

## APPENDIX 1

<b>Committee/Meeting:</b> Cabinet	<b>Date:</b> 03 Oct 2012	<b>Classification:</b> Unrestricted To be completed by author	<b>Report No:</b> (CAB 040/123)
<b>Report of:</b>  Corporate Director (Development and Renewal)  <b>Originating Officers</b> Chris Holme (Service Head Resources D&R) Kate Bingham (Service Head Resources CSF), Heather Bonfield (Service Head Culture, Learning & Leisure), Deborah Cohen (Service Head Commissioning & Strategy)		<b>Title:</b>  Mainstream Grants Programme 2012-15  <b>Wards Affected: All</b>	

<b>Lead Member</b>	Cllr Alibor Choudhury Cabinet Member for Resources
<b>Community Plan Themes</b>	A Prosperous Community/ A Safe and Cohesive Community/A Healthy and Supportive Community
<b>Strategic Priorities</b>	Supporting people into work and improving employment skills/ Supporting residents through the national welfare reform/ Fostering Enterprise and entrepreneurship/Reducing crime and anti-social behaviour/ Fostering greater community cohesion/ Helping people to live healthier lives/ Improving Educational Aspiration and Attainment

### ***Reason for Urgency:***

The commissioning process for mainstream grant funded activities has experienced an unprecedented increase in applications with over 430 applications for MSG support, and it is for that reason that an extension of current contracts to the end of December 2012 was approved by the Mayor in Cabinet at the meeting of 5<sup>th</sup> September. The assessment process is now complete and in order to comply with the TH Compact, and give reasonable notice to organisations, so they can make required changes to service provision and where necessary establishments, a decision is now required to progress with the next stage of the commissioning process.

### 1. **SUMMARY**

- 1.1 The Council agreed a new process and governance arrangements for the administration of Mainstream Grants in March 2012, whereby the decisions for all awards over £1,000 were to be made by the Mayor under his executive authority. This report outlines the outcome of the assessment process and recommends that awards be made for 2 years and 3 months

commencing 1<sup>st</sup> January 2013, subject to subject to the Council's annual agreement on budget settlements satisfactory performance and the organisations entering into a grant agreement

## **2. DECISIONS REQUIRED**

The Mayor in Cabinet is recommended to:-

- 2.1 Confirm the funding awards for those main stream grant services set out in Appendix 1.
- 2.2 Agree in principle, for funding on a 2-year 3-month Grant Agreement from January 2013 through to March 2015 as set out in paragraph 6.3 subject to the Council's annual agreement on budget settlements and the delivery of agreed outputs and outcomes.
- 2.3 Authorise the Assistant Chief Executive (Legal Services) in consultation with the appropriate Chief Officer for the funding stream to settle the final terms of and enter into the grant agreements resulting from paragraphs 2.1.and 2.2 above
- 2.4 Note that a comprehensive Equalities Analysis has been completed demonstrating the due regard taken to the engagement of the public sector equality duty and the equalities impact of the recommendations as set out at Appendix 2.
- 2.5 Consider, if required, a further report at the next Cabinet setting out consideration of any referrals for review, as set out in paragraph 6.5

## **3. REASONS FOR THE DECISIONS**

- 3.1 The decisions are required in order that the Council is able to meet its commitment for the 2012/15 programme of commissioning services through voluntary and community sector providers; properly conclude its current agreements with existing service providers; contract with new providers; and, advise all projects/organisations of the outcome of their application to comply with both the Tower Hamlets Compact and our Public Sector Equalities Duties.

## **4. ALTERNATIVE OPTIONS**

- 4.1 Alternative options comprise extending further the commissioning contracts across all commissioning themes for a further period, or allowing current grant arrangements to end with a view to establishing further agreements at a future date. However this could have a serious detrimental impact on many vulnerable residents accessing important support services delivered through the voluntary and community sector.

## **5. BACKGROUND**

- 5.1 The Council is committed to supporting the work of local voluntary and community organisations who deliver tangible benefits for local people. Services delivered by the third sector play a crucial role in a number of community plan priority areas.
- 5.2 The Mainstream Grant programme currently funds in excess of 130 organisations (some contracts however include other organisations within their delivery partnership) delivering over 220 individual projects of varying size and complexity.
- 5.3 In March 2012 the Mayor in Cabinet agreed a revised process and governance arrangements for the determination of the 2012-15 MSG commissioning cycle and extended the provision of existing services to the end of September whilst the new arrangements were implemented. Key changes included;
- the provision of specific financial support to the Tower Hamlets CVS to provide cross-sector development and support for the next 3 years
  - clarification and strengthening of grant eligibility criteria
  - changes to the decision making process – with the introduction of a Corporate Third Sector Grants Programme Board, and advisory body, to better reflect Council constitutional arrangements.
  - Determination of all awards over £1,000 to be made by the Mayor in his executive capacity.
- 5.4 At the 5<sup>th</sup> September Cabinet meeting an extension to currently funded projects for three months to 31<sup>st</sup> December 2012 was agreed.

## **6. BODY OF REPORT**

- 6.1 Arrangements for the 2012/15 commissioning of Mainstream Grants have been underway since April, following the decision of the Mayor at the 14<sup>th</sup> March Cabinet to change governance arrangements whereby all awards over £1,000 are a decision of the Mayor in his executive capacity, after consideration by members of the Corporate Grants Programme Board, chaired by the Mayor's Advisor to the Third Sector.
- 6.2 The call for applications was launched at the end of March, via the posting of information on the Council's Website, an advertisement in east End Life and circulation of information through our Third Sector database. Organisations were able to access on-line information and application forms. Officers consulted with the sector, delivering a number of workshops, open to all, but mainly aimed at smaller organisations. As outlined in the report to Cabinet of 14th March 2012 consultation workshops took place throughout the Summer of 2011 and outlined the proposed new process, as well as providing detailed information on the proposed service specifications and the assessment process. The process provided the opportunity for the Council to

clarify proposed programme revisions whilst enabling officers to receive suggestions from the Sector. The outcome of the consultation included some changes to service specifications

- 6.3 The commissioning process saw an unprecedented increase in the number of applications for MSG funding with over 430 separate applications received. This was over 100 applications more than we received in the previous commissioning round. This is likely to be the consequence of the ongoing economic environment including the loss of other sources of funding available to many Third Sector Organisations.
- 6.4 Assessments have been undertaken by officers for all applications that met the Council's agreed eligibility criteria. Initial assessments were moderated by Members of the Programme Board, to take account of local circumstances and alignment with mayoral priorities. The outcome of that process is set out as Appendix 1, and the Mayor in Cabinet is recommended to confirm the awards. It is also recommended that awards be granted, in principle, for 2 years and three months to the end of March 2015. That would be subject to the Council's annual budget process and the satisfactory delivery of outputs to be finalised as part of the contracting process.
- 6.5 The Council must ensure that it is compliant with the Tower Hamlets Compact, and this means giving 3 months written notice to currently funded organisations; of changes in their levels of grant. If the Council fails to do this, there is a good chance that, we could be successfully challenged (through judicial review) by any currently funded organisation where there is a significant change in the level of grant, for example: where a currently funded organisation is either not recommended for funding within the new programme period; or, where the proposed award represents a significant reduction compared to their current level of grant.
- 6.6 Organisations have been given notice of the recommendations of the Third Sector Grants Programme Board in order to give them the three months' notice detailed in the Compact. Once the decision of Cabinet is known they will be given formal notice of that decision and be advised of the review process, so any requests for reviews can be considered at November Cabinet. The review process is set out as Appendix 3.
- 6.7 The decision making on MSG funding seeks to ensure that due regard is given to equality duties and to demonstrate that decisions on funding are made in a fair, transparent and accountable way, considering the needs and the rights of different communities. All MSG applications have to provide details in relation to the consideration they have given to equalities and diversity issues including age, disability, gender reassignment, pregnancy and maternity, race (ethnic or national origins, colour or nationality), religion or belief (includes lack of belief), and sexual orientation. A summary equalities impact assessment is set out as Appendix 2 for consideration.
- 6.8 The overall programme budget is currently (2012/13) £3.3m. This figure takes into account the 6.6% budget top-slice as agreed by Cabinet at its meeting of

14 March, and the decision of Council to increase welfare advice provision by £24k. The current annual Directorate budgets are as follows;

**Table 1**

<b>Directorate</b>	<b>£000</b>
Adults Health & Wellbeing	328
Children Schools and Families	879*
Communities, Localities & Culture	734
Development & Renewal	1,387
Total	3,328

\* The CSF programme includes £652k per annum of Dedicated Schools Grant funded awards for Early Years' Services.

## **7. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 7.1 This report seeks approval for the Mainstream Grants Programme, in principle for 2 years and 3 month to the end of March 2015. Expenditure for the current financial year will be contained within the Council's approved budget for mainstream grants to third sector organisations.
- 7.2 Current indicative budget assumptions, as set out in the March 2012 report referred to above, and allowing for the changes therein are as follows. These do not incorporate the additional £954k agreed by Cabinet in June 2012:

**Table 2: Summary of Indicative Budget Allocations and Recommended Awards by Funding Stream**

<b>Directorate</b>	<b>Funding Stream</b>	<b>Budget Allocation</b>	<b>Indicative Total Alloc'n (27 months)</b>	<b>Total Rec'd Awards</b>
		<b>2012/13 £000</b>	<b>2013/15 £000</b>	<b>2013/15 £000</b>
Adults Health & Wellbeing	Older People Lunch Club Services	328	738	747
Children Schools and Families	Children and Families Services	169	380	417
Children Schools and Families	Early Years Services ( <i>Dedicated Schools Grant</i> )	652	1,467	1,075
Children Schools and Families	Study Support Services	58	131	179
Communities, Localities &	Community Language	118	266	258

Culture	Services			
Communities, Localities & Culture	Youth and Connexions Services	226	509	570
Communities, Localities & Culture	Arts, Sports and Environment Services	309	695	760
Communities, Localities & Culture	Lifelong Learning Services	81	182	129
Development & Renewal	Community & Economic Engagement	280	630	996
Development & Renewal	Social Welfare Advice Services	883	1,987	1,055
Development & Renewal	Third Sector Infrastructure Support	224	504	202

7.3 Excluding the Early Years' Service awards funded from the Dedicated Schools Grant, which are ring-fenced for educational purposes, the indicative General Fund budget allocation for the period of the recommended commissioning (i.e. 27 months to March 2015) is £6.02m. As can be seen from table 2 above, recommended awards are within this overall indicative budget, although there are some variances between Directorate allocations. The recommendations for Children's, Schools and Families, Communities, Localities and Culture and Adults, Health and Wellbeing are in excess of the respective indicative Directorate total budgets. This is set out in table 3 below. With regards to Development and Renewal the recommended allocation significantly below the indicative budget allocation. This relates entirely to provision for Social Welfare Advice Services.

**Table 3: Differences between Recommended Awards and Indicative Budgets**

<b>Directorate</b>	<b>Total Variance £000</b>	<b>Annual Equivalent £000</b>
Adults Health & Wellbeing	9	4
Children Schools and Families	86	38
Communities, Localities & Culture	65	29
Development & Renewal	(870)	(386)
<b>Total</b>	<b>(710)</b>	<b>(315)</b>

7.4 Subject to final award approval by the Mayor, appropriate budget transfers will be required between Directorates. Those transfers represent in total less than £75k per annum.

7.5 As Members will be aware there is a need to ensure a robust and transparent process that takes full account of the Council's statutory duty with regard to the Equalities Act 2010. Failure to ensure adequate consideration is given to

those impacts could render the Council open to legal challenge which in itself could delay the whole programme. In this regard it is noted there is a process for organisations to seek a review of the decision, and resources are currently available from within the overall budget to provide for the possibility of a number of amendments arising from that review process.

## **8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL SERVICES)**

- 8.1 The procedures involved in making decisions on grant funding are complex as is evidenced by the number of legal challenges to funding decisions by public bodies. Although overall the Council has not reduced the grants budget this report recommends changes in funding for several of the organisations who have applied.
- 8.2 When looking at a decision to cut or withdraw funding a number of steps have to be undertaken to ensure the decision is made in a robust manner and can withstand any legal challenge. Failure to do this can result in the whole of the process being stopped whilst the challenge is considered.
- 8.3 In devising the process for dealing with MSG applications consultation was undertaken with the third sector as has been detailed in the report at paragraph 6.2. The process was then advertised and voluntary and community groups invited to apply for one or more of the funding streams. Criteria for the various streams were also advertised and the initial assessment was carried out by officers and then moderated by the Corporate Third Sector Grants Programme Board to take account of local circumstances and alignment with Mayoral priorities. The recommendations of that board are now contained in this report.
- 8.4 In making the initial assessments officers were mindful of the duties under the Equality Act 2010 and detailed Equality Impact Assessments were carried out looking at where persons with protected characteristics under the Equality Act 2010 will be affected by the decisions. A summary of these assessments is contained in the report at Appendix 2 and the detailed analyses are referenced as background papers and will be available for members to view at the meeting.
- 8.5 The general public sector equality duty requires public authorities, in the exercise of their functions, to have due regard to the need to:
- 8.5.1 Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act.
  - 8.5.2 Advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it.
  - 8.5.3 Foster good relations between people who share a relevant protected characteristic and those who do not share it.
- The nine protected characteristics under the Equality Act are age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership, pregnancy and maternity.

- 8.6 Having due regard for advancing equality involves:
- 8.6.1 Removing or minimising disadvantages suffered by people due to their protected characteristics.
  - 8.6.2 Taking steps to meet the needs of people with certain protected characteristics where these are different from the needs of other people.
  - 8.6.3 Encouraging people with certain protected characteristics to participate in public life or in other activities where their participation is disproportionately low.
- 8.7 The applications from organisations required applicants to provide detailed information on equalities issues as detailed at paragraph 6.7 above This included the intended people who were to benefit from their proposals, how many people would benefit and the geographical area in which services would be delivered. The detailed EQIAs show the purposes of the projects, their intended recipients and numbers and the geographical locations. This information was then analysed by the number of groups who are to continue to receive funding, those which are new projects, where organisations were previously funded in 2011/12 but are not recommended for funding and projects which haven't been previously funded but the primary beneficiaries are from one of the 9 protected characteristics. For each funding stream there is then consideration of alternative provision for the intended beneficiaries of projects which have not received funding.
- 8.8 In making the decisions on the recommendations in this report, members must have in mind the Public Sector Equality Duty and the equality issues raised. A summary of the EQIA for each funding stream is attached to this report as Appendix 2. Members should consider what impact their decisions will have on the needs of those with protected characteristics.
- 8.9 There is also a requirement to reconsider the equality duty if new information comes to light. For this reason not all the moneys set aside for mainstream grants have been allocated and there is a review process detailed in Appendix 3. An agenda item has also been added to the next Cabinet to consider and review requests.
- 8.10 When looking at any decision to cut or withdraw funding consideration needs to be given to:-
- 8.10.1 providing reasonable notice on the voluntary or community organisation
  - 8.10.2 ensuring that the voluntary or community organisation has no legitimate expectation that funding will continue
  - 8.10.3 any relevant policy or document e.g. the Compact which contains considerations to be taken into account before making any decision has been considered
  - 8.10.4 the impact of the proposed cuts on the Council's ability to comply with or meet the objectives of the Public Sector Equality Duty have been met
  - 8.10.5 the requirement to consult has been satisfied



- 8.11 The Third Sector Organisations have been notified of the recommendations and that these will take effect on 1<sup>st</sup> January 2013 which gives them the three months notice detailed in the Compact. As they receive the notification of the decisions they will also receive details of the review process. During the consultation on the new Mainstream Grants process organisations were informed that there was no guarantee that funding would continue and that it could be reduced.

## **9. ONE TOWER HAMLETS CONSIDERATIONS**

- 9.1 The contribution of Third Sector organisations to delivering One Tower Hamlets is explicitly recognised in the Council's Third Sector Strategy. Organisations play a key role in delivering services that address inequality, improve cohesion and increase community leadership: the deliveries of these services are real examples of 'One Tower Hamlets' in practice.
- 9.2 The opportunities offered through the Main Stream Grants programme will therefore play a key role in delivering the aims of One Tower Hamlets.
- 9.3 A detailed Equalities Impact Assessment has been undertaken for all MSG funding streams. A summary is set out as Appendix 2, with detailed assessments available for inspection.

## **10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 10.1 The funding priorities outlined in this report support the spirit of SAGE. The Council as a funder of third sector proposals that meet these priorities assists in the implementation of the strategic aims of SAGE along with its community and voluntary sector partners.

## **11. RISK MANAGEMENT IMPLICATIONS**

- 11.1 A number of different risks arise from any funding of external organisations. The key risks are:
- The funding may not be fully utilised i.e. allocations remain unspent or outcomes are not maximised;
  - The funding may be used for purposes that have not been agreed e.g. in the case of fraud;
  - The organisations may not be able to secure additional funding necessary to deliver the agreed activities;
  - The organisation may not in the event have the capacity to achieve the outputs and outcomes required.
- 11.2 To ensure these risks are mitigated or minimised, each organisation or project sponsor will be required to comply with the requirements of an Agreement, which clarifies the outputs to be delivered and the evidence

required to support delivery in order to trigger payments. All supported projects will be strictly monitored on a quarterly basis to ensure compliance.

- 11.3 There is a risk of legal challenge to the process from organisations if the Council does not satisfy the requirements of the Public Sector Equalities Duty, and the Tower Hamlets Compact. An Equalities Impact Assessment has been undertaken, and those organisations that have had funding either discontinued or significantly reduced, have been notified of the potential outcome.

## **12. CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 12.1 The services that will be provided through the MSG programme cover a broad spectrum of activities some of which are key drivers in contributing to the reduction in crime and disorder; these include:
- Improving community cohesion;
  - Getting people into employment;
  - Providing timely advice and advocacy; and,
  - Supporting 'at risk' individuals.

## **13. EFFICIENCY STATEMENT**

- 13.1 The commissioning framework provides greater transparency and clarity in the delivery of desired outcomes along with cost of providing those outcomes to facilitate more efficient alignment of funding allocations.
- 13.2 The proposed funding priorities which are clearly linked to delivering outcomes as set out in the Strategic Plan and Community Plan will deliver better outcomes for local people within existing resources. Through for example:
- Giving priority to organisations and schemes, that promote social inclusion by reducing social exclusion
  - Supporting service providers who deliver cost effective services that benefit the local community and meet the needs of the area

## **14. APPENDICES**

Appendix 1 – Recommended Awards  
Appendix 2 – Summary EQIAs  
Appendix 3 – Summary of the Review Process

Brief description of “background papers”

Name and telephone number of holder  
and address where open to inspection.

**To be completed by author**

- MSG Cabinet reports 14.03.12 and  
05.09.12
- Equalities Impact Assessments
- Grant specification documents
- Details of current funded organisations

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