


<p style="text-align: center;">Non-Executive Report of the:</p> <p style="text-align: center;">Overview and Scrutiny Committee</p> <p style="text-align: center;">15 August 2019</p>	
<p>Report of: Cllr James King, Chair Overview and Scrutiny Committee</p>	<p>Classification: Unrestricted</p>
<p>Call-in of 'Local Community Fund'</p>	

EXECUTIVE SUMMARY

The Decision made by the Mayor in Cabinet on Wednesday, 31 July 2019 in respect of agenda item 6.2 'Local Community Fund' was 'called in' under the Overview and Scrutiny Committee Procedure Rules of the Council's Constitution by Councillors Puru Miah, Gabriela Salva-Macallan, Ehtasham Haque, Shad Chowdury and Shah Ameen ('Call-in Members').

On 14 August 2019, the Overview and Scrutiny Committee (Committee) convened a meeting to consider the following:

- the Cabinet report
- the Mayor in Cabinet Decision published on 2 August 2019
- the "call in" requisition from the Call-in Members (undated)
- representations by the Cabinet Member for Resources and the Voluntary Sector, Cllr Candid Ronald, and the Mayor, John Biggs.
- representations by the Call-in Members

The Committee **RESOLVED** that the decision be referred to the Mayor in Cabinet for reconsideration, including consideration of the alternative course of action set out in the call-in requisition with the following additional and amended wording:

1. in paragraph 2, change the one month to six months for both extension to MSG (if necessary), and delayed implementation (of the LCF programme);
2. amend paragraph 3 to: 'this will allow the Council time to do spend analysis and audits of organisations listed in terms of the characteristics highlighted by the OSC letter to the Mayor and Lead Member dated 31 July 2019. Also, allow the Council to answer legitimate questions of double (in some cases triple) dipping by organisations in 6.2f in terms of Council funding and use this in its decision-making. This will also allow for a review of assessment criteria'.
3. remove the remaining three paragraphs.

1. THE MAYOR IN CABINET'S DECISION

1.1 The Mayor in Cabinet's decision, published on 31st July 2019:

- Agreed the Local Community Fund programme and funding to individual organisations for 42 months from 1 October 2019 to 31 March 2023, subject to stated conditions;
- Agreed that transitional arrangements will be put in place for funded organisations as described;
- Noted the Equality Analysis and the specific equalities considerations; and
- Sought a separate report be presented to the Mayor setting out how the Council supports areas such as 'play', 'sports' and 'activities for elders' outside of the Local Community Fund programme and how the conclusion of Mainstream Grants will impact on these programmes.

2. THE 'CALL IN' REQUISITION

2.1 The alternative course of action proposed in the call-in is as follows:

- To delay the decision Local Community Fund programme and funding to individual organisations for 42 months from 1 October 2019 - to allow for the plan for the mitigation measures (as set out in the Cabinet report) to go to Overview and Scrutiny Committee on 23 September 2019
- If necessary, extend the MSG programme by a month, delaying implementation of the LCF by a month, to:
 - provide coverage for those services (potentially impacted) – while the decision goes to Cabinet on 25 September 2019
 - conduct spend analysis and audits of organisations for gender, BAME, locality
 - answer questions about double/triple 'dipping' regarding funding
- the spend analysis and mitigation report should be sent to all members to consider and feedback
- that a special session of the Overview and Scrutiny Committee on 23 September 2019 be convened to address legitimate concerns regards the awards – with views of the Committee provided to Cabinet on 25 September 2019

3. CALL-IN MEMBERS' PRESENTATION

3.1 Call-in members presented the reasons for call-in and proposed alternative course of action, and added that:

- The outcome of the LCF programme is contrary to our community strategy in that local, small organisations are excluded from funding and bigger organisations with better capability to apply, and go through application process, receive funding, and will result in job losses throughout the voluntary and community sector
- The procurement of the assessment service is flawed – there was only one bidder, and their capability and expertise isn't sufficient: they don't know the borough – the process was fair or transparent

3.2 Committee members posed a number of questions concerning:

- how the procurement process can be fairer
- How the assessment criteria may be better applied
- Whether the full vs. partial funding was understood
- Are rental increases an issue not considered
- Organisations already funded elsewhere

4. LEAD MEMBER'S PRESENTATION

- 4.1. The Lead Member set out the context of the Cabinet Decision and review the key elements of the Council's approach to funding, reflecting that the LCF is an outcomes-based approach co-produced with the sector.
- 4.2. The Lead Member reiterated that there were over £10M worth of funding applications for LCF, but only £2.6M per year is available – but there are other avenues open to the sector, including the small grants programme.
- 4.3. In support, Cllr Islam confirmed that the equality impact analysis found gaps, but this has been mitigated, and will be addressed in September.
- 4.4. The Lead Member stated that any delay would impact the sector and cause difficulties for those waiting for funding, full funding (as opposed to partial) provides for rent increases/adjustment and that LCF is about funding projects and not groups.
- 4.5. Committee raised concerns over:
- Assessment criteria
 - Low number of small groups funded
 - Mitigation to support the sector going forward
 - Addressing the identified equalities gaps and coverage accords the borough

5. CONSIDERATION OF THE 'CALL IN'

- 5.1. After hearing from the Call-in Members and the Lead Member, the Committee considered the following issues and concerns:
- smaller groups, and the assessment criteria that have excluded them, and possible closures of services as a result of the decision
 - multiple-funded groups
 - outcomes-based approach and 'all or nothing' approach to funding
 - funding bigger organisations
 - mitigation
 - equalities issues and support for protected characteristics
 - assessment criteria, and how they've been applied and resulted in impacts on small groups

6. RECOMMENDATIONS

6.1. The Committee also RESOLVED to amend the reasons for call-in as follows:

- Remove examples of organisations listed at point 1;
- Amend point 2 to make reference to OSC letter to the Mayor and Lead Member, and that the Mayor has made a commitment to provide further detail to the Overview and Scrutiny Committee regarding mitigation in September 2019; and
- Remove points 5 and 7.

6.2. The Committee RESOLVED that the decision be referred to the Mayor in Cabinet for reconsideration, including consideration of the alternative course of action set out in the call-in requisition with the following additional and amended wording:

- in paragraph 2, change the one month to six months for both extension to MSG (if necessary), and delayed implementation (of the LCF programme);
- amend paragraph 3 to: 'this will allow the Council time to do spend analysis and audits of organisations listed in terms of the characteristics highlighted by the OSC letter to the Mayor and Lead Member dated 31 July 2019. Also, allow the Council to answer legitimate questions of double (in some cases triple) dipping by organisations in 6.2f in terms of Council funding and use this in its decision-making. This will also allow for a review of assessment criteria'; and
- remove the remaining three paragraphs.

DECISION OF THE MAYOR

I want to thank O&S for their comments on the Local Community Fund (LCF) decision and for their detailed consideration of the call in.

The LCF has been a robust but challenging process for both the council and many excellent local community organisations that put in bids. The fact the programme was four times oversubscribed, with £4 bid for every £1 available, meant that there were always going to be extremely difficult decisions and good projects which were unsuccessful. Given this was the case, and that political interference in the council's previous MSG programme continues to be the subject of an active police investigation, it was right that the council introduced a robust independent scoring of bids.

Part of this is about recognising that, particularly given our reducing budgets, our funding has to be focused on best meeting the needs of residents. In this sense I was disappointed that much of the presentation from the councillors who called in the decision focused on specific organisations deserving funding and very little on the outcomes we hoped the LCF would achieve for our residents. I do however respect and support the strength that local organisations bring to our borough.

During this process bids went through two independent assessments carried out by a panel of experts, 55% of whom were from minority communities, and was coordinated by an organisation with over 25 years of experience of working with local community groups in our borough. It was a robust and reflective process focused on getting the best outcomes for our residents. What the process could not do however was to mitigate the fact that the programme was vastly oversubscribed.

I understand and share many of the concerns raised by councillors about the excellent community organisations who might have been unsuccessful in the current round. The point was raised that many groups bid for relatively small amounts and that the process of full funding for organisations limited the number of bids which could be successful. The decision to award the full amount bid for was one which the sector specifically asked for to ensure they were able to fully deliver the services they had bid for – building their sustainability and reach. Alongside this, the LCF was always designed with our complementary Small Grants Fund in mind. This fund will award grants of up to £5,000 to small organisations and projects. Many of the smaller bids which were previously funded through MSG would be more appropriately funded through the Small Grants Fund, which among other things, brings more proportionate reporting and monitoring requirements for the level of funding.

Upon receiving the assessed bids from the East End Community Foundation the council undertook a detailed Equalities Analysis (EA). This included looking at under-represented groups and the mitigations we could put in place to support them. I appreciate the Committee's concern that the details of the mitigation leave some uncertainty at this stage so I want to take this opportunity to add more detail to the mitigations proposal and assure the Committee a full report will be coming to Grants Determination Sub Committee (GDSC) in September which they will be able to scrutinise through the usual process.

Support for unsuccessful organisations

Every organisation which applied for LCF will be offered feedback on their application by officers. We will also encourage organisations to work with the Tower Hamlets Council for Voluntary Services (THCVS) who we have already provided funding to build the capacity and support available for local organisations.

Those organisations who were unsuccessful in their bids for LCF but who currently receive MSG funding will be given specific support by council officers to identify issues and develop a transition action plan appropriate to the organisation's circumstances. Priority will be given to organisations most dependent on council funding through MSG.

Discussions with organisations will address

1. Alternative provision for service users
2. Financial sustainability
3. Business planning
4. Governance
5. Training needs
6. Significant liabilities
7. Dependencies – viability of other services provided by the organisation

Resources available to help address issues identified in the action plan will be:

1. In house expertise from the voluntary sector team and service leads;
2. Capacity building programme provided by THCVS which will include one to one support for fundraising, bid writing, business planning and governance/quality assurance.
3. New funding opportunities which may be identified through the Funders' Forum;

4. Council funding opportunities including small grant and crowdfunding
5. Emergency Fund

This robust approach to supporting those organisations that have been unsuccessful in the LCF will ensure the best possible chance of gaining funding from other sources for example the European Social Fund (ESF) which will soon be awarding funding for a number of Tower Hamlets organisations. We are lobbying government to ensure the government maintains this vital funding in its proposed Shared Prosperity Fund which is set to replace ESF.

Mitigations to address equalities concerns

As noted in my letter to Overview and Scrutiny on 07 August 2019 we will be putting in place a number of mitigations for areas highlighted as gaps in the programme by the Equalities Analysis. I am happy to provide more detail on these below.

New small grants themes

We will include a new theme in the Small Grants Programme to **support projects which combat social isolation of older people, particularly in BME communities**, through day facilities which will be reviewed over time in the context of the development of the council's review of day care for older people. This new theme will be developed with the VCS and brought to Cabinet for decision in October. The programme will be run over the winter months so that new services will be delivered from 1 April 2020. A key element of this will be focussing on the needs of older people in BME communities. **In the meantime it is proposed that funding for services which may fall into this category, for example lunch clubs, will be extended, at broadly the same level, for another six months from 1st October 2019 to 1st April 2020 to allow organisations to bid for the new Small Grants Fund theme.**

There will also be a new theme in the Small Grants Programme relating to **access and participation to establish schemes to provide referral gateways for people from BME communities**. Again, this new theme will be developed with the VCS and brought to Cabinet for decision in October with new services delivered from 1 April 2020.

I believe that these two new grants themes specifically address concerns raised regarding support and opportunities for Somali residents and other minority groups and that the papers coming to GDSC in September and Cabinet in October will address this aspect. Further work to support the Somali community is being undertaken by the Somali taskforce.

Community Language provision

The Council is currently reviewing Community Language provision in the borough. As part of this I committed at Full Council in February that, other than the £31k saving profiled for this year, the budget for Community Language provision would be protected until the review is complete and an action plan is agreed by Cabinet later this year. In light of this commitment it is proposed that **funding for community language projects will be extended for another six months from 1st October 2019 to 1st April 2020 to allow for the review to be completed and actions implemented.**

The extension of specific elements of the current MSG funding outlined above will of course be subject to continued performance of the project and demonstration of continued need. Full details of the proposed extensions will be brought to the Grants Determination Sub Committee (GDSC) on 11th September for agreement and I would welcome O&S' input on the proposals ahead of then.

Targeted commissioning for specific thematic gaps

As previously noted in the Cabinet report there will also be targeted commissioning arrangements established to address specific gaps in services identified in the equality analysis including:

- early intervention and support for families leading complex lives particularly with children with disabilities;
- support for young carers, and
- support for young people with mental health issues

The specifications for these three services will be developed in consultation with the VCS and members of O&S will have the opportunity to review the specifications.

I recognise and share the Committee's concern about the LCF impact on smaller organisations. We should however recognise that the vast majority of organisations which have been funded have a local presence and history of delivering services in Tower Hamlets. The Small Grants Programme, including the new themes we are adding to this, will provide significant opportunities for smaller organisations to bid for funding for projects, however demand will undoubtedly once again exceed the amount of funding available.

Recommended alternative action

The Committee's proposed alternative route forward is to delay the award of LCF for six months to further review the process. While I sympathise with some of the reasons behind this, a six-month delay would present yet further uncertainty and delay for the organisations who had been recommended for funding. As the Committee should appreciate, while we may be disappointed some projects have missed out, we cannot just re-engineer the rating criteria after the fact. The problem remains that the budget for the LCF was vastly oversubscribed, the current financial environment means that this will not change no matter how long we delay.

We also have to consider the fact that the recommended programme includes many projects which address many of our priorities, such as providing support for victims of domestic violence, which would not be funded in October if we delayed the LCF award.

What I have set out above, having considered carefully O&S' comments, has a similar effect for many small organisations to the proposed alternative action. The extension of MSG for six months for lunch club and community language projects will provide additional time for organisations to bid for Small Grants funding. During this time the organisations will get feedback on the LCF bids and support from officers and the THCVS on how to build their application, capacity and develop other funding sources.

In terms of the argument against 'double dipping' we need to be clear that the LCF, like other funding programmes including MSG, offers funding for projects in different themes. Organisations will often bid to run multiple projects in different themes building on their knowledge and experience. Where projects have a proven track record, they may then bid to other funders to expand the project – this isn't double dipping but expanding successful projects to reach more residents which I am sure the council would want to encourage.

Therefore for the reasons above and having taken into account all of the relevant information, and subject to the Council's Governance procedures I have decided to:

- (A) Confirm my decision of 31st July 2019 on this issue while instructing that officers produce reports as follows:

- On mitigation funding for current MSG organisations providing services highlighted as potential gaps by the Equalities Analysis to Grants Determination Sub Committee on 11th September.
- Establishing two new Small Grants Programme themes to **support projects which combat social isolation of older people, particularly in BME communities**; and to promote **access and participation to establish schemes to provide referral gateways for people from BME communities**, to the October Cabinet meeting.

Signed:



Date:

16/8/19.

Mayor John Biggs