

<b>Grants Determination Sub-Committee</b> 24 <sup>th</sup> October 2017	
<b>Report of:</b> Zena Cooke, Corporate Director Resources	<b>Classification:</b> Unrestricted
<b>Innovation Fund – organisations funded in phases 1 &amp; 2</b>	

<b>Originating Officer(s)</b>	Steve Hill – Head of Benefits Services Mohammed Ahad – Community Programmes Officer
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	Yes
<b>Community Plan Theme</b>	One Tower Hamlets

## 1. **EXECUTIVE SUMMARY**

- 1.1 This report seeks to give the Grants Determination Sub-committee an update of pledges made through the Council's Innovation Fund. The Innovation Fund is being used as match funding for voluntary and community sector organisations that are crowdfunding through the Council's 'Our Tower Hamlets' crowdfunding portal (via Spacehive).
- 1.2 Organisations crowdfunding through portals such as Spacehive must raise their funding target before an agreed deadline. As a result of this, decisions on whether to pledge to an organisation must be timely. The Sub-Committee therefore agreed at its 9<sup>th</sup> May meeting that decision making would be delegated to an officer panel chaired by the Corporate Director for Resources. In addition, it was agreed that update reports would be presented to the Sub-Committee on a quarterly basis.

## 2. **RECOMMENDATIONS**

- 2.1 The Grants Determination Sub-Committee is recommended to:
- i. Note this report, in particular pledges made to organisations as detailed in 5.5

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

- 3.1 No decisions are required, this is a noting report.

## 4. **ALTERNATIVE OPTIONS**

- 4.1 Committee could choose not to receive an update report but this would mean information regarding the use of the Innovation Fund would not be considered by the Committee and is therefore not recommended.

## **5. DETAILS OF REPORT**

- 5.1 An action within the Council's Voluntary and Community Sector (VCS) Strategy (2016-19) was to identify potential external funding sources to expand and diversify the resource base of local VCS organisations. With a reduction in public sector funding a method to diversify income has been to encourage organisations to crowdfund. The Council has entered into an agreement with the crowdfunding portal Spacehive to pilot support to local VCS organisations who are crowdfunding for projects.
- 5.2 The Council is keen to encourage and support innovation in the sector and acknowledged that this would require some funding to enable the sector to pilot new initiatives and approaches to service delivery and support. The creation of an Innovation Fund was expected to support the sector "test and learn" new ways of working, new initiatives and new delivery models that if successful could be scaled up and commissioned more formally. As a result Commissioners, at their Decision Making Meeting on the 12<sup>th</sup> April 2016, agreed to the creation of an Innovation Fund with an allocation of £120,000. At their meeting on the 9<sup>th</sup> May 2017, the Grants Determination Sub-Committee agreed that the Innovation Fund could be used as match-funding for organisations crowdfunding through Spacehive.
- 5.3 Organisations crowdfunding through portals such as must raise their funding target before the agreed deadline, failure to do so results in the organisation not receiving any of the funds raised with all payments being returned to their source. With this, it is paramount that any decision on match funding through the Innovation Fund must take place at the earliest opportunity possible in order to ensure that organisations are not at risk of losing out on the amounts they have raised.
- 5.4 With the need to make decisions in a timely and responsive manner, it was agreed at the 9<sup>th</sup> May 2017 meeting that decision making would be delegated to an Officer panel chaired by the Corporate Director, Resources. Decisions would be made in strict accordance to the eligibility criteria and demonstration that the project is consistent with local priorities as detailed in the Community and Strategic Plans and the Voluntary and Community Sector Strategy. To increase transparency in the process it was recommended that an external grant funder would be involved in the process. In addition, update reports would be presented to the Grants Determination Sub-Committee on a quarterly basis detailing organisations that have been funded.
- 5.5 The Innovation Panel Assessment Panel has convened twice to consider recommendations on applications. The table below shows the pledges that have been made to the following organisations:

### Organisations that LBTH have pledged to and have met their crowdfunding target

No.	Organisation	Phase	Total Crowdfunding target	Agreed pitch amount	Crowdfunding target met?	Reason for recommendation
1.	Public Projects LTD  (Project name: Pop-up compost)	1	£4,526.00	£1,142.25	Yes	<p>A good project which is consistent with the key Council priority around recycling.</p> <p>The project has good support from the local community which is evident with the high number of smaller donations. In addition to this they have done well to promote through social media. The project has received pledges from other organisations including East End Homes and Veolia.</p>

### Organisations that LBTH have pledged to that have met 15% of their crowdfunding target but are still crowdfunding

2.	Factory East Community Project (Project Name: Boxing for the Community in London)	2	£9,132	£2,283	Still crowdfunding	<p>A good application which details the need for additional equipment for the gym. The organisation delivers a number of projects around boxing in the community with a large take up (2000 people used the service in 2016). The project is also consistent with a number of key Council priorities including reducing isolation, tackling ASB, promoting cohesion and a healthier community.</p>
3.	Rejuvenate UK CIC (Project Name: East London Makerspace)	2	£60,656	£10,000	Still crowdfunding	<p>A very good application with a lot of support in terms of comments and likes. The organisation is active on social media and has organised open days to promote the project. The application is also the only Tower Hamlets based organisation to receive a crowdfunding pledge through the GLA in 2017. Recycling is a key Council priority in both the community and strategic plans. The organisation seems to have a very innovative project here around both recycling and reusing.</p>

4.	Transform UK (Project Name: Transform Shoreditch: Café and Arts Space)	2	£151,177	£10,000	Still crowdfunding	Very strong application from the organisation. This is a large scale project which has also secured a pledge from Esmee Fairbairn and Veolia. The project has widespread support from the community with 140 pledges although these are fairly high (excluding In-Kind £91 per pledge). The Spacehive page also has a number of comments and responses from the organisation. The responses to the two questions are good. It is evident that there is a need for good quality spaces in the borough for young people and this has the opportunity to be one of them.
	<b>TOTAL</b>			<b>£23,425.25</b>		

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

- 6.1 Under the framework set out between para 5.1 to 5.4, voluntary and community sector organisations are supported in their efforts to embrace crowdfunding through the appropriate portal.
- 6.2 The DCLG Commissioners agreed a provision of £120k to support the Innovation Fund during April 2016 to provide such community support.
- 6.3 This funding was set aside and is available to support new Innovation Fund schemes.
- 6.4 The organisations identified under para 5.5 generate a potential total liability of £23.4k which equates to less than twenty percent of the total Innovation Fund and therefore well within the overall provision.
- 6.5 The funding provided is one-off and officers will be required to ensure that expenditure remain within the existing Innovation envelope by means of closely monitoring budgets and payment activity.

## **7. LEGAL COMMENTS**

- 7.1 The Council has power to make the grants under section 1 of the Localism Act 2011 which gives the Council the general power of competence. This means that the Council has the power to do anything which an ordinary human being could do, unless statute specifically restricts the Council for acting in the way it wishes. It appears that there is no specific legislation prohibiting the making of grants of this nature.
- 7.2 However, the Council must satisfy itself that the giving of any such grant would not constitute State Aid for the purposes of European Law. At £10,000 each as a maximum, the grants themselves are likely to fall below the de minimis block exemption that applies to State Aid and it is also unlikely that an organisation resident in another member state would be interested in providing activities in the UK of a type similar to that which a grantee would carry out.
- 7.3 However, the Council needs to maintain a record and have cognisance of the cumulative effect of the grants both in terms of the total given out generally and as regards the identities of the particular recipients of the grant.
- 7.4 It is notable that the Council may only give a grant where the grantee has no other pecuniary interest in the scheme. For example, that the grantee does not make a profit. In the event that a pecuniary interest is present it is likely that the particular scheme would be considered Procurement Activity rather than a grant and should be treated as a procurement exercise under a separate regime and in accordance with the Council's Constitution.
- 7.5 It is significant that the Council has cognisance of the identities of other organisations who have provided grant funding as part of the Crowd. This is particularly important given the fact that the body of the report details an application procedure which runs alongside the collection of the crowd fund i.e. it was not obvious at the time of the application from where the other funds are coming. The Council needs to ensure that the Council is only bound into

ventures with organisations that in the ordinary course of events are of a type with which the Council should deal.

- 7.6 The Council needs to continue to ensure that the application procedure is fair open and transparent and each application is assessed in accordance with the published criteria of the fund. This is because the Council funds are held under a fiduciary duty for members of the public generally. Therefore, within the constraints of the rules of the fund, the money should be open to all to make an application. Also, as time goes by and as more funding is granted the Council needs to show that it has a consistent approach to the approval of grants and demonstrate rationality.
- 7.7 The Council has a duty to achieve Best Value in respect of its expenditures. This is by virtue of Section 3 of the Local Government Act 1999. The Council must satisfy itself that the giving of any grant represents Best Value. This means that it will have to ensure that any grant is made under terms that enable monitoring to demonstrate that the money achieves the appropriate outcomes for which it was given.
- 7.8 The Council and in particular the fund panel need to continue to be particularly aware as to how each scheme may affect person with a protected characteristic for the purposes of the Equality Act 2010. A review should be undertaken of the grants given on a regular basis to ensure that funds are distributed appropriately and in a manner consistent with the Council's Equality Duty under section 149 of the Act. In particular the Council should ensure that it has taken appropriate measures to understand the impact any decision might have in respect of such persons when considering the Council's involvement in respect of a particular application

## **8. ONE TOWER HAMLETS CONSIDERATIONS**

- 8.1 The contribution of voluntary and community sector organisations to delivering One Tower Hamlets objectives and priorities are explicitly recognised in the Council's Voluntary and Community 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.
- 8.2 The opportunities offered through the Innovation Fund and the Spacehive initiative will play a key role in delivering the aims of One Tower Hamlets.

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

- 9.1 The proposed matched funded arrangements will maximise use of available innovation funding, delivery and outcomes for the community. Matched funding arrangements will encourage engagement from the local community.
- 9.2 Eligibility criteria requires projects to demonstrate and deliver proposals that meet the Council's priorities detailed in the Community and Strategic Plans and Voluntary and Community Sector Strategy.
- 9.3 Applicants applying for higher level awards will need to demonstrate a high quality offer and good value for money, with sufficient matched funding from other sources.

9.4 The proposal delvers on the VCS Strategy objective to identify potential external funding sources to expand and diversify the resource base of local voluntary and community sector organisations.

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

10.1 There are no immediate sustainable or environmental issues arising from this report.

## **11. RISK MANAGEMENT IMPLICATIONS**

11.1 A number of different risks arise from any funding of external organisations. The key risks are:

- The funding may not be fully utilised i.e. allocations remain unspent 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 organisation may not in the event have the capacity to achieve the contracted outputs/outcomes

11.2 As part of the Programme Management arrangements, support will be provided to ensure that all risks are minimised.

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

12.1 The Innovation Fund may 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

## **13. SAFEGUARDING IMPLICATIONS**

13.1 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 commits them to complying with a number of requirements in relation to safeguarding.

13.2 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**

- **Support for VCS and New Innovation Fund** – Commissioners Decision Making Meeting, 12<sup>th</sup> April 2016
- **Crowdfunding Initiative – Match Funding Decision Making Process - Grants Determination (Cabinet) Sub-Committee**, 9<sup>th</sup> May 2017

### **Appendices**

- None

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

- None

### **Officer contact details for documents:**

- Steve Hill – Head of Benefits and Grants Services  
Telephone Number: 0207 364 7252  
[Steve.Hill@towerhamlets.gov.uk](mailto:Steve.Hill@towerhamlets.gov.uk)