

Meeting of the

CABINET

Wednesday, 7 November 2012 at 5.30 p.m.

TABLED PAPERS

VENUE

Committee Room, 1st Floor, Town Hall, Mulberry Place, 5 Clove Crescent, London, E14 2BG

Members:

Mayor Lutfur Rahman (Mayor)	– (Mayor)
Councillor Ohid Ahmed (Deputy Mayor)	– (Deputy Mayor)
Councillor Rofique U Ahmed	– (Cabinet Member for Regeneration)
Councillor Shahed Ali	– (Cabinet Member for Environment)
Councillor Abdul Asad	– (Cabinet Member for Health and Wellbeing)
Councillor Alibor Choudhury	– (Cabinet Member for Resources)
Councillor Shafiqul Haque	– (Cabinet Member for Jobs and Skills)
Councillor Rabina Khan	– (Cabinet Member for Housing)
Councillor Rania Khan	– (Cabinet Member for Culture)
Councillor Oliur Rahman	– (Cabinet Member for Children's Services)

[Note: The quorum for this body is 3 Members].

If you require any further information relating to this meeting, would like to request a large print, Braille or audio version of this document, or would like to discuss access arrangements or any other special requirements, please contact:

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LONDON BOROUGH OF TOWER HAMLETS

CABINET

WEDNESDAY, 7 NOVEMBER 2012

5.30 p.m.

5.1 Any Unrestricted Decisions "Called in" by the Overview & Scrutiny Committee
(Pages 1 - 12)

(Under provisions of Article 6 Para 6.02 V of the Constitution).

The following items have been "called in" for further consideration by the Overview and Scrutiny Committee at its meeting to be held on 6 November 2012. Should the Overview and Scrutiny Committee, upon consideration, refer the item back to the Cabinet for further consideration Members will receive a copy of the report and the decision/ recommendations of the Overview and Scrutiny Committee at the Cabinet meeting.

- a) Review of Tower Hamlets Art Work
- b) Mayor's Mainstream Grants Programme

Agenda Item 5.2

Committee: Cabinet	Date: 7 th November 2012	Classification: Unrestricted	Report No. 47/123	Agenda Item No. 5.2
Report of: Service Head, Democratic Services Originating Officer(s): Zoe Folley			Title: Decision Called-in: Review of Tower Hamlets Artwork (CAB 035/123) - Referral Back to Cabinet: Ward: All	

1. SUMMARY

- 1.1 Cabinet Decision: Review of Tower Hamlets Artwork (Draped Seated Woman) (CAB 035/123) was agreed at the meeting of Cabinet on 3rd October 2012 and was "Called-In" for further consideration in accordance with the provisions of Part 4 of the Council's Constitution by Councillors David Snowdon, Gloria Thienel, Peter Golds, Zara Davis and Craig Aston.

2. DECISION OF THE OVERVIEW AND SCRUTINY COMMITTEE

- 2.1 The Overview and Scrutiny Committee, after considering the matter the Committee recommended that the decision called-in was therefore referred back to the Cabinet for further consideration.

3. RECOMMENDATIONS

- 3.1 That the Cabinet reconsider the elements of the decision of the Review of Tower Hamlets Artwork (CAB 035/123) highlighted in Section 8.2 of the report.

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

Brief description of "background paper"

Overview and Scrutiny Committee
Call-in Report: Agenda Item 5.1
6th November 2012.

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

Zoe Folley
0207 364 4877

4. THE CABINET'S PROVISIONAL DECISION

4.1 The Mayor in Cabinet considered the report attached as Appendix 1 on 3rd October 2012 and made the following provisional decision:-

1. *That the sculpture be offered for international sale at auction by Christie's in February 2013 with a reserve price to be agreed by the Mayor in consultation with Christie's and that the receipt received be used to invest in projects that benefit the community, including priority heritage projects.*

5. THE 'CALL IN' REQUISITION

5.1 The Call-in requisition signed by the five Councillors listed gave the following reasons for the Call-in:

"This report allows the Council to sell off the very rare and much loved statue – The draped seated woman. The sale of this statue would be to the detriment of the local community as it is a major cultural asset.

- The Council has had several years to investigate options for the statue and report on them. It has not done so
- The report refers in options for return, just Canary Wharf and Victoria Park. But gives no details of any negotiations with Canary Wharf or examines any other options within the Borough.
- The report is therefore lacking in information in which to consider the sale of such an asset."

The call-in was presented by Councillor David Snowdon on behalf of the Call-in Councillors.

6. ALTERNATIVE ACTION PROPOSED

6.1 The Call-in Councillors proposed the following alternative course of action:

"We call on the Mayor, Cabinet and Council:

- To investigate all options for siting the statue within the Borough, including local museums/
- The Council seeks a loan arrangement with other tenants of Canary Wharf who may wish to borrow, insure, maintain, host or display the sculpture.
- The Council discusses with London Council's, the GLA and the DCMS about how the statue could be returned to London and displayed for the benefit of Londoners, which was why it was purchased by the LCC in the first place"

7. CONSIDERATION OF THE “CALL IN”

- 7.1 The Overview and Scrutiny Committee considered the following:
- the views and comments made by Councillor Snowdon in presenting the call-in;
 - the information given by Councillor Rania Khan, Cabinet Member for Culture with Heather Bonfield , Interim Service Head Culture, Learning & Leisure in response
- 7.2 In his presentation, Councillor Snowdon outlined the following reasons for the call-in and concerns raised.
- 7.3 He stressed the significance of the sculpture. It was now time for residents of the Borough to benefit from it. Crucially, Cllr Snowdon argued that the Mayor had not considered all of the options and the organisations that could host the work. He referred to a letter received from the Museum of London Docklands detailing how they could host the work safely and securely. They currently host other key art works and have the arrangements in place to store the sculpture. Like many galleries and museums, they are in a position to secure insurance, underwritten by the Government, through a scheme administered by the Arts Council.
- 7.4 The Committee heard from the Director of Museum of London, Sharon Ament. She confirmed that they were prepared to host the work and had received many offers of support from other key groups. They would host it on a long-term loan basis, rather than transfer of ownership. The museum is free to access and they would have a programme of community engagement and education in relation to the works.
- 7.5 Councillor Snowdon also queried the legality of the sale, whether the necessary legal documentation was in place to sell the work. Jill Bell, Service Head Legal, confirmed that it was.
- 7.6 The Committee heard from Councillor Joshua Peck. He reported that, in addition to Museum of London Docklands, other institutions such as Queen Mary University of London had offered to host the work. A quote obtained from their insurers showed it could be insured for £2,000 a year, indicating it was possible to insure the work for a reasonable price. Other institutions that have made offers to host the work or support its return to the borough were Christchurch Spitalfields, Morpeth School, Art Fund and Whitechapel Gallery. Furthermore 1200 people have signed a petition in support of its retention
- 7.7 Councillor Rania Khan responded to the concerns raised. The Cabinet appreciated that the sculpture was a great piece of art. She drew attention to the budget cuts and the absence of the sculpture from the Borough for 15 years. It would secure much needed funding for essential services and social regeneration.

7.8 Ms Heather Bonfield stressed the problems with the insurance. The advice she had previously received from the council's insurer, and others, was that it was not insurable, but this was being rechecked. In terms exploring different options of where the sculpture could be sited, they had reviewed public spaces including Victoria Park after the refurbishment works were completed, but they were not considered viable.

7.9 In reply to the presentations, the Committee raised the following questions and comments:

- There was a resolution, agreed by full Council 2 years ago, to bring back the sculpture to the Borough. Very little appeared to have been done since then, apart from discussions with the Canary Wharf Group in October.
- Why had there been a delay in sending the Museum of London Docklands proof of ownership of the sculpture so they could pursue their insurance application?
- Whether the Council had approached more than one insurer, before deciding that the sculpture was uninsurable.
- Why officers had waited until the Victoria Park refurbishments were finished before deciding that was an unsuitable site, and why the sculpture couldn't be located on one of the 'islands' in the Park.
- It was not clear what projects would be funded with the proceeds from the sale.
- There was a lack of consultation with the community, and it did not seem as if residents views had been taken into account

7.10 In response it was reported that Council had engaged in on-going discussions with the Canary Wharf Group over the last 2 years but they had now indicated that they did not wish to host the sculpture. It was necessary to wait for the works to Victoria Park and the security report to be completed before assessing if it could be accommodated in the park because of changes to the plans and ground conditions arising. It was evident from the assessments that the park was not a suitable location a site as set out in the Cabinet report. The letter from the Museums of London had only recently been received and contained other information and requests which were being addressed. The Mayor had given an indication of the types of projects that would be undertaken which included housing, culture, community safety and schools.

8. ALTERNATIVE COURSES OF ACTION PROPOSED

8.1 The Committee considered the views and comments made by Councillor Snowdon in presenting the call-in and the information given by Councillor Rania Khan and Heather Bonfield.

8.2 On a unanimous vote, the Committee agreed that Cabinet's provisional decision be referred back to Cabinet for further consideration, with the following alternative actions proposed:

- Insufficient consideration has been given to alternative options for returning the sculpture to the borough for public view and the decision appears to have been rushed. These alternative options should now be fully

considered. In particular, the offer from the Museum in London Docklands to host and insure the sculpture should be explored as well as the other expressions of interest and offers of support. These offers illustrate that it is possible to return the sculpture to public view in the borough securely.

- The sculpture should be displayed in a publicly accessible place so it can be enjoyed by as many people as possible. All options should be fully explored including council land and the University.
- The officer advice on this issue was disappointing, the report produced for the decision was inadequate and rightly caused concern that a decision taken on it would be open to challenge. Local institutions had not been contacted for their interest or advice on hosting the sculpture and the position over insurance was unclear. No mention was made of advice taken, other than that of Christies; giving the impression that only the sale of the statue was seriously being considered. No detail was included on usual practice on council insurance needs or why the conclusion had been reached, causing further concern regarding veracity. The reports own risk analysis warned of the issues, currently being faced by the Council, if the case was not dealt with correctly.
- A large number of residents clearly support the return of the sculpture to the borough and would greatly enjoy visiting it. Moore's inspiration was eastenders awaiting the end of the Blitz, and it was felt strongly that the state should remain in the east end of London.
- There is doubt that sculpture would fetch the much quoted £20 million at auction, particularly given its condition. This would be one-off capital funding and not sustainable, and, relative to the Council's overall budget would not have a significant impact on savings to be made. The benefits of retaining the statue would therefore far outweigh the relatively modest financial gain from the sale.
- It was disappointing that the Executive's argument for selling the sculpture appeared to have changed from the position that they would love to keep the sculpture but that it was uninsurable, to an argument that the sculpture was being sold to raise funds. No clear priorities for use of the proceeds of the sale have been produced, with different Lead Members citing different potential areas. Furthermore, there appears to be a lack of clarity about the Mayor's priorities for spending, as seen through the Mainstream Grants Programme process, the draft Community and Voluntary Sector Strategy and the Enterprise Strategy. This leads to the conclusion that funds raised will be spent on the whim of the Mayor alone.
- The statue belongs to the borough, no matter how long it has been cared for elsewhere. The fact that it was previously sent away to Yorkshire, rather than lose it, is not an excuse to now sell it, just because the Mayor has decided it is no longer valued by residents.
- Members and residents were told that the sculpture was uninsurable and it was logistically impossible to locate in the borough, but this is clearly not true, it could be brought home at little or no cost and as such should be returned to the borough for public enjoyment.

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Committee: Cabinet	Date: 7th November 2012	Classification: Unrestricted	Report No. 48/123	Agenda Item No. 5.2
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Report of: Service Head, Democratic Services Originating Officer(s): Zoe Folley	Title: Decision Called-in: Main Stream Grants Programme 2012-15 (CAB 040/123) - Referral Back to Cabinet: Ward: All
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1. SUMMARY

- 1.1 Cabinet Decision: Main Stream Grants Programme 2012-15 (CAB 040/123) was agreed at the meeting of Cabinet on 3rd October 2012 and was "Called-In" for further consideration in accordance with the provisions of Part 4 of the Council's Constitution by Councillors Carlo Gibbs, Bill Turner, John Pierce, Joshua Peck and Kosru Uddin.

2. DECISION OF THE OVERVIEW AND SCRUTINY COMMITTEE

- 2.1 The Overview and Scrutiny Committee, after considering the matter, recommended

That the decision called-in be referred back to the Cabinet for further consideration.

3. RECOMMENDATIONS

- 3.1 That the Cabinet reconsider the elements of the decision of the Main Stream Grants Programme 2012-15 (CAB 040/123) highlighted in Section 8.2 of the report.

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

Brief description of "background paper"

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

**Overview and Scrutiny Committee
Call-in Report: Agenda Item 5.2
6th November 2012.**

**Zoe Folley
0207 364 4877**

4. THE CABINET'S PROVISIONAL DECISION

- 4.1 The Mayor in Cabinet considered the report attached as Appendix 1 on 3rd October 2012 and made the following provisional decision:-

"1. To notify all groups who have applied for Mainstream Grants that the Mayor is minded to accept the recommendations of the Board as detailed in the report and to invite them, if they are dissatisfied by the recommendation to request a review within 7 days of being notified so a decision on the actual awards can be made as soon as possible. "

5. THE 'CALL IN' REQUISITION

- 5.1 The Call-in requisition signed by the five Councillors listed gave the following reasons for the Call-in:

"1. The process was flawed and non-transparent with new criteria that significantly changed the way these grants were applied for. The voluntary sector engaged with the new process in good faith, only to face further uncertainty as the final allocation of funding was repeatedly delayed since September 2011. Having waited over a year for the final allocations, these criteria were seemingly overridden at the end of the process.

2. The proposals were presented and agreed at Cabinet without any Equalities Impact Assessment. This meant that cabinet members may have made their decision without any understanding of the impact of these changes would have on different groups. This is incredibly negligent given the funding is for services that focus on the most vulnerable and isolated groups.

3. The decision to hold off on allocating £954,000 until a later date is severely detrimental to those that have lost significant amounts of funding. Their ability to bid for this funding is also impeded and there have been no proposals set out as to how this fund will be used.

4. The decision to significantly reduce funding to a number of organisation, but still demand that they deliver the same service is both unfair and unattainable. Organisations that face cuts to funding will now face difficulties in operating and even surviving in some cases. The council's demands on them are unrealistic and could prevent them from reaching performance targets and attaining funding in the future.

5. The Mayor has gone back on his pledge to protect the most vulnerable in society by allowing significant cuts to the social welfare advice services. This comes at a time when his Director of Finance has warned that the impact of the Governments welfare reforms is the greatest financial risk faced by the council. The detrimental impact these changes will be felt most acutely by the residents using these service. As total funding is remaining broadly the same, it is clear that he has chosen to politically target this

group - cutting their contribution from around 26% of total funding to just 16%.

6. There is no analysis provided to show that the provisions funded are evenly spread and appropriately apportioned across the borough.

Given the important and complex nature of this decision, and the short timescales available, we demand that an emergency Overview and Scrutiny meeting is called to review this decision.”

The call-in was presented by Councillors Joshua Peck and John Pierce on behalf of the Call-in Councillors.

6. ALTERNATIVE ACTION PROPOSED

6.1 The Call-in Councillors proposed the following alternative course of action:

“As an alternate course of action we demand the £954k of unallocated funds highlighted in the report be released to support agencies facing these significant cuts.

We also call on the mayor to publish a full Equalities Impact Assessment.”

7. CONSIDERATION OF THE “CALL IN”

7.1 In his presentation to the Committee, Councillor Peck and Pierce outlined their reasons for the call-in and their concerns. Councillor Peck explained his concerns related to the process, the impact on organisations doing critical work in the borough, the nature of the new organisations receiving funding and the geographical balance of organisations recommended to receive funding.

7.2 In terms of process, there no evidence that an Equalities Impact Assessment had been undertaken, which risked the Council being exposed to judicial review. He was concerned that the officer recommendations had been significantly changed by the Executive, and that this part of the process was not transparent. He also expressed concern that the process was still being progressed, rather than being paused, as should happen when a decision is subject to a Call-in.

7.3 A key concern was the significant cuts in funding to social welfare advice agencies. In some cases, organisations may have to close down as they would no longer be viable. The Council should be supporting such groups in this current economic climate and in light of the welfare benefits cuts. Cutting these services at a time when they are most needed would impact upon some of the most vulnerable people in the borough.

- 7.4 Councillor Peck also raised concerns about the organisations receiving funding for the first time, or significant increases in funding. He suspected they had strong links to the Mayor and his political network. Finally, he argued that the geographical spread of funding across the borough was not balanced, or linked to the level of deprivation in the borough and was therefore unfair.
- 7.5 Councillor Peck requested that the officers original recommendations, made to the Corporate Grants Programme Board (CGPB) be published; that the Equalities Impact Assessment be published; That all decisions be reviewed to looked at equity and geography; and that the money in the social welfare advice services budget be allocated to advice groups with a good track record in this area.
- 7.6 Councillor Alibor Choudhury responded to the concerns raised. He stressed that no decisions have yet been made and the Mayor and Cabinet wanted to consult the Overview and Scrutiny Committee as part of the ongoing process. He underlined that the Executive fully supported the voluntary sector and that the Council had received 100 more applications than previously. He noted the clear criteria agreed by the Council in March 2012 and explained the consultation, application and assessment process. The aim of the Corporate Grants Board was to ensure the recommendations made by officers were robust. In moderating the recommendations the Board took into account any gaps in provision, the organisations capacity to secure alternative funding, their potential to develop and knowledge of the community and local area, and relevance to Mayoral priorities. A key aim was to encourage new groups to develop. The decisions would be subject to robust monitoring arrangements.
- 7.7 It was difficult to carry out an Equalities Impact Assessment at this stage as the process had not been completed. The Board had fully looked at the geographical balance of the proposals. The final decisions should be made shortly.
- 7.8 In response, the Committee raised the following questions and concerns:
- The Committee queried the capacity of the new organisations to deliver the aims and outcomes expected. There were also concerns about small organisations capacity to upscale quickly, given their significant increases in funding. How could this be assessed given they had no track record? What assurances were there to ensure this? Cllr Choudhury said there would be robust performance monitoring arrangements put in place by the Council, but that new organisations needed to be given a chance.
 - It was stated that for some groups receiving a reduction in funding, their reserve budgets had been taken into account. Was this a factor considered for all groups? Cllr Choudhury said he couldn't comment on individual organisations.
 - The cuts of up to 40% in MSG funding to Early Years services overall was raised, as was older peoples day services, sports and activities, and

refugee assistance, which had also seen cuts of up to 70%. Cllr Choudhury did not respond.

- The Committee requested a geographical breakdown of the proposals be provided. Cllr Choudhury reiterated that no final decisions had been made yet.
- The Committee raised concerns about the changes made to the original officer recommendations and that this was not transparent. They requested that these officer recommendations were published in the interest of transparency. Cllr Choudhury responded that changes were made to reflect Mayoral priorities and address gaps in provision. The Committee disagreed, as neither the MSG Programme or other recent reports had shown how they had met Mayoral priorities.
- The Committee were very concerned that an Equalities Analysis of the proposals was not available and requested that this be published as soon as possible. Again Cllr Choudhury stressed that no decisions had yet been made.
- The Committee were also extremely concerned about cuts to welfare advice services.

8. ALTERNATIVE COURSES OF ACTION PROPOSED

- 8.1 The Committee considered the views and comments made by Councillor Joshua Peck in presenting the call-in, and the information given by Councillor Alibor Choudhury.
- 8.2 The Committee unanimously agreed that Cabinet's provisional decision be referred back to Cabinet for further discussion and urgently revised to ensure fairness.
- 8.3 They proposed that the following alternative actions are taken, and concerns considered:
- That the proposals be fully reviewed, taking into account:
 - an equalities analysis
 - the geographical spread of funding
 - the potential impact of welfare reform on vulnerable residents and the importance of advice services, as well as the impact of withdrawing funding withdrawal from third sector organisations that are supporting the boroughs residents.
 - The capacity of all organisations commissioned to deliver a quality service and stated outcomes.
 - The proposed levels of funding could have significant impacts on the council's service delivery and the Committee would like to see more information on what services will no longer be delivered as a result of the proposals.
 - There were significant concerns raised about the process and its transparency to residents and organisations involved.
 - There was particular concern that key information had not been made available to the Committee. The Committee requests that in the interest of

transparency the original officer recommendations be published, as well as the Equality Impact Assessment and the geographical breakdown of proposals. A list of organisations total proposed funding was also requested, rather than broken down into different projects funded by different directorates.

- The Committee proposed that the funding in the welfare advice budget be allocated to welfare advice services, particularly those with a good track record in delivering these services.
- Concern was expressed that many longstanding third sector and community organisations faced significant cuts in funding and possible closure. Their expertise and experience in delivering services is essential in this difficult economic climate. The reasons for reducing or ceasing their funding to such an extent should be fully justified and communicated to organisations and members.
- The Chair also stated that if it is later found that the council is not discharging its duty to the public, that questions will have to be answered as to why these funding decisions were taken in the light of the welfare changes and other funding cuts that will soon be faced in Tower Hamlets.
- The Committee also reminds the Mayor of the Overview and Scrutiny Committee's plan to undertake a scrutiny review of the mainstream grants process, and they asked that the Executive co-operate fully with this.
- Given the lack of information currently available in relation to the decisions being made, it would be ethically impossible for OSC to agree with the decisions. The Executive is urged to share publicly the information on which they are basing their decision. If this is not done, it was confirmed that once a final decision has been made by the Executive, that decision could, and would in all probability, also be called in for consideration by the OSC.