

MAYOR'S EXECUTIVE DECISION MAKING

Thursday, 23 October 2014

Mayor's Decision Log No. 70


1. EMERGENCY FUNDING (Pages 1 - 14)

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Tel: 0207 364 4204, e-mail: johns.williams@towerhamlets.gov.uk

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Agenda Item 1

Individual Mayoral Decision Proforma Decision Log No: 70	 TOWER HAMLETS
Recommendation of: Corporate Grants Programme Board	Classification: Unrestricted
Emergency Funding	

Is this a Key Decision?	Yes
Decision Notice Publication Date:	17 August 2014
General Exception or Urgency Notice published?	Not required
Restrictions:	N/A

1. EXECUTIVE SUMMARY

- 1.1 Local Voluntary and Community Sector Organisations make extremely valuable contributions to the delivery of services to some of the boroughs most vulnerable residents. Such contributions have always been always been recognised and much appreciated by the Council.
- 1.2 Increasingly however, during this time of austerity and diminishing resources within the sector, there are occasions when a number of these organisations face temporary financial difficulties. In order to protect the continuing delivery of key front-line services; the Council wishes to introduce an Emergency Funding initiative to support those service providers who face financial difficulties.
- 1.3 The detailed Emergency Funding Report considered by the Corporate Grants Programme Board at its meeting of 4 September is attached as Appendix 1.

2. RECOMMENDATIONS

The Mayor is recommended to approve the recommendations of the Corporate Grants Programme Board (CGPB) as set out below.

- 2.1 Agree the budget arrangements as set in paragraphs 6.4 and 6.5 (of the CGPB Report)
- 2.2 Agree the maximum Emergency Funding award as set out in paragraph 6.6 (of the CGPB Report)
- 2.3 Agree the process as set out in paragraphs 6.7 to 6.16 (of the CGPB Report)

APPROVALS

Recommendations of the Corporate Grants Programme Board

1. Chief Finance Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

Signed  Date 12/9/14

2. Monitoring Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

(For Key Decision only – delete as applicable)

I confirm that this decision:-


(a) has been published in advance on the Council's Forward Plan

Signed  Date 15/9/14

3. Mayor

I agree the decision proposed in paragraphs 2.1 and 2.2 above for the reasons set out in paragraphs 3.1 and 3.2 in the attached report.

Signed  Date 22/10/14

<p style="text-align: center;">Individual Mayoral Decision Corporate Grants Programme Board 4 September 2014</p>	 <p style="text-align: center;">TOWER HAMLETS</p>
<p>Report of: Corporate Director (Development & Renewal)</p> <p>Originating Officers: Dave Clark (Interim Service Head Resources D&R) Everett Haughton (Third Sector Programmes Manager)</p>	<p>Classification: Unrestricted</p>
<p>Emergency Funding</p>	

Lead Member	Alibor Choudhury
Wards affected	All wards
Community Plan Theme	A Prosperous Community/ A Safe and Cohesive Community/A Healthy and Supportive Community

1. EXECUTIVE SUMMARY

- 1.1 It has long been a clearly held view of the Council, that Third Sector Organisations play an extremely important role in delivering key services throughout the Borough. Such services are often the 'last resort' for some of the most vulnerable members of the local community. It is also imperative to note that the services provided are, in some instances, major contributors to achieving Community Plan priorities.
- 1.2 It is also understood that, in this time of global economic uncertainty, there are occasions where even the best managed organisations will require short term financial support. It is of no surprise therefore, that there is an emerging need for this type of support within local Third Sector organisations.
- 1.3 This report therefore poses questions and sets out proposals regarding the creation of a Third Sector Emergency Fund. The report also details how such a fund would be administered.

2. RECOMMENDATIONS

In order to make recommendations to the Mayor for decisions under his executive powers, the Corporate Grants programme board is asked to:

- 2.1 Agree the budget arrangements as set in paragraphs 6.4 and 6.5

- 2.2 Agree the maximum Emergency Funding award as set out in paragraph 6.6
- 2.3 Agree the process as set out in paragraphs 6.7 to 6.16
- 2.4 Consider the Emergency Funding Request Form attached as Appendix 1 and agree any required amendments

3. **REASONS FOR THE DECISIONS**

- 3.1 The decision is required in order to enable the Council to respond to requests from Third Sector Organisations for financial support when facing unexpected emergency situations.

4. **ALTERNATIVE OPTIONS**

- 4.1 The Board could recommend an alternative level of funding for setting up an emergency fund.
- 4.2 The issue of emergency funding could be put on hold pending the review of budgets and arrangements for next MSG funding period: at this time, the programme budget could be top-sliced to create an emergency funding pot.
- 4.3 It could be decided that the creation of an emergency funding pot is not a priority at this time.

5. **BACKGROUND**

- 5.1 Historically, the Council had emergency funding arrangements in place enabling local third sector organisations to apply for what was often referred to as life-and-limb support.
- 5.2 This has not been the case in recent years. However, the need for such support has certainly not diminished. On the contrary, where organisations are in need of emergency funding support other mechanisms have been found to provide the required help.
- 5.3 This has included directing organisations toward other potential funding pots including any small grant programmes which were operational or general budget underspends within directorates. Such ad-hoc arrangements are no longer seen as appropriate and a more structured approach is necessary.

6. **BODY OF REPORT**

- 6.1 As grant funding becomes increasingly scarce there is likely to be a growing tendency for local organisations to look toward the Council for additional financial support over-and-above any 'service provision' grants which have already been agreed. The potential of an 'emergency funding budget' has been the subject of discussion and consultation with the Voluntary and Community

Sector through the Third Sector Advisory Board (TSAB). The Board was established in 2009/10 to formally act as the 'Voice and Representation Body' for the Third Sector in Tower Hamlets – it includes representatives from a wide range of local Infrastructure Organisations, forums/networks and other key Third Sector bodies including the Tower Hamlets Council for Voluntary Services. At its meeting of 25 June 2014, proposals for an Emergency Funding programme was presented to the TSAB and, following a detailed question and answer session, the proposals were unanimously supported.

- 6.2 The need for financial support doesn't necessarily coincide with either the funding streams or timings of the Council's grant programmes. Therefore, if the Council wishes to introduce an emergency funding regime, it will be important that such a programme is able to respond positively to a variety of articulated needs of the organisations.
- 6.3 This will mean having the flexibility to meet a range of support needs as well as being able to make decisions and release funds in a timely manner. However, although seeming a contradiction, any approved emergency funding programme will also need to be constrained by fairly tight rules and procedures: details of which are set out within the sections below.
- 6.4 The potential demand for emergency funding is always likely to significantly exceed any reasonable budget provision we could make. Officers therefore believe that a budget of circa £250,000 would, in the current financial climate, demonstrate an excellent level of commitment from the Council.
- 6.5 It is recommended that for the current year, part of the Corporate Match Funding budget which stands at £550,000 is utilised to create the Emergency Funding budget. These funds have become available from April 2014 after being tied up as 'match' for the Mayor's ESF Community Grants Programme.
- 6.6 It is recommended that the grant for an individual emergency funding award be agreed at a maximum of £20,000.

The Process

- 6.7 To be considered for Emergency Funding an organisation must meet the following key criteria – the organisation:
- is already in receipt of Council funding
 - provides a service that is of strategic importance to the borough
 - is in danger of closing down or is unable to continue to provide core funded services at a 'reasonable level or standard'
 - has already taken/or is in the process of implementing reasonable measures to address the situation
 - is able to demonstrate that it can sustain itself once any emergency funding has been utilised
 - otherwise meets the council's Best Value considerations

The Board is asked to agree the above criteria or amend as appropriate.

- 6.8 An organisation must formally alert the Council in writing that it requires emergency funding and set out the reasons for such a request.

6.9 Following an initial assessment – which is basically the eligibility test as outlined in paragraph 6.7 above, if the organisation meets the criteria, an Emergency Funding Request Form will be sent to the organisation. A draft form is attached as APPENDIX1 which asks for the following information.

- reasons behind the need for emergency funding in more detail
- details of actions that have already been taken to address the problem and why they have been insufficient
- details of any planned actions in addition to the request to the Council
- detailed evidence of the organisations financial position including bank statements covering the past 12 months, a cash flow forecast, a copy of latest audited/certified accounts; and a copy of the organisation's reserves policy.

The Board is asked to consider the form and to agree any required amendments.

6.10 Officers will assess the completed Emergency Funding Request Form with the following questions in mind:

- is the organisation facing a genuine 'emergency/life-and-limb' situation?
In order to properly assess this, organisations may be required to complete a detailed cash-flow forecast spreadsheet
- is there more action the organisation can/should do before Council intervention?
- is the level of grant requested reasonable?
- is awarding a grant the best solution?
- what other actions could/should the Council take?
- if awarded a grant, will the funding provide a sustainable solution?
- what level of grant should be offered?
- what conditions should be attached to an offer of grant?
- what will be the consequences if the organisation fails or stops delivering some or all of its contracted services?
- whether a grant will be consistent with the Council's public sector equality duty; and,
- how does the application meet the best value requirements?

6.11 It is proposed that; if for example, the organisation is currently only in receipt of Council funds to provide activities under our MSG Youth and Connexions funding stream, the directorate which is responsible for that funding stream: in this case CLC, should be responsible for assessing the request.

6.12 However, where the organisation is in receipt of funds from multiple funding streams which span a number of directorates, the assessment will be led by the Third Sector Team (TST) within D&R. And, under these circumstances, the TST will consult with the directorates concerned in determining the appropriate recommendation. This is particularly important in determining

6.13 Request for emergency funding will likely need a swift response. It is suggested therefore, that once officers have assessed the request, a proposal is presented

to the Chair of the Corporate Grants Programme Board/Lead Member for his consideration. The proposal should contain the following options for taking the request forward:

- i. a report be presented to the next scheduled meeting of the Corporate Grants Programme Board and then taken through the Individual Mayoral decision process;
- ii. the request is considered by the Chair of the Corporate Grants Programme Board in consultation with the appropriate Corporate Director and funding released through the Corporate Directors Action.

- 6.14 If emergency funding is agreed, A grant agreement will be put into place that sets out what the funding is to be used for and what outputs or outcomes the organisation will be required to meet.
- 6.15 The organisation will then be paid the agreed amount – which could involve phased payments – and the appropriate monitoring regime implemented.
- 6.16 The organisation will be required to submit reports to the Council by agreed dates to confirm how the money has been used together with details confirming that the required outcomes have been achieved. Any significant under achievement of required outcomes will be noted and reported back to the Corporate Grants programme Board. The Board will be required to agree any appropriate action to be taken.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 Funding of £550,000 was set aside as part of the budget process to establish a Corporate Match Funding budget in 2014-15. This report proposes that £250,000 of these resources are ring-fenced to create an Emergency Funding budget to support Third Sector organisations that encounter short term financial difficulties.
- 7.2 The proposed criteria for qualifying for potential emergency support is laid out in paragraph 6.7. Any bids for funding that are received will be independently assessed, either by the appropriate Directorate if funding falls within its specific service area, or officers within the Third Sector Team within Development and Renewal if activities are cross Directorate. Due to the potential urgency of the process, it is proposed that, following assessment, any recommended funding is presented to the Chair of the Corporate Grants Panel / Lead Member for verification (see paragraph 6.13).
- 7.3 It is essential that officers undertake appropriate value for money assessments when determining applications. These will need to be tailored to ensure that they are appropriate to assess the particular service that the grant recipient provides.
- 7.4 To mitigate risk, the Council, via the Third Sector Team, will negotiate delivery targets with each successful organisation which will be included within a formal grant agreement. Funding payments will be made in stages if necessary to ensure that the financing is only available if performance is in line with that expected.

- 7.5 It is proposed that the maximum level of emergency funding is £20,000, although each successful bid will be assessed to ensure an appropriate level of funding below this. To ensure close control of the budget, it is important that the resources earmarked for the Emergency Fund are accounted for independently from the Corporate Match Funding budget. This will reduce the risk of the overall budget being overcommitted.

8. LEGAL COMMENTS

- 8.1 The proposal to make emergency grants to funded organisations is capable of being carried out within the Council's statutory functions. The Council's power to provide the emergency funding should be equally supported by the power which enabled it to make the initial grant.
- 8.2 The Council has power under section 1 of the Localism Act 2011 to do anything that individuals generally may do, subject to specified restrictions and limitations imposed by other statutes. As an individual may provide support to a community organisation, this is something that the Council also may do provided there is a good reason for doing so. There would be a good reason for doing so if the funded project supported the Council's strategic objectives, for example as set out in the Community Plan, which it is proposed would be a requirement for emergency funding.
- 8.3 The Council has an obligation as a best value authority under section 3 of the Local Government Act 1999 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 process proposed in the report for the making of an emergency grant appears targeted towards ensuring that such grants will be consistent with best value considerations. The Council's arrangements for supporting the voluntary and community sector include consultation with an advisory board, which has been carried out in this case.
- 8.4 A decision may relevantly be a key decision for either or both of the following reasons: (1) it involves significant expenditure having regard to the Council's budget for the service or function in question (the financial test); or (b) it will have a significant effect on communities living or working in an area comprising two or more wards in the borough (the community impact test).
- 8.5 In this case, the decision to set up an emergency grant fund may be considered to meet both tests. It involves setting aside a fund of £250,000 for expenditure from a budget of £550,000, which may be considered a significant percentage. The fund will be used for the benefit of organisations across Tower Hamlets in circumstances considered to have strategic significance, which would be likely to have a significant effect on communities in two or more wards.
- 8.6 If the scheme is approved, issues may arise about whether decisions on individual requests are key decisions. These will have to be dealt with in accordance with the requirements of the Local Authorities (Executive

Arrangements) (Meetings and Access to Information) (England) Regulations 2000 and the Council's Constitution.

- 8.7 When considering whether or not to set up the emergency fund, 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. There is information in the report relevant to these considerations.

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 Community Chest and Community Events Funds will therefore play a key role in delivering the aims of One Tower Hamlets.

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.
- 11.2 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 meet its agreed obligations/outputs and outcomes.
- 11.3 Officers will endeavour to mitigate all potential risks and to ensure that arrangements are in place for the Council to take appropriate remedial action.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 12.1 The services that will be provided through these funding streams cover a broad spectrum of activities, some of which are key drivers in contributing to the reduction in crime and disorder, in particular, improving community cohesion.

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

- 14.2 APPENDIX 1 – Draft Emergency Funding Request Form

**London Borough of Tower Hamlets
Emergency Funding Request – Registration Form**

Name of organisation:	
Address:	
Wards served:	
Name of person completing request:	
Position in organisation:	
Contact email address:	
Telephone contact:	
Amount Requested:	£

Please set out below the purpose(s) for which the requested funding will be used add additional rows below as required	
Explanation	Cost
	£
	£
	£
	£
	£
	£
	£

Please explain why your organisation has a financial emergency.

Please provide details of what action you have taken to date in an effort to mitigate the emergency.

Please explain precisely how the emergency is likely to impact on the organisation as a whole; and, in particular, how it will affect any project or initiative currently funded by the Council

ORGANISATIONAL INCOME

FUNDING SOURCE	2014/15	2015/16
	£	£
Charitable Trusts/Foundations		
Business Donors or Sponsorship		
LBTH Grants or Contracts		
Other Income e.g. subscriptions, fee/charges etc.		
Total 'designated funds' (for repairs or other uses)		
Funds held in 'reserves' in line with formal policy		
Any other monies 'in bank'		
TOTAL		

ORGANISATIONAL EXPENDITURE

EXPENDITURE	2014/15	2014/15
	£	£
Salaries (by staff)		
(A) EMPLOYEES TOTAL		
Premises costs – please specify		

(B) PREMISES TOTAL		
Office costs – please specify		
(C) OFFICE COSTS TOTAL		
Other running costs - please specify		
(D) OTHER RUNNING COSTS TOTAL		
(E) MISCANEOUS OTHER TOTAL		
Capital expenditure - please specify		
(F) CAPITAL EXPENDITURE TOTAL		
TOTAL EXPENDITURE (A + B + C + D + E + F)		