


<b>Commissioner Decision Report</b> 29 July 2015	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Chris Holme, Acting Corporate Director Resources	<b>Classification:</b> Unrestricted
<b>Main Stream Grants 2015/18 Programme</b>	

<b>Originating Officer(s)</b>	Dave Clark, Stephanie Ford, Robert Mee and Everett Haughton
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	Yes
<b>Community Plan Theme</b>	All Themes

### **EXECUTIVE SUMMARY**

The Council's Main Stream Grants Programme has been the main funding source for third sector organisations within the borough for many years. The programme in its current form has been in operation since 2009 delivering over 2 rolling cycles: 2009 to 2012 and 2012 to 2015.

The 2015/18 programme will run from 1 September 2015 to the end of August 2018. This report sets out details of the various stages of the grant programme administration process and brings forward grant award recommendations.

The report was published on 22 July 2015, which is less than five clear days between publication and consideration by the Commissioners on 29 July 2015 as is usual practice. The intention to determine the applications at the meeting of 29 July 2015 was, however, published more than 28 days in advance of the meeting in accordance with usual practice. It is arguable that the five clear day requirement in the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 does not apply to decisions by the Commissioners. Publication four clear days in advance of the meeting rather than five will impact on the time available for applicants to make representations but this has been addressed in paragraph 4.25 of the report.

### **RECOMMENDATIONS**

The Commissioners are recommended to:

- 1.1 Agree the indicative funding awards over 3 years within each of the Themes as set out in **Appendix A** and summarised in **Appendix C**.
  - a. Children Young People & Families - £2,245,092

- b. Jobs Skills & Prosperity - £3,642,296
  - c. Prevention Health & Wellbeing - £2,290,980
  - d. Third Sector Organisational Development - £780,000
  - e. Community Engagement Cohesion & Resilience - £165,522
- 1.2 Note the Consultation & Support provided in partnership with the Tower Hamlets Community Voluntary Service (THCVS) as set out in paragraphs 4.2 to 4.5.
- 1.3 Agree funding on the basis of 3 year Grant Agreements from 1st September 2015 through to 31st August 2018, subject to the Council's annual agreement on budget settlements and the delivery of agreed outputs and outcomes.
- 1.4 Note as with the previous programme, the annual budget will be top-sliced to fund required corporate support; continued development and maintenance of the Councils grants management system and an annual evaluation. The total annual cost is an amount up to £100k, as set out in paragraph 4.29.
- 1.5 Agree the grounds under which an organisation can make a representation to the Commissioners, set out in paragraphs 4.21 to 4.25.
- 1.6 Agree the "Payments by Results" Process as set out in paragraphs 4.43.
- 1.7 Note the Community Engagement, Cohesion & Resilience programme will run initially for a period of 19 months (September 2015 to March 2017). The uncommitted budget will be commissioned to be effective from 1st April 2017 to 31st August 2018. Details are provided in paragraph 4.30.
- 1.8 Authorise the Corporate Director Resources, after consultation with the Director Law, Probity & Governance, to agree the final terms of agreements in respect of grants made in accordance with paragraphs 1.1 & 1.3 above.

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

- 1.1 The decisions are required in order that the Council is able to enter into grant agreements with successful organisations/projects for the delivery of agreed activities, outputs and outcomes.

## **2. ALTERNATIVE OPTIONS**

- 2.1 If proposals for the new programme are not agreed, other options are outlined below.
- a) agree other approaches for the procurement of services that support the most vulnerable residents of the Borough
  - b) Reduce the rolling programme timeline, which is currently 3 years

### 3. **Background**

- 3.1 There have been very few changes within the MSG programme over the last 6 years. This has resulted in a consistent funding pattern to both organisations and therefore the Wards within which funding is allocated.
- 3.2 Following a comprehensive review of the 2012/15 Programme including a series of meetings by a formal MSG Review Group as well as consultation events attended by voluntary and community sector organisations, a report to Commissioners on 22 April 2015 approved a revised structure for the 2015/18 Programme.
- 3.3 The agreed emphasis of the 2015-18 programme is to introduce new approaches to resourcing and delivery including a focus on the following;
- a) Ensuring a fair spread of resources across the borough based on need
  - b) A strategic grants approach with delivery based on lead providers and hubs where appropriate
  - c) Achieving closer synergies and cross-referral between funding streams where appropriate so that funded projects add value to each other
  - d) An emphasis on plugging gaps where mainstream resources have been reduced and funding proposals based on lessons from the past

### 4. **Body of Report**

#### **MSG Programme Structure**

- 4.1 The agreed 2015/18 MSG programme structure is outlined below. The previous structure of 12 individual funding streams have been consolidated into 5 broad Themes.
- **Theme 1 - Children and Young People and Families.** This theme focuses on seeking key outcomes including:
    - Improved levels of participation, educational attainment and progression for children and young people.
    - Children and young people are protected from harm and families are supported to provide a safe environment.
    - Harmful relationships among peer/gender groups are reduced.
    - Improved physical (such as reduced levels of obesity) and emotional health and wellbeing in children and young people.
    - Reduced levels of substance misuse and sexual abuse, violent crime (including domestic violence) and anti-social behaviour.
  
  - **Theme 2: Jobs Skills and Prosperity.** This theme focuses on seeking key outcomes including:
    - Measurable increase in the numbers of people moved closer to the labour market and prepared for sustained employment.
    - Reduce the numbers of residents in the borough with no qualifications or training
    - Improved integration of pathway to work employment support services
    - Reduction in numbers of residents negatively impacted by welfare reforms
    - Minimisation of the number of residents facing housing repossessions

- Increase in the numbers of residents supported with addressing problem debts
- Increases in number of residents on low incomes receiving their correct benefit /tax credit entitlement
- Empowering residents and building resilience
- **Theme 3: Prevention Health and Wellbeing.** This theme focuses on seeking key outcomes including:
  - Increased number of vulnerable residents leading healthier lifestyles through improved diets, taking regular exercise and related activities, including lunchclub attendees
  - Improved emotional health and wellbeing of children and young people and families
  - Reduced loneliness and social isolation
  - Greater community cohesion
  - Increased knowledge about where to go for advice and information
  - Improved health and well-being through access to cultural activity that brings people together, allows for self-expression including projects around memory and cross generational activity
- **Theme 4: Third Sector Organisational Development.** This theme focuses on seeking key outcomes including:
  - Increased number of local VCS organisations with Quality Assurance accreditations
  - Increased levels of external grant funding secured by local VCS organisations
  - Increase in the number of organisation able to effectively manage grant funded activities and better demonstrate the impact of their work
  - Improved sustainability of specialist resources that are used by a wide range of third sector organisations to deliver their work
- **Theme 5: Community Engagement Cohesion and Resilience.** This theme focuses on seeking key outcomes including:
  - Identifiable increase in numbers of local residents taking on key leadership and representational roles within the community
  - Increase in number of people who feel they are getting on better with others in their communities, as identified from annual community surveys
  - Increased opportunities for communities to work together on local improvement projects, cultural celebration and exchange

### **Consultation and Support**

- 4.2 The initial proposals for the new Programme were tested via an open consultation event which took place in October 2014 and was attended by over 60 representatives from local third sector organisations.
- 4.3 The event was structured around 4 facilitated workshop groups considering each of the proposed core themes and resulted in refining the early working theme titles to the current final proposals and making a significant contribution toward identifying key target outcomes, priorities and other factors which have since been built into the new Programme.
- 4.4 Subsequent considerations added a 5th headline theme and also introduced two programme cross-cutting themes. Proposals for the 5 themes – in terms of

draft specifications were presented and discussed at a further consultation event which took place on 15 March 2015. This event was well represented by organisations from across the sector was extremely helpful in finalising the details of each theme.

- 4.5 During the application period The Third Sector Team organised a series of workshops to support potential applicants. The workshops; run in partnership with Tower Hamlets CVS provided advice and guidance in relation to setting up and managing consortia/partnerships; and, completing applications.
  - 4.6 **Partnership support:** all the workshops were well subscribed, with a total of about 150 people attending.
  - 4.7 The purpose of the workshops was to clarify the necessity for partnership delivery methods, explain the council's rational for encouraging co-location and partnership/consortia project delivery and clarifying those themes where partnership delivery models were essential.
  - 4.8 **Application support:** The application support workshops were designed to provide potential applicants with essential guidance that would enable them to fully understand the application requirements. Attendees were given a clear insight into key elements of the assessment and scoring processes to help them to prepare the best possible application. This included a 'walk-through' the application form outlining the level of information needed to score well under each question.
  - 4.9 The workshops were held at various locations across the borough and took place at different times to enable maximum participation, including sessions run in the evenings, late afternoon and early morning, with a total of 65 participants attended these sessions and we received very positive feedback.
- Tower Hamlets CVS support during the MSG application process**
- 4.10 The THCVS worked closely with the Third Sector Team during the MSG application period in order to provide support to grant applicants and to those who wanted to explore partnership bidding.
  - 4.11 THCVS staff attended the MSG partnership and application workshops, presenting to the partnership workshops information about models of partnership working and how to develop partnerships.
  - 4.12 THCVS also assisted the Council at the partnership workshops in introducing organisations and facilitating discussions amongst potential partners.
  - 4.13 THCVS created a guide to partnerships (given out at the workshops and available on the THCVS website), created and updated MSG pages on the THCVS website (including a listings spreadsheet for organisations seeking project partners) and sent out regular bulletins and tweets to highlight key information.
  - 4.14 THCVS provided in-depth support to one partnership, attending meetings with the partners and a representative from the Council's Third Sector Team to try and facilitate joint working agreements.

- 4.15 During the application period THCVS staff took at least 58 queries from approximately 35 separate organisations. THCVS read and provided feedback on 16 draft MSG applications. In total, THCVS provided approximately 50 hours of support over the course of the application period, by phone, e-mail correspondences, attendance at workshops, meetings with applicants and the external partnership meeting.
- 4.16 For comparison, records from the 2012 MSG round showed that THCVS advised 29 clients and read 15 bids.

#### **Application Assessment Process**

- 4.17 370 applications were received and assessed across the five Themes.

An eligibility check was carried out to:

- ascertain whether the organisations met the basic eligibility criteria
- confirm that organisations had submitted the required documents.

- 4.18 The applications were then assessed using the agreed scoring framework. Each application was scored by an external and internal assessor and the Theme lead was responsible for confirming a moderated score.
- 4.19 The maximum score available was 105 and the minimum quality threshold score was 46. Those applications that scored under 46 are not able to be considered for funding.
- 4.20 Following the assessment process 23 applications were considered ineligible, 2 were found to be duplicates, 61 did not meet the quality threshold score and were therefore not considered for funding.

#### **Representation (appeal) Arrangements**

- 4.21 If an organisation is dissatisfied with the recommendations in this report, it is proposed to allow an opportunity for representations to be made between the date of publication of the report (22 July 2015) and the meeting of the Commissioners to determine grant applications. Representations should be made in the form of a letter addressing the organisation's relevant concerns. These representations may then be considered by the Commissioners prior to final determination.
- 4.22 **Grounds for representation:** many disappointed organisations may feel that their application was very good, should have scored well within the assessment process and should therefore receive funding in line with their grant request.
- 4.23 However, as scoring alone is not the only, or necessarily the key factor in determining whether or not a project is recommended for funding, a simple disagreement with the recommendation will generally not be sufficient grounds for an appeal. Applicants should target their representations by reference to the evaluations presented in this report. In this regard, the theme specifications and the evaluation criteria outlined in this report and in the report of 22 April 2015 will be relevant.

#### **Following the Decision Meeting**

- 4.24 Where a letter of representation is unsuccessful in bringing about a change to the recommendation, that will generally be the conclusion of the grant application process and it is not proposed that a further opportunity for representations will be given.
- 4.25 In circumstances where the Commissioners' decision, which will be explained at the meeting in Public, is different to that of an officer recommendation within the report and resulting in a negative impact, the organisation concerned may submit a letter of representation. A letter of representation may also be submitted if an organisation was unable for some good reason to make a representation in advance of the decision by the Commissioners. Any such post-decision representation should be made within 5 working days of the publication of the decisions made on 29 July 2015. It is proposed that any such representations will be considered at the next Commissioners Meeting in public.

### Programme Budgets

- 4.26 The MSG 2015/18 annual allocations are a simple redistribution of the budgets from the 2012/15 Programme, which totalled £3.784m, excluding an amount of £698,000. This amount was within the 'Early Years' Service' funding stream for the programme in 2012/15 and has been removed from the 2015/18 Programme. This money was a ring-fenced budget from the Department for Education's Dedicated Schools Grant.
- 4.27 An annual contribution of £25,000 for each of the 3 years is also being provided from the One Tower Hamlets Budget, towards the Community Engagement Cohesion and Resilience Stream. Additionally it was agreed that the Third Sector Organisational Development Theme allocation is increased by an annual amount of £100,000. This contribution was made to enable organisations to bid to undertake the role of a prime strategic partner, working closely with the Council to support the delivery of key LBTH Third Sector policies, strategies and action plans. The total annual budget for 2015/2016 is therefore £3.211m. Details are summarised as **Appendix C**.
- 4.28 The followings tables set out the proposed indicative annual funding allocations and recommended funding for the MSG 2015 to 2018 Programme - Table 1 indicative budgets and Table 2 the officers funding recommendations for each of the individual theme elements.

**Table 1**

Theme Title	15/16 Indicative Budget £	16/17 Indicative Budget £	17/18 Indicative Budget £	36 Months Indicative Budget £
Children Young People and Families	820,000	820,000	820,000	2,460,000
Jobs Skills and Prosperity	1,200,000	1,200,000	1,200,000	3,600,000
Prevention Health and Wellbeing	806,000	806,000	806,000	2,418,000
Third Sector Organisational Development	260,000	260,000	260,000	780,000
Community Engagement Cohesion and Resilience	105,000	105,000	105,000	315,000
<b>Totals</b>	<b>3,211,000</b>	<b>3,211,000</b>	<b>3,211,000</b>	<b>9,633,000</b>

**Table 2**

Theme	Activity	Annual Budget	36 Months Indicative Budget	Rec' Award	Variance
Children, Young People & Families	Raising attainment	62,000	186,000	185,949	51
		126,000	378,000	163,146	214,854
		104,500	313,500	313,500	0
		104,500	313,500	313,500	0
	Vulnerable children, young people and families:	181,000	543,000	542,997	3
		242,000	726,000	726,000	0
Jobs, Skills & Prosperity	Strand 1 - Routeways to Employment Support Services	320,000	960,000	995,477	-35,477
	Strand 2 – Social Welfare Advice Services	900,000	2,700,000	2,646,819	53,181
Prevention Health and Wellbeing	Lunch Club Projects	355,000	1,065,000	611,640	453,360
	Prevention, health and wellbeing budget	242,000	726,000	1,052,940	-326,940
	Sports and lifelong learning	209,000	627,000	626,400	600
Third Sector Organisational Development	Priority 1 – Supporting organisations in receipt of Council grant	70,000	210,000	210,000	0
	Priority 2 – General support to front line delivery groups	90,000	270,000	300,000	-30,000
	Priority 3 - Strategic Partner Project	100,000	300,000	270,000	30,000
Community Engagement Cohesion and	This theme will be a small grants programme for localised activities	105,000	315,000	165,522	149,478
<b>Total</b>		<b>3,211,000</b>	<b>9,633,000</b>	<b>9,123,890</b>	<b>509,110</b>

**Note :** Commitments - Community Engagemet, Cohesion & Resilience

<b>149,478</b>
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Balance

<b>359,632</b>
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- 4.29 The MSG programme will run from September 2015 to August 2018 and as with the previous programme, the annual budget will be top-sliced to fund required corporate support; continued development and maintenance of the Councils grants management system and an annual evaluation. The total annual cost April 2015 is an amount up to £100k.



- 4.30 The Community Engagement Cohesion and Resilience Stream will run for a period of 19 months ending on 31<sup>st</sup> March 2017. The budget allocation to support this programme totals £166,250. The remaining budget of £148,750 (£166,250+£148,750 = £315,000) will be re-commissioned to be effective from 1<sup>st</sup> April 2017 until 31<sup>st</sup> March 2018. A summary of the recommended awards is set out as **Appendix A**. The projects that were not recommended for an award are attached as **Appendix B**.

### Applications

- 4.31 The closing date for Mainstream Grant Applications was 12 noon 3rd July 2015. All of the applications had to be submitted via the Councils GIFTs system. Applications were then subjected to a rigorous assessment process.
- 4.32 The chart below summarises the process and timeline from the initial assessment through to recommendations being made.

**Table 2**

Objective	Activity	Date
Deadline for receipt of MSG applications	Received via GIFTs	Friday 3 <sup>rd</sup> June 2015
Completion of eligibility assessment	Assessment against 10 key criteria – testing organisational capacity	Friday 12 <sup>th</sup> June 2015
	Recheck of all organisations failing initial eligibility assessment	Friday 12 <sup>th</sup> June 2015
Completion of application scoring	External – scoring project application against scoring matrix	Friday 26 <sup>th</sup> June 2015
	Internal – scoring project application against scoring matrix	Wednesday 1 <sup>st</sup> July 2015
Moderation	Moderation of internal and external scores to decide final project score	Wednesday 15 <sup>th</sup> July 2015
Recommendation (usually carried out in conjunction with moderation)	Recommendations based on score, identified need, added value, vfm, etc	Wednesday 15 <sup>th</sup> July 2015

### Assessments

- 4.33 There were a total of 370 applications that were received by the closing date (12 noon, Friday 3rd July). Of these 2 were found to be duplicates and removed from the process. As a result of this 368 moved forward for the eligibility assessment.
- 4.34 The table below summarises the number of applications received that moved forward to the eligibility assessment. Those that those deemed ineligible following the process are also summarised together with the summary of applications that were scored.

**Table 3**

Theme	Applications Received	Applications Ineligible	Applications Scored	Applications Below Threshold (including Duplicates)	Applications Recommended

Children Young people and Families	155	12	143	24	61
Jobs Skills and Prosperity	73	2	71	11	21
Prevention Health and Wellbeing	89	4	85	15	35
Third Sector Organisational Development	12	0	12	3	3
Com Engagement Cohesion and Resilience	41	5	36	10	11
<b>Total</b>	<b>370</b>	<b>23</b>	<b>345</b>	<b>63</b>	<b>131</b>

- 4.35 It should be noted that whilst the total number of projects recommended for support (131), although being significantly less than the number of projects that were funded within the 2012/15 grants programme (327), this is consistent with the strategic approach to the new programme. The 2012/15 programme was peppered with a large number of very small grant awards, which were not capable of delivering either significant or sustainable outcomes or impact within the community. The more strategic approach being taken with the current programme is designed to maximise the potential impact for local service users.

### **Eligibility**

- 4.36 Each organisation applying for grant funding was assessed using 10 key criteria. This assessment looked only at the application and supporting documentation submitted. Eligibility assessment began on Monday 8<sup>th</sup> July and was completed by Tuesday 14<sup>th</sup>. There were 24 council officers that undertook eligibility assessments. Most assessors had previous experience, however some did not and were recruited from across the Council to make sure the deadline was met. All officers involved in eligibility assessment undertook training and were supported by experienced grant officers.
- 4.37 There were 93 applications that failed eligibility in the first instance. All applications which failed the first assessment were assessed again by a different assessor. Second assessors were either senior grants officers or officers with significant grant experience. Following this second eligibility assessment (independent review) 23 applications were found to be ineligible. The remaining 345 applications moved to the full assessment scoring stage.

### **Application Scoring**

- 4.38 Each application has been scored twice, once by an external assessor and once by an internal assessor. Scoring began on Wednesday 15th July and was completed on Friday 26th July. There were 27 council officers required to undertake assessment scoring. All officers involved in scoring have either grant experience or worked within relevant service sections.
- 4.39 East End Community Foundation a local organisation were appointed to undertake external scoring of applications, following a competitive tender process. This organisation has significant experience assessing grant bids and awarding grant, and could also demonstrate sufficient resources and contingency arrangements to ensure the task was undertaken within the very tight timescales.

### **Moderation**

4.40 Following internal and external scoring, applications were moderated to ensure consistency. Theme leads, with the support of senior officers who have not been involved in the scoring process, determined the moderated score based on both scores. Moderation occurred when there was a variation of 20 or more points between the internal and external process. As section scores are weighted, variation of up to 20 can mean as little as one point difference in each section. Moderation utilises the skills of theme leads to determine the final score for each application. Projects scoring below 46 (the agreed quality threshold score) were not considered for recommendation.

### **Recommendation**

4.41 Senior managers and theme leads were asked to consider a number of key criteria in order to enable them to make recommendations. The criteria used included;

- **Duplication:** whether the project duplicated mainstream provision, another MSG application or other provided service
- **Value for Money:** a VfM assessment based on outputs and the target beneficiaries - which could be based on unit costs. Available budget and coherence of the programme were also criteria used
- **Geographical targeting:** whether projects targeted the target areas identified within the specification documents
- **Beneficiary targeting:** whether the project aimed to support the target beneficiaries as identified within the specification document
- **Accreditation:** whether the organisation has the required accreditation or quality standard as identified as a requirement within the specification document
- **Consortia/partnership:** whether the application was on behalf of a partnership or consortium
- **Governing document powers:** theme leads were asked to check governing documents such as constitution, to ensure that the organisation had relevant powers to deliver the proposed project activities

4.42 These criteria have been used alongside scoring to agree the final list of projects for recommendation. Appendix F sets out information in summary form of the evaluation conducted in respect of each application. The information provided includes the proposed project outputs, the moderated score and the reasons for the project being recommended or not. Appendix F was not finalised at the time of publication of the report and its publication will follow at the earliest opportunity.

### **Payment by Results**

4.43 The Council has always paid its Main Stream Grants funding based on satisfactory performance. The MSG 2015/18 Programme will be performance managed through a Payment by Results process based on a Red/Amber/Green (RAG) rating

1. All projects are RAG rated based on their performance during the previous quarter
2. The overall project rating of **GREEN, AMBER** or **RED** will be used to determine the advance payment for the coming quarter

The following example clarifies how the payments by results approach will be applied - where the quarterly grant is £18,000.

- Where the project is **GREEN** - **the advance payment will be £18,000**. In this situation no further action will be taken
- Where the project is **AMBER** - **the advance payment for the next quarter will be £12,000** (equivalent to 2 months funding). A Project Improvement Plan will be agreed and the project will be expected to have made up the under-performance, and be rated **GREEN** by the next quarter.

Where the project makes up its under-performance as agreed, the withheld funding will be released to the organisation. (*This means that the project will have been paid 2-months in advance and 1-month in arrears for the quarter*).

- Where the project is **RED** - **the advance payment for the next quarter will be £0**. A Project Improvement Plan will be agreed and the project will be expected to have made up the under-performance; and also be rated **GREEN** by the next quarter.

Where the project makes up its under-performance as agreed, the withheld funding will be released to the organisation. (*This means that the project will have been paid fully in arrears for the quarter*).

If a project fails to improve its performance for the next quarter as agreed, appropriate further action will be agreed which could result in the withdrawal of grant.

## **Programme Themes**

### **Summary**

- 4.44 The evaluation of each of the theme based projects has been completed in accordance with the standard guidance and evaluation methodology devised and implemented by the Third Sector Team in consultation with cross directorate officers.
- 4.45 A summary of the findings of the appraisal and recommendations process is provided in the Appendices listed below:
- Theme 1: Children, Young People and Families – **Appendix D1**
  - Theme 2: Jobs, Skills and Prosperity – **Appendix D2**
  - Theme 3: Prevention, Health and Wellbeing Services – **Appendix D3**
  - Theme 4: Third Sector Organisational Development – **Appendix D4**
  - Theme 5: Community, Engagement Cohesion & Resilience – **Appendix D5**

### **Digital Inclusion**

- 4.46 For information, in setting up the new MSG Programme, 2 cross-cutting themes were agreed: equalities and diversity and digital inclusion. These are supplementary to the 5 headline programme Themes. Applicants needed to address both of these issues within their application.

- 4.47 Digital inclusion is a term used for initiatives that help people gain access to online services, support them in using these services, and provide training in digital literacy skills. Being able to perform online transactions such as paying bills, undertaking job search, booking GP appointment are all becoming increasingly important to local residents.
- 4.48 As 'cross-cutting themes' it was agreed that organisations needed to achieve a minimum assessment score within both of these sections in order to be recommended for funding. In other words, they would be regarded as 'gateway criterion'. This information was set out within the application guidance and was also emphasised during the application workshops.
- 4.49 Whilst equalities and diversity had long been an application requirement, this was the first time that digital inclusion had been incorporated.
- 4.50 However, once officers began assessing applications, it soon became clear that there was a distinct lack of understanding of digital inclusion – and how this could be progressed within projects.
- 4.51 Had we maintained the intention to use this as a 'gateway criteria' only an extremely small number of projects would have met the required standard. This approach has therefore been modified and the minimum score in relation to this item no longer applies
- 4.52 It has therefore been decided that in order to ensure that digital inclusion is actually taken forward within the programme, officers from the third Sector Team in partnership with other as required, will:
- Incorporate digital inclusion into the grant negotiation workshops in order to provide clarity on a range of ideas and approaches
  - Negotiate appropriate activities, outputs and conditions within all grant agreements
  - Include digital inclusion within a planned series of workshops designed to improve project management skills across the sector

### **Equality Impact Assessments MSG 2015-18**

- 4.53 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.
- 4.54 The analysis of the proposed changes to the 2015-18 Mainstream Grant programme did not identify any adverse effect on any group with protected characteristics. The assessment recommended individual theme based assessments be undertaken following grant recommendations and look specifically at whether recommendations;
- Meet needs identified across protected characteristics and beneficiary groups; and

- Meet needs identified across geographical boundaries – this may not result in an ‘even spread’, but should instead aim to meet identified need across the borough.

#### Findings

- 4.55 The proposed programme maps well to identified need, in terms of vulnerable and disadvantaged groups and geographical spread. No adverse impact across protected characteristic has been identified.
- 4.56 Across the programme there is a significant change in terms of fewer projects funded but larger grants and much more inclusive projects delivered across the borough, as opposed to ward based. In 2013, 334 projects (excluding early year’s projects) were funded and the average grant award per annum was approximately £9,000. In 2015, it is proposed to fund 131 projects with an average grant award per annum of approximately £24,500.
- 4.57 Another key characteristic of this programme is more Boroughwide provision and projects offering inclusive provision. For example, there are proportionately more lunch clubs under this programme offering services to all older people regardless of gender or ethnicity, as opposed to lunch clubs specifically for Somali or Bangladeshi community.
- 4.58 This is consistent with the strategic approach to the new programme, designed to maximise the impact for service users.
- 4.59 Given the level of change within the programme, it is highly likely that some service users will find projects that they use are no longer funded via MSG. This is true particularly for services such as lunch club provision and community languages where there has been an over provision of service in the past. In general, however, it is felt that this approach will not adversely impact service users as there will be alternate provision (universal borough wide offering) available. Service leads will ensure referral to alternative provision. Given the level of change, the organisation does need to develop a more thorough assessment of service user outcomes under the 2013 MSG programme. **It is recommended that the evaluation process looks closely at beneficiary outcome data.**
- 4.60 The specifications and consultation (via workshops etc.) with the voluntary and community sector were explicit about the strategic approach of the programme, particularly the need to work more closely in partnership and via consortium, and under some themes the need to offer more inclusive services. However, many applications did not reflect this change. This had led to a number of organisations not being recommended to receive funding. **Evaluation and analysis of resilience and ability to adapt and respond to changing need within the voluntary and community sector needs to be undertaken and recommendations worked into the revised third sector strategy document.**
- 4.61 Equalities Assessments are draft at this stage and will be completed and signed off following agreement of funding award.
- 4.62 The detailed Equality Impact Assessments that have been completed in respect of each of the themes are attached as **Appendix E1 to E5.**

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

- 5.1 The report seeks Commissioners agreement for the allocation of mainstream grants to third sector organisations for the delivery of a range of desired outputs and outcomes over the three years from September 2015 to August 2018. Beyond the current financial year budget allocations are indicative, and are dependent on the outcome of the Council's budget process which is outside the scope of the Direction issued by the Secretary of State on the 17th December 2014.
- 5.2 To ensure adequate and timely provision for changes to the overall financial allocation for mainstream grants, contracts will commence on the 1<sup>st</sup> September with an annual review to take account of those changes.
- 5.3 Any changes to officer recommendations must be contained within the overall budget as set out in table 1 (£3.211m for a full year as at 2015/16).
- 5.4 The report proposes a payments by results approach linked to robust monitoring procedures. This will support the delivery of a function that is in accordance with the principles of best value.

## **6. LEGAL COMMENTS**

- 6.1 The power of the commissioners to make decisions in relation to grants arises from directions made by the Secretary of State on 17 December 2014 pursuant to powers under sections 15(5) and 15(6) of the Local Government Act 1999 (the Directions). Paragraph 4(ii) and Annex B of the Directions together provide that, until 31 March 2017, the Council's functions in relation to grants will be exercised by appointed Commissioners, acting jointly or severally. This is subject to an exception in relation to grants made under section 24 of the Housing Grants, Construction and Regeneration Act 1996, for the purposes of section 23 of that Act (disabled facilities grant).
- 6.2 There are a number of similarities between the mainstream grants process and procurement of public contracts within the meaning of the Public Contracts Regulations 2015. The key features which separate the grants process from the need to comply with the requirements of those Regulations are as follows. First, the payment of money by the Council is to reimburse actual costs incurred by the recipient and not profits. Secondly, the Council pays the amount that it deems appropriate from the funds available rather than paying the most economically advantageous bid price. Thirdly, grants typically proceed from an application process rather than a procurement procedure. A feature of the application process is that the applicant requests funding for a project that it has developed, rather than developing a proposal to the Council's technical specification. When implementing the grants programme, the Council must take care to maintain these points of distinction.
- 6.3 To the extent that the Commissioners are exercising powers which would otherwise have been the Council's, there is a need to ensure the Council would have had power to make the grants in question but for the directions. The

proposed grants may be supported under a variety of the Council's statutory powers, depending upon the outcomes achieved and the activities supported, and the relevant powers are summarised below.

- 6.4 Section 1 of the Localism Act 2011 gives the Council a general power of competence to do anything that individuals generally may do, subject to specified restrictions and limitations imposed by other statutes. As individuals may provide financial support to community organisations, the general power may support the giving of grants to those organisations, provided there is a good reason to do so and provided there is no statutory prohibition on doing so (which generally there is not). There may be a good reason for giving a grant if it is likely to further the Council's objectives as set out in the Community Plan, or one of the Council's related strategies. Information is set out in the report as to the connection between the proposed theme specifications and the Council's relevant strategies.
- 6.5 The target outcomes of the Children and Young People and Families theme may be supportive of a number of the Council's functions. Without seeking to specify these in a comprehensive way, the following of the Council's general duties seem particularly relevant:
- To take such steps as it consider appropriate for improving the health of the people of Tower Hamlets (National Health Service Act 2006).
  - to safeguard and promote the welfare of children in need in Tower Hamlets and, so far as consistent with that duty, to promote the upbringing of such children by their families, by providing a range and level of services appropriate to those children's needs (Children Act 1989).
  - To make arrangements to ensure that Council functions are discharged having regard to the need to safeguard and promote the welfare of children (Children Act 2004).
  - To provide facilities for recreation and social and physical training and sufficient educational and recreational leisure-time activities for qualifying young people in Tower Hamlets (Education Act 1996).
- 6.6 The target outcomes of the Prevention, Health and Wellbeing theme may support discharge by the Council of its public health functions under the National Health Service Act and, to the extent that they concern children, may also support the functions listed in paragraph 5.5 above. In relation to vulnerable adults, the Council is required to meet the needs of individuals in need of care and support or carers in need of support in circumstances set out in the Care Act 2014. The Council has a number of general duties under the Care Act, which include –
- To promote an individual's well-being. Well-being is defined in the Act and includes control by the individual over day-to-day life. In exercising this general duty the Council must have regard to the importance of preventing or delaying the development of needs for care and support as well as the importance of the individual participating as fully as possible.
  - To prevent needs for care and support. The Council must provide or arrange for the provision of services, facilities or resources, or take other steps which it considers will contribute towards preventing, delaying or



reducing the need for care and support by adults and the need for support by carers in Tower Hamlets.

- To promote integration of care and support. The statutory guidance supporting the Care Act includes guidance for Council departments working more closely together and in a joined up manner.
- To promote diversity and quality in the provision of services within the locality. The Council must ensure that commissioning and procurement practices deliver the services that meet the requirements of the Care Act.

- 6.7 By virtue of section 111 of the Local Government Act 1972, the Council has power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. This may involve expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights. This incidental power may support some grants in relation to development of the third sector.
- 6.8 The Council is a best value authority within the meaning of section 1 of the Local Government Act 1999. Pursuant to section 3 of the Local Government Act 1999 the Council is required to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (the best value duty). When considering whether or not to make funds available for the purposes specified, the Council should consider whether or not this will be consistent with its best value arrangements.
- 6.9 Part of complying with the Council's Best Value duty is ensuring that the Council obtains value for money. The report outlines that the grants process has been subject to publication and competition. The evaluation criteria were pre-defined and directed to ensuring that the Council achieves benefits for Tower Hamlets in line with its objectives. Value for money was a specific evaluation criterion. The programmes are to be actively monitored and payments made in line with results. These elements are all designed to achieve compliance with the best value duty. Grants should be supported by agreements that include the requirement for delivery of agreed objectives, monitoring and payment in line with results.
- 6.10 As set out above, the grants should not include a profit element. Grant agreements should reinforce that payments are made on an "as cost" basis and do not include profit. The terms of each grant agreement should provide for open accounting and claw-back of unspent monies.
- 6.11 The report refers to the top slicing of the budget in order to pay for continuing support for the mainstream grants programme. It is not clear whether this money is to be spent on an internal service or paid to one or more third parties. If it is to be paid to one or more third parties, then the same issue arises as in paragraph 6.2 above as to whether the payment is a grant or procurement within the meaning of the Public Contracts Regulations 2015. In the former case an applications process should be followed which ensures value for money, and in the latter case the Council must follow its procurement processes and any applicable requirements of the Public Contracts Regulations 2015.
- 6.12 When determining what support to provide to community organisations, the Council must have due regard to the need to eliminate unlawful conduct under

the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector equality duty). The Council must undertake an equality analysis to determine the effect on persons due to a change in the grant themes and may need to consult such that it obtains a proper understanding of the nature of the needs of those affected by the changes. The report sets out the equality analyses carried out, which appear to be proportionate to the mainstream grants programme.

- 6.13 The proposed arrangements for applicants to make representations will provide an opportunity for them to notify any issues which they consider have not been taken into account in the equality analyses. This will provide an important check on the adequacy of the equality analysis, which is a reason for accepting the reports proposals in relation to representations.
- 6.14 It is clear that at least two of the themes in the programme are targeted by reference to age, either partly or wholly, which is a protected characteristic under the Equality Act 2010. The Commissioners may take the view that this does not give rise to any unlawful discrimination, on the basis that, when viewed as a whole, the programme is intended to benefit people of all ages. With this in mind, the themes and funding have been aligned with the Council's statutory functions and objectives, which are in turn related to needs identified in the borough.

## **7. ONE TOWER HAMLETS CONSIDERATIONS**

- 7.1 The contribution of Third Sector organisations to delivering One Tower Hamlets objectives and priorities are 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.
- 7.2 The opportunities offered through the Main Stream Grants programme will play a key role in delivering the aims of One Tower Hamlets.
- 7.3 It should be understood that the primary purpose of the Main Stream Grants programme is to 'provide services for local residents. These services include specialist legal advice, employment skills development and supporting elders to deal with mental and physical health issues. Services are provided by Third Sector Organisations.
- 7.4 With the current Main Stream Grant programme scheduled to end on 31 August 2015. This means that the new programme will run from 1 September.

## **8. BEST VALUE (BV) IMPLICATIONS**

- 8.1 The commissioning framework for the 2015/18 MSG Programme provides transparency and clarity in the delivery of desired outcomes along with cost of providing those outcomes to facilitate more efficient alignment of funding allocations.

- 8.2 The funding priorities which are were set out within Grant Specifications clearly linked to delivering outcomes as set out in the Strategic Plan and Community Plan as a mechanism to deliver better outcomes for local people within available resources. Through for example giving priority to projects that promote social inclusion; and, supporting service providers who deliver cost effective services that focus on benefit the local community and meeting the expressed needs of local people.

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

- 9.1 The funding priorities within the MSG Programme support the spirit of delivering Sustainable Action for a Green Environment (SAGE). The Council, as a funder of third sector projects will encourage organisations take appropriate measures to minimise adverse impact on the environment.

## **10. RISK MANAGEMENT IMPLICATIONS**

- 10.1 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 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 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 contracted outputs/outcomes
- 10.2 To ensure that risks are minimised, each project/organisation will be required to comply with the standard Grant Agreement terms. There will also be appropriate renegotiated performance targets to be met and the evidence required. All extended projects will continue to be strictly monitored to ensure compliance.

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

- 11.1 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
  - Supporting 'at risk' individuals

## **12. SAFEGUARDING IMPLICATIONS**

- 12.1 As part of the application process organisations will be required to provide details of their safeguarding policy if appropriate. The Grant Agreement that funded organisations enter into as part of the MSG process commits them to complying with a number of requirements in relation to safeguarding.
- 12.2 If the organisation provides services to persons under 18 or to vulnerable adults and employs staff or volunteers in a position whose duties include caring for, training, supervising or being responsible in some way for children or vulnerable adults or who have access to records or information about any of these types of individuals, the organisation must ensure that all such staff and volunteers receive an Enhanced Check For Regulated Activity for the purposes of the Protection of Freedoms Act 2012 (Disclosure and Barring Service Transfer of Functions) Order 2012 before such staff and volunteers commence relevant activities.
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### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- Main Stream Grants 2015/18 Programme – 22<sup>nd</sup> April 2015

#### **Appendices**

The following appendices are attached to this report.

Appendix A – Recommended grants

Appendix B – Applications not recommended for grant

Appendix C – Summary Budget

Appendix D1 to D5 – Theme Information

Appendix E1 to E5 – Equality Impact Assessments

Appendix F – Evaluation Summaries (to follow)

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

- NONE

**Officer contact details for documents:**