

LONDON BOROUGH OF TOWER HAMLETS

PROFORMA:

MAYORAL DECISION SUBJECT TO CALL-IN AND REFERENCE BACK

Mayoral Decision Log No: 19

Title: Mayor's Strategic MSG Programme

Is this a Key Decision: Yes

UNRESTRICTED / RESTRICTED: *Held in both Part one and Part two*

DATE OF OVERVIEW AND SCRUTINY COMMITTEE:

17 December 2012

DECISION OF THE OVERVIEW AND SCRUTINY COMMITTEE:

To refer the above decision back to the Mayor for further consideration.

REASONS FOR THE REFERENCE BACK

The Call-in requisition in relation to the above decision set out the following reasons for the call-in:-

That the Mayor broke his promise made at the last Cabinet meeting to announce his final decision on the allocation of Main Stream Grants in public amid the open and transparent scrutiny of a Cabinet meeting. By taking this decision in private by Mayoral decision, residents and democratically elected representatives were prevented from expressing their views on this significant allocation of funding.

Despite numerous requests from opposition councillors of all parties and the Overview and Scrutiny Committee itself, very little detail of the process used to make this decision has been released by the Council. In the interests of transparency and openness it is important that the O&S Committee is able to review the original recommendations from officers and the changes made by the Third Sector Grants Programme Board. Residents will also want to know that the geographic breakdown of the grant allocations is proportionate and not weighted to any specific areas.

Whilst the Council continues to operate under significant financial pressures the Mayor has now decided to allocate £714,000 of additional funding from reserves. Rather than addressing the previous concerns about the high funding levels for new, untested organisations with no track record of delivering for the community the Mayor has simply raided reserves to increase funding across the board. We ask officers to provide figures for the Committee to investigate the impact this decision will have on the longer term finances of the Council. We also ask that a clear breakdown of the source of this additional funding is provided including clarification about the movements between directorate budgets.

Further to this, although the Mayor has chosen to reinstate some of the funding for many longstanding and well-used advice centres in the borough, for many, the allocations of funding still represent a cut. This is true even though the budget for Grants has increased by £1.65m this year.

ALTERNATIVE ACTION RECOMMENDED BY THE OVERVIEW AND SCRUTINY COMMITTEE (IF ANY)

Not applicable

ANY OTHER COMMENTS

The Overview and Scrutiny Committee considered the call-in request which was presented by Councillor Motin Uz-Zaman. The committee had before them the published papers relating to the Mayor's decision on the allocations and an analysis of the differences of the recommendations at various stages of the process., plus as Part 2 papers the minutes and papers of all the meetings of the Third Sector Grants Programme Board including the original officer recommendations,

During discussion, the committee expressed disappointment that neither the Mayor nor the relevant 'call-in' members were in attendance at the O&S Committee meeting, leaving officers to answer questions intended for the decision maker. They felt that this denied the Committee and public the opportunity to hear from the Mayor his reasons for the allocations of grants.

The committee remained concerned with the disproportionate funding allocation to the E1 and E2 areas. The chair queried why the original officer

recommendations produced on 14 August 2011 were rejected as the reasons given were, in her judgement, spurious.

The committee heard from Heather Bonfield, Interim Head of Culture and Leisure services, Barbara Disney, Strategic Commissioning Manager, Kate Bingham, Interim Service Head Resources, Chris Holme, Service Head Resources and Jill Bell, Head of legal Services – Environment who responded to the concerns raised informing the Committee that:

- Grant applications far exceeded available funding; hence officers went through a robust process to moderate the bids to ensure that they were meaningful in what they were delivering.*
- Decisions on funding allocations were also based on the quality of application bids. Some established organisations did not submit very good applications, whereas some new applications put more consideration in their bids. Moreover, many established organisations put in bids for new proposals which were judged on merit. Allocations could only be based on applications and more of these were received from organisations in the East of the borough than in the West.*
- The issues covered in the Equalities Impact Assessments were discussed by the Programme Board and the review applications provided additional information on the impact of funding decisions on residents from the nine protected characteristic groups. The Equality Impact Assessments were finalised and provided to the Programme Board as they made their final funding recommendations .*
- The Dedicated Schools' Grant is ring fenced for provision of education including for childcare. From 1st September 2013, 25% of 2 year olds from the poorest background will receive free 15 hours early years education, this becomes a statutory duty for the Authority. Allocation of the grant focused on building the capacity of local providers to meet this statutory responsibility. Moneys had therefore been retained to meet that new responsibility.*
- With regards to youth service, the focus was on value added and not necessarily duplicating services being provided by the council.*
- Additional funding had been put into the Community and Economic Engagement Stream with a greater emphasis on redirecting people to employment services but it was acknowledged there has been a reduction in funding for Social Welfare advice. There is a general feeling that there is a need to put more investment in this area in the context of welfare reform changes which mean that people will need to access employment if they are to be protected from the impact of the welfare benefit cap.*
- On the Third Sector Infrastructure funding stream it was noted that Cabinet had decided to topslice the overall grants budget and hand that money to the CVS to provide support to the Third Sector*

The Committee had grave concerns regarding the dramatic increases in funding for some organisations, from the initial recommendation made to Cabinet on 3rd October 2012, to the final outcome. The committee seeks clarification on the reasons for these changes.

The committee felt that funding allocation was not conducted in a transparent way, nor followed proper guidelines.

It was felt that access to documentation was hindered and also noted several missing paper work from the MSG folders. Moreover, many of the applications in the MSG folders had colour banding which needs further explanation.

The Committee wanted clarification on why numerous new and untested organisations received funding, in favour of established ones. Particularly, concerns were raised over funding being allocated to organisations which had been judged as not eligible for funding by officers.

The mapping report did not show how funding had been allocated across the borough and there was no stated Mayoral policy to fund some areas to a greater extent than others. Organisations based in the E1 and E2 areas appear to have received a higher proportion of funding than E3 and E14.


The Committee also endorsed the chair's comments, In particular, that the matter be referred to the District Auditor for further probing.

DECISION OF THE MAYOR

I have reconsidered my decision Log No. 19 in the light of the information provided by the Overview and Scrutiny Committee at its meeting on 17/11/12 as set out above.


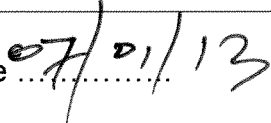
Having taken into account all of the relevant information I have decided to:-

(a) Confirm my decision of 30/11/12 on the matter*; ~~or~~

(b) ~~Amend my decision of on the matter as follows*:~~ 

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(* Delete as applicable)

Signed  Date 
Mayor Lutfur Rahman