, present a new approach to funding the sector focused on co-production delivering outcomes for local people and a more effective use of the limited resources available, recognising the value the VCS can bring to delivering better outcomes for local residents.

3.9 The framework, rationale and approach for the Local Community Fund programme was developed in co-production with the VCS and agreed by the Mayor in Cabinet on 20th March 2018. The report sets out the rationale for moving from a traditional grant based programme of support to the VCS towards a new funding approach which reflects the development of good practice in open and transparent funding of services from the VCS required by the Commissioners. As previously noted, this commitment to implementing change has contributed towards the lifting of the Direction by the government. In particular, the proposals for the Local Community Fund programme put in place robust governance and the separation of officer and Member responsibilities which the Local Government Association (LGA) Peer Review recognised as good practice and as a safeguard against some of the issues which gave rise to the Direction imposed by Secretary of State in 2014.

3.10 The principles of the new funding programme were developed in 2018 through an extensive programme of discussion and consultation with the VCS and other stakeholders. The key principles agreed at Cabinet were:
a. The programme will be a new range of services funded by the council and co-produced with the VCS. The time available before the new programme starts allows an opportunity to ensure it takes into account good practice and learning from current MSG provision in deciding what should be funded in future.

b. The programme will, as far as possible, operate as a single coordinated entity, with a coherent approach to funding and common approach to the programme’s outputs and outcomes across the different themes for delivery.

c. The programme is being developed with consideration of the council’s new Grants Policy and existing strategic priorities. This maximises impact and avoids funding overlap, as well as supporting the delivery of the Tower Hamlets Plan and Strategic Plan.

d. The proposed new programme will fit with the council’s wider Commissioning Framework and Co-production Framework recommendations, currently being developed.

e. The programme will adopt an outcomes based approach, allowing organisations to build on local knowledge, skills and expertise and have the flexibility to undertake the activities which have the most impact.

f. The programme is intended to stimulate greater and more effective support in tackling local issues. This principle will inform the determination of the programme budget.

g. The bidding process will be transparent and fair.

3.11 Following further work with the VCS a second report was presented to Cabinet on 31st October 2018 which set out:

a. The structure and outcomes framework for the Local Community Fund programme;

b. Proposals for continued engagement with the voluntary and community sector in the co-production of the programme, and

c. Noted the new programme represented a change in the approach to commissioning previously agreed.
## Local Community Fund Framework

3.12 The detail of the Local Community Fund programme is set out at appendix B. The programme is set out in five Themes which are subdivided into more detailed Schemes. These are set out in the table below.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inclusion, Health and Wellbeing</td>
<td>Scheme 1A – Children, Young People and Families</td>
</tr>
<tr>
<td></td>
<td>Scheme 1B – Older People</td>
</tr>
<tr>
<td></td>
<td>Scheme 1C – Access, information and self-management</td>
</tr>
<tr>
<td></td>
<td>Scheme 1D - Healthy living and healthy choices</td>
</tr>
<tr>
<td></td>
<td>Scheme 1E – Improved inclusion, health and well-being outcomes for disabled people and people experiencing mental health issues</td>
</tr>
<tr>
<td>Digital Inclusion and Awareness</td>
<td>Scheme 2A – ICT skills and digital careers</td>
</tr>
<tr>
<td></td>
<td>Scheme 2B – Online Safety</td>
</tr>
<tr>
<td></td>
<td>Scheme 2C - Improving health and wellbeing facilitated through digital platforms</td>
</tr>
<tr>
<td>Advice and Information</td>
<td>Scheme 3A - Advice and Information</td>
</tr>
<tr>
<td>Employment and skills</td>
<td>Scheme 4A - Developing and embedding good practice in the work place for people with disabilities, learning difficulties and physical and mental health barriers to work</td>
</tr>
<tr>
<td></td>
<td>Scheme 4B - Reducing barriers to employment for disadvantaged groups</td>
</tr>
<tr>
<td></td>
<td>Scheme 4C - Support focused on increasing access to art and cultural industries</td>
</tr>
<tr>
<td>Community safety</td>
<td>Scheme 5A – Reduction in the exploitation of children, young people and other vulnerable groups</td>
</tr>
<tr>
<td></td>
<td>Scheme 5B – Improving the perception of young people in the community</td>
</tr>
<tr>
<td></td>
<td>Scheme 5C – Services for people affected by domestic violence or other unsafe circumstances</td>
</tr>
</tbody>
</table>

3.13 Each scheme set out key priorities and high level outcomes which organisations were required to demonstrate their projects would contribute towards. This approach is different from previous funding programmes where the type of service was more prescriptive and more outputs focussed. This change in approach allows greater flexibility for the sector to develop new ideas and approaches towards achieving better outcomes for Tower Hamlets residents.
Budget allocation

3.14 The proposed budget allocation to the Local Community Fund Programme agreed at Cabinet on 31st October 2018 is £2.66m. This is based on maintaining the current level of expenditure for MSG themes 1, 2 and 3.

3.15 A commitment to maintain current levels of expenditure on VCS services in a period of financial challenge for the council reflects the value placed on projects provided by the sector as set out in the VCS Strategy and the longer term benefits to local residents of maintaining a dynamic and effective VCS. Underspend and some undercommitment in the existing MSG budget allows some savings to be made while maintaining actual expenditure. The anticipated savings amount to approximately £180,000, 6% of the current budget.

3.16 The programme includes two new themes, Community Safety and Digital Awareness and Inclusion, which were not explicitly included in the MSG programme. An allocation has been made to each of these themes based on a reallocation of 10% of the available budget.

3.17 The co-production exercise also highlighted the increasing need for information and advice and the role VCS providers can play in delivering quality services to communities through both generic services and specialist targeted activity. The overall allocation to the Information and Advice theme was increased by 10%.

3.18 The allocation of the £2.66m annual budget to each LCF Theme is set out below. Spend will be reported on as part of the monitoring and evaluation process for the programme.

<table>
<thead>
<tr>
<th>Budget Allocation</th>
<th>Inclusion, Health and Wellbeing</th>
<th>Digital Inclusion</th>
<th>Information and Advice</th>
<th>Employment and Skills</th>
<th>Community Safety</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>£,000</td>
<td>£,000</td>
<td>£,000</td>
<td>£,000</td>
<td>£,000</td>
<td>£,000</td>
<td>£,000</td>
</tr>
<tr>
<td>Theme Total</td>
<td>990</td>
<td>60</td>
<td>980</td>
<td>435</td>
<td>195</td>
<td>2,660</td>
</tr>
</tbody>
</table>

Developing the LCF prospectus

3.19 The council is committed to increasing the involvement of local people in the way services are designed and delivered. This has been demonstrated through the approach to developing the LCF from first principles through to the detail of the assessment and scoring criteria for bids to the programme.

3.20 Some of the developmental work carried out with the VCS and other stakeholders has been reported previously to Cabinet in March and October 2018. Appendix C sets this out in detail and describes the work carried out with the sector to shape the final programme, demonstrating the breadth of
involvement across the VCS and other partner agencies such as the Clinical Commissioning Group (CCG).

3.21 Some of the key points detailed in the appendix are:

a. Six public events were held in the spring of 2018 to develop the LCF framework and priorities attended by an average 50 organisations;
b. Six thematic workshops held during the autumn of 2018 with a seventh general session to develop the themes and high level outcomes with average attendance of over 30 organisations at each session;
c. Two further sessions were held early in 2019 to finalise the outcomes and develop the prospectus for the LCF including the assessment and scoring criteria;
d. 124 different organisations participated in the sessions during the autumn of 2018 and early 2019 with most attending several times;
e. Participation was not limited to those which intended to submit bids to the LCF. Only half of the organisations which participated in the co-production subsequently submitted a bid.

3.22 Participation was not limited to council run public events. Organisations were encouraged to contribute via email and one to one conversations as well as events organised by Tower Hamlets Council for Voluntary Service (THCVS) and Volunteer Centre Tower Hamlets (VCTH).

**Bidding process**

3.23 The LCF opened for bidding on 25th March. The programme was open for eight weeks, slightly longer than previous funding rounds which have typically been four to six weeks. It was promoted through direct mailing to over 500 individual VCS contacts by the council, via the THCVS mailing list, through other VCS networks, through the council’s website and social media. Members were offered the opportunity of a briefing on the LCF to assist them to promote the programme in their local areas. Periodic updates were circulated during the period the programme was open to bidding.

3.24 Organisations were required to bid through the online process which the council has used for previous funding programmes and which is also used by a number of other funders such as Children in Need and the Esme Fairbairn Foundation. All of the documentation relating to the programme including forms, guidance, the assessment criteria and the individual funding Schemes were posted on the council’s website with a widely promoted ‘quick link’ to the relevant pages. To streamline the process for organisations which might wish to submit a number of projects, two separate forms were required. The information relating to the organisation, its governance and management were included in a form which organisations were asked to submit only once and a second form was used for information relating to each individual project.

3.25 Training and support was provided by the council, THCVS and VCTH staff. The programme is set out in detail in appendix D.
3.26 There was a very high level of participation in the training and support sessions with a total of 167 separate organisations attending council run sessions and 211 attending those run by THCVS. Taking account of overlap, in total 290 organisations participated.

3.27 Overall attendance was high and indicates the promotion of the programme across VCS was effective. However, of the 71 organisations listed as main grant holders under the MSG programme just under three quarters attended at least one event by either THCVS, the council, or both. To some extent this may be because some organisations decided to bid as a consortium so only one might have attended council or THCVS events and others may have felt they were familiar with the process and therefore did not need to attend.

3.28 Three quarters of the organisations that applied to the LCF attended either council or THCVS events. 90% of the organisations recommended for funding attended.

3.29 The programme closed for bids at 12.00 noon on 17th May. As agreed at Cabinet on 31st October 2018, arrangements had been made for the bids to be externally assessed. Following a formal procurement exercise the successful bidder for this work was the East End Community Foundation (EECF). EECF has previous experience as the external assessor for the current MSG programme, the assessor for the Tackling Poverty grants programme and managing the council’s Small Grants Fund programme. Through its network of other community foundations, charitable trusts and freelance funding assessors EECF has access to experienced grants assessors with the broad range of skills and experience required to properly assess a programme as diverse as the LCF. The council supported the training of the assessors and officers were available to respond to queries throughout the process.

3.30 The EECF used the criteria and scoring developed by the council with the VCS earlier this year which was published as part of the LCF prospectus on the council website (Appendix E). A standard double assessment and moderation methodology was used. The moderation was carried out by EECF staff with external assessors and the CEO of THCVS.

Assessment of bids

3.31 239 eligible bids were received from 131 organisations. Of these, six organisations failed to pass the organisational assessment. The bids submitted by these organisations were assessed but none were sufficiently high scoring to be included in the recommendations for funding.
3.32 The total value of the bids received (amount per year) was over £10m, as set out below.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Bids received</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theme 1 - Inclusion, Health and Wellbeing</td>
<td>5,168,178</td>
<td>900,000</td>
</tr>
<tr>
<td>Theme 2 - Digital Inclusion</td>
<td>221,991</td>
<td>60,000</td>
</tr>
<tr>
<td>Theme 3 - Information and Advice</td>
<td>1,556,150</td>
<td>980,000</td>
</tr>
<tr>
<td>Theme 4 - Employment and Skills</td>
<td>2,486,259</td>
<td>435,000</td>
</tr>
<tr>
<td>Theme 5 - Community Safety</td>
<td>637,747</td>
<td>195,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,070,327</strong></td>
<td><strong>2,660,000</strong></td>
</tr>
</tbody>
</table>

3.33 The total programme is approximately four times oversubscribed. Theme 3 was the least oversubscribed because most of the potential bidders submitted consortia bids.

3.34 Themes 1 and 4 received the highest number of bids and are the most oversubscribed.

3.35 All of the schemes received bids though the numbers were low in some. With the exception of Information and Advice the numbers of bids were generally proportionate to the amount of funding available. Also, Digital Inclusion and Community Safety are new themes and therefore likely to attract a smaller number of bids with fewer established services seeking further funding.

3.36 Most of the priority areas identified in the schemes received bids. However, one, support for young carers, had no bids. The organisation which had previously supported young carers did not bid to continue this service and no alternative projects came forward. This is highlighted in the equality analysis.

3.37 The quality of bids was generally high but in some priority areas there were no appropriate bids and further consideration may need to be given to addressing these gaps. These are also highlighted in the equality analysis.
3.38 The table below shows the geographic distribution of where organisations which submitted bids are based. This shows that the majority of organisations which submitted bids are based in the borough. Only 20 bids (8%) came from organisations which are based outside of the borough and, of these, the majority are sub-regional groups such as the Citizens’ Advice Bureau which cover a small number of east London boroughs.

3.39 The highest number of bids came from organisations based in Bethnal Green (30%) and Spitalfields and Banglatown (27%). Island Gardens had the lowest number with only one organisation based in that ward submitting bids.

3.40 Where an organisation is based is not necessarily the determinant of where its main beneficiaries may live. However, low numbers of VCS organisations in particular wards is an indicator of where the council might need to consider targeting resources to develop VCS activity.

3.41 Proposed Programme

3.42 The recommended funding set out in Appendix F provides a programme based on the principles agreed by Cabinet and endorsed by the VCS though its participation in the co-production of the LCF programme.
3.43 The programme includes a balance of new projects from organisations which are not currently funded, new projects from organisations which have been funded for other work and projects which develop and take forward existing funded services. These are set out below.

<table>
<thead>
<tr>
<th></th>
<th>Theme 1</th>
<th>Theme 2</th>
<th>Theme 3</th>
<th>Theme 4</th>
<th>Theme 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>New project from non-funded org</td>
<td>9</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>New project from MSG funded org</td>
<td>5</td>
<td>4</td>
<td>0</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Existing funded project</td>
<td>13</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>27</td>
<td>5</td>
<td>2</td>
<td>9</td>
<td>7</td>
</tr>
</tbody>
</table>

3.44 The annual levels of funding for each project range in size from the advice consortium of 11 providers at £930,000 to the £5,000 proposed for the Wapping Bangladesh Association digital inclusion project. The average level of funding for each theme is set out in the table below.

<table>
<thead>
<tr>
<th></th>
<th>Theme 1</th>
<th>Theme 2</th>
<th>Theme 3</th>
<th>Theme 4</th>
<th>Theme 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of projects</td>
<td>27</td>
<td>5</td>
<td>2</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Average level of funding</td>
<td>37,500</td>
<td>11,700</td>
<td>440,000</td>
<td>50,500</td>
<td>26,000</td>
</tr>
</tbody>
</table>

3.45 The projects which are recommended for funding are based on principles developed with the VCS as part of the co-production process:

a. Primary determinant is the score against the agreed assessment criteria
b. Funding recommended at the level requested
c. Duplication must address additional need
d. Capacity to address geographic differentials of need
e. Analysis of impact on people with protected equality characteristics.

3.46 Each scheme was allocated a budget. While to some extent these budgets reflected the historic allocation of fund to service areas, they also indicated the likely capacity of VCS organisations to deliver in these areas. The recommendations set out in Appendix F reflect the scores achieved by projects and the range of projects which could be funded within the allocated budget taking account of the principle set out above.

3.47 There are a small number of exceptions. In one Digital Inclusion scheme (Theme 2 Scheme C) it was noted that the highest scoring bid was scored lower than bids in the other two Digital Inclusion schemes. This is a new theme and, on balance, officers consider that it would be more beneficial to reallocate the budget for Scheme C to fund projects in the other two schemes, both of which received more, and higher scoring, bids.
3.48 In Theme 1 Scheme A, the bid from East London Out benefits three schemes so this would be funded from the overall theme budget rather than being allocated to a particular scheme.

3.49 In some schemes where the available budget has been insufficient to fund the next highest scoring bid a lower cost project is recommended where the difference in score is only one or two points.

3.50 The geographic spreads of services which are recommended for funding are shown graphically in Appendix G. With limited funds available and bids not necessarily covering priority service areas across the borough, the proposed funding programme will inevitably have gaps. Some are considered in the context of the equality analysis below.

3.51 All of the schemes include recommended bids which have stated they will provide a borough wide service. An additional level of assessment has been carried out where organisations have claimed their proposals would have a borough wide reach to establish that there is reasonable evidence to support this. This evidence may be from previous council funding history, track record or other information contained in the funding bid. Officers will also ensure in the contract mobilisation that geographic areas of need are specifically addressed.

3.52 Many organisations whose bids are recommended are known to the council. In considering which bids to recommend, officers have reviewed past performance and record of delivery. None of the organisations whose bids are recommended have significant and persistent service delivery issues of sufficient concern to affect the recommendations. Future compliance and assessment arrangements will be proportionate based on risk. Past performance of existing funded organisation will be part of that assessment of risk.

3.53 The contract mobilisation process and ongoing compliance and assessment of successful bids will include considerations of risk, targeting of service provision and monitoring in the context of the council’s statutory equality duties.

Currently funded services and Transitional Arrangements

3.54 Some activities currently funded through MSG will not be funded through the Local Community Fund. Some of these may be significant, good quality services which no longer meet highest priority needs but which are, none the less, important in their communities. The council recognises that in any period of change it is important to ensure that this happens in a managed, orderly way and that, as far as possible, adverse impact on the sustainability of organisations and quality provision for their service users is mitigated.
3.55 To reduce the impact of change the council will:
   a. Give as much notice as possible when decisions are made to give organisations the opportunity to adjust to their new funding levels;
   b. Work with organisations to seek alternative provision for service users where a service is significantly reduced or comes to an end;
   c. Work with funded organisations especially at contract mobilisation to target and promote new services funded under LCF programme;
   d. Support a programme of capacity building to increase organisations’ chance of bidding successfully, provided by THCVS, the council and other providers;
   e. Develop and launch a new Tower Hamlets funders forum to help identify and promote local funding sources;
   f. Make available, through THCVS and other partners as appropriate, a programme of support available in advance of the end of MSG to help VCS organisations in the transition from MSG to either alternative funding or an orderly change in the level of service;
   g. Continue the VCS Small Grants programme and link to other funders to provide funding opportunities for organisations to meet new and emerging needs and develop new ways of tackling existing needs
   h. Promote and support Tower Hamlets Spacehive programme to help organisations to access crowdfunding;
   i. Retain the Emergency Fund to help organisations meet the costs of transition, particularly those directly linked to lower levels of revenue funding, and
   j. Develop specific equality mitigation as set out below

3.56 The support offered to organisations facing significant change and possible cessation of service will be a major element of the council’s proposed mitigation of potential disproportionate negative impact on people with protected equality characteristics identified in paragraph 4 below. In order to help mitigate specific negative equality impacts the council will:

   a. Include a new theme in the Small Grants Programme to support projects which combat social isolation of older people, particularly in BAME communities, through day facilities which will be reviewed over time in the context of the development of the council’s review of day care for older people;
   b. Include a new theme in the Small Grants Programme relating to access and participation to establish schemes to provide referral gateways for people from BAME communities;
   c. Provide transitional support where appropriate for services currently funded through MSG until funding is available from the new Small Grants programme themes identified above for alternative services where a significant equality impact is identified.
   d. Provide transitional support for community language services currently funded through MSG pending the outcome of the wider review of community language services;
   e. Address through targeted commissioning arrangements specific gaps in services identified in the equality analysis including:
- early intervention and support for families leading complex lives particularly with children with disabilities;
- support for young carers, and
- support for young people with mental health issues.

3.57 The report to Cabinet on 31st October 2018 identified that there would be savings to the council amounting to £180k per annum resulting from unallocated resources in the current MSG budget. The medium term financial strategy identifies these savings will be made in 2021/22. The unallocated £180k will therefore be available to support the transition activities identified above in 2019/20 and 20/21.

3.58 A further report will be brought forward setting out in detail the proposed new Small Grants themes and other transitional arrangements for individual organisations.

4 EQUALITIES IMPLICATIONS

4.1 An equality analysis has been carried out on the change from MSG funding to the Local Community Fund. The new programme recognises the role of the VCS in delivering services to local residents but the equality analysis should be seen in the context of the wider provision of services both by the council and by other public services. Reference has been made to this in the analysis in areas such as services for older people and community languages.

4.2 The equalities analysis on the new Local Community Fund has identified a number of equalities considerations.

4.3 There is a positive impact in a number of areas. Theme 5 Community Safety is a new funding theme. There are proposals to fund schemes which will support women and girls who are survivors of domestic abuse and sexual violence. Within Theme 2 Digital Inclusion there are proposals which will have a positive impact for older people, supporting them towards greater digital inclusion. The proposals also indicate a positive impact for people in the LBGT+ community through supporting services provided by East London Out (ELOP).

4.4 The analysis also identified some potentially negative impacts relating to age, race and disability.

4.5 For older people the lack of successful bids which specifically target older people in the south of the borough may have a disproportionate negative impact. Officers will address this by ensuring that the successful bidders which provide a borough wide service provide services in the areas of highest need for older people in the borough. This will be monitored through the council’s regular analysis and development work with successful projects. In the longer term there is the potential that by not supporting some of the older peoples’ services which are community led, particularly those led by people from BAME communities, services may close and an important contribution to
the council’s developing strategy for older people’s day care could be lost. Through the transitional arrangements set out elsewhere in this report the council will seek to ensure these specialist services may be supported in the future.

4.6 For young people, the absence of any bids to support young carers will reduce the level of support offered to young carers which has previously been provided through school based support. Officers will be seeking to meet this through extending other provision and/or identifying a potential new provider through the council’s low value procurement process.

4.7 Loss of services which support families with very young children and new parents/parents-to-be who live complex lives, particularly where there are children in the family with disabilities, is a further area where there is a significant equality impact. This is a specialist area of work which the council will seek to address through targeted commissioning.

4.8 The recommended LCF programme does not include services promoting the mental health and wellbeing of young people. This is a significant equality consideration for both disability and age. The council will be seeking to mitigate this through targeted commissioning.

4.9 The wider issue of access and participation has been identified as a consideration in relation to race. There are services which have been provided by organisations led by members of the communities they serve such as the Somali and travellers of Irish heritage communities. While alternative services may be available through the LCF to meet the needs of these service users, some may choose not to use them for a range of reasons. It is therefore proposed that a new theme is developed for the Small Grants programme which addresses access and participation. This may allow, for instance, the development of gateway services run by local organisations recognised as focal points for communities which can refer to other more specialist services.

4.10 There has also been recognition through the equality analysis that the process of data collection in relation to equalities should be reviewed. This will be incorporated in the contract mobilisation process and reported as part of the ongoing compliance and assessment of LCF funded services.

5 OTHER STATUTORY IMPLICATIONS

5.1 Best Value

Recent legislation, particularly the Localism Act 2010, has emphasised the role of communities working in partnership with local authorities to help achieve more effective and less costly services to local people. The process of co-production of services delivered by local voluntary and community organisations is a tool now widely recognised as a means to achieving this outcome.
5.2 Risk Management

a. Uncertainty will have an impact on staff morale in organisations currently funded through MSG. There is therefore a risk of the loss of experienced and skilled staff who seeks alternative employment if they perceive that their future employment is insecure. Timely decision making by the council will mitigate the potential impact of this risk, particularly ensuring that funding decisions are made in advance of MSG funded organisations issuing protective redundancy notices to staff at the end of the funding.

b. The analysis of bids to the LCF was carried out to the council’s specification by an external provider after a formal tendering process. The management of risk in the external assessment process has included:

- The development of clear and transparent assessment criteria and scoring with the VCS which were published as part of the LCF prospectus;
- Participation in the training of external assessors;
- Regular liaison with the external assessment manager to resolve queries;
- Moderation of bid assessments and sample testing, and
- Inclusion in the council’s internal audit programme to verify the robustness of the process.

5.3 Crime Reduction

The specific theme relating to Crime and Disorder will ensure that through the Local Community Fund new services will be delivered to reduce crime and disorder. The priorities for the theme are:

a) People affected by domestic violence;

b) Exploitation of children, young people and vulnerable groups, and

c) The perception of young people in the community

The services recommended for each priority are listed in Theme 5 in the proposals set out in Appendix F

5.4 Safeguarding

There are no specific safeguarding implications arising from this report. However, ensuring appropriate consideration is given to safeguarding will be addressed in the development of the Local Community Fund programme, both through governance requirements and in the capacity building programme for the sector proposed.
6. **COMMENTS OF THE CHIEF FINANCE OFFICER**

6.1 This report details the progress to date and next steps in developing the new local community fund programme that will replace the current mainstream grants programme. This work has been carried out through existing resources within the (Strategy, Policy, Performance) SPP team.

6.2 Details on budget allocation are provided in section 3.23 above. The current MSG budget totals £3.2m per annum. It is proposed that £2.66m of this will be channelled through the local community fund programme and potential savings of £180k are proposed, arising from resources not previously allocated and which therefore does not impact on existing approved programmes. The saving is included as part of the Council’s Medium Term Financial Strategy proposals for 2020-21.

7. **COMMENTS OF LEGAL SERVICES**

7.1 The council has the legal power to fund organisations in the manner referred to in this report as it relates to the carrying out of various functions of the council notwithstanding the fact that the council also has the General Legal Power Of Competence derived from the Localism Act 2011.

7.2 The council also has the legal duty to ensure that the functions it delivers and therefore any agreements it enters into for the delivery of those functions represent Best Value having regard to the Efficiency, Effectiveness and Economy of those agreements.

7.3 The council widely advertised the opportunity to obtain funding and set pre-determined evaluation criteria against which applications would be measured. The criteria were designed to ensure that the resultant winning applications were aimed to meet specific council functions and therefore ensure that the money spent would be efficient and effective. The resulting expenditure will also be subject to a legal agreement which has been designed in part to protect the use of the funds and ensure that the money is used for the purposes for which it is intended. Monitoring of this agreement together with the pre-mentioned activities significantly demonstrates compliance with the council’s Best Value duty.

7.4 The setting of pre-published criteria followed by evaluation of bids against those criteria by an independent contractor to the council demonstrates that the council has determined the successful applicants in a fair and transparent way and in a manner which is consistent with that expected of a similar authority.

7.5 The resultant contracts are not Public Services Contracts for the purposes of European Law. This is because there is no pecuniary interest for the successful organisations in the legal agreement. However, the council has voluntarily followed a number of aspects of the relevant procurement law particularly around selection and evaluation in order to demonstrate
compliance with the general European principles of fairness, transparency and non-discrimination.

7.6 Executive Decisions relating to the making of grants are usually made by the Mayor as part of the Grants Determination (Cabinet) Sub-committee. However, as the delegator of the decision making function to the sub-committee the Mayor is also legally entitled to make the decision in respect of these report recommendations in the main cabinet meeting.

7.7 Similarly, the previous report delegated to the Chief Executive the decision making authority to agree the recommendations in this report. However, under administrative law the Mayor as original delegator is legally entitled to make this decision nonetheless.

7.8 The council has also complied with its duties under the Equality Act 2010. As part of this final stage, the list of potential successful applicants has been externally assessed and the effects on persons with a protected characteristic has been considered. This has been taken into account when reaching the recommendations of this report. Also assessment by the council has been undertaken prior to agreeing each stage of the process. For example, the setting of the policy and agreeing the prospectus and evaluation criteria and this demonstrates compliance with the act.

Linked Reports, Appendices and Background Documents

Linked Report
NONE

Appendices

Appendix A Equality Analysis
Appendix B LCF Themes and Schemes
Appendix C Co-production and consultation
Appendix D Training and support
Appendix E Assessment Criteria
Appendix F Recommended projects
Appendix G Geographic distribution of services (maps)


- NONE

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