

Committee: Cabinet	Date: 7 th 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.