

LONDON BOROUGH OF TOWER HAMLETS

PROFORMA:

MAYORAL DECISION SUBJECT TO CALL-IN AND REFERENCE BACK

Mayoral Decision Log No: 034

Title: Community Chest and Community Events Fund 2012-14

Is this a Key Decision:

No

UNRESTRICTED / RESTRICTED:

Unrestricted

DATE OF OVERVIEW AND SCRUTINY COMMITTEE:

23 July 2013

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:-

- Inadequate level of consultation and assessment with regard to certain applications.
- The decision states that the projects "represents benefits to a good cross section of the Tower Hamlets Community".
- There is a focus and providing money to media groups and organisations which should be independent and self sufficient.

- In view of the Ofcom judgement of January 21st regarding Channel S and Tower Hamlets, the awarding of a grant to Channel S for an awards ceremony is hardly of benefit to the wider Tower Hamlets Community.

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

The Call-in requisition proposed the following alternative action in relation to the Mayor's decision:-

Overview and Scrutiny is asked to refer this back to the Mayor for further consideration.

ANY OTHER COMMENTS

The OSC had before them the Mayoral Decision Pro-forma considered and signed by the Mayor (published 20 June 2013) and the "Call In" Requisition signed by six Councillors (declared valid 27 June 2013).

The Overview and Scrutiny Committee considered the call-in request which was presented by Councillor Peter Golds.

Councillor Golds summarised the reasons for "calling in" the Mayoral Decision, outlining the key concerns of the "Call-in" Members, and setting out the action sought from the OSC to address these as follows:

- The latest round of Community Chest grants had been decided in secret and had not been made properly public.
- With reference to grant CE-52, Channel S Television Ltd., much was known about its founder, who had served a prison term for fraud but was still attached to the Channel. OfCom had made a devastating attack against Channel S and had stated that its operating licence would have been withdrawn had it not briefly been off the air while ownership had been handed over to another party.
- Channel S were beneficiaries of the Borough and were building up a large property portfolio. They had somehow taken ownership of Poplar Town Hall for £800,000, whilst the property would be worth millions if put on the open market with planning permission.
- Channel S had been given £5,000 of public money to hold an awards ceremony and dinner. He and the "Call-In" Members were at a loss to understand why the Council was directing money at this organisation and felt that the Mayor should take back the report for further consideration. The grant to Channel S should be deleted.

Councillor Golds subsequently responded to questions from the OSC as follows:

- Funding of the grants process as a whole deserved scrutiny and many organisations looked as though they were connected to the present

Administration. However, the Channel S grant should be examined specifically.

- The case for agreeing a grant for Channel S had not been well argued and other cases for similar amounts or less had been turned down.

Councillor Alibor Choudhury, Cabinet Member for Resources indicated that he would do his best to deal with any matters raised by the Committee. He responded to the concerns raised by the "Call-in" Members and subsequently responded to questions from the OSC summarised as follows:

- Responded to the points in the Call In requisition:
 - Inadequate level of consultation and assessment with regard to certain applications. *Councillor Choudhury recalled that the actual application and supporting information had been on the Council's website for several months. Officers had always been on hand to provide advice and the assessment process for this small grant had been quite rigorous. Due diligence had been applied and the application was checked for eligibility. Officers had always been present during the process and the decisions of the Corporate Grants Programme Board had been recorded.*
 - The decision states that the project "represents benefits to a good cross section of the Tower Hamlets Community". *Responded that the grants process showed that events were being arranged by people representing various parts of the community and these should be brought together so that the Borough was seen as one community as a whole.*
 - There is a focus and providing money to media groups and organisations which should be independent and self-sufficient. *Responded that this was just match-funding and was a small contribution for putting on such a beneficial show for the Borough.*
 - In view of the Ofcom judgement of January 21st regarding Channel S and Tower Hamlets, the awarding of a grant to Channel S for an awards ceremony is hardly of benefit to the wider Tower Hamlets community. *Responded that the Ofcom judgement was not a factor in the grants assessment process.*
- In a period when the Borough was having to reduce expenditure, why were Council Tax payers having to fund an awards dinner for the benefit of prominent members of the Asian community and what benefits would this bring to ordinary people? *Responded that, in the current economic times, people needed the chance to network and get together to build up the community.*
- Application CC116 was described as "muddled and confusing with no clear description of the benefits to the community". However, a grant of £2,000 had been awarded. Application CC118 was a private venture and had not been awarded funding. Channel S was a private venture, so why had they been allocated funding – what process had been involved in this decision? Application CC135 related to an organisation that already received mainstream grants and S106 funding, so did not receive money. Were all organisations checked out about receiving other funds? *Martin Ebbs, Interim Manager, Third*

Sector Team, responded that Officers' recommendations had been as they stood and the Mayor in signing off grant funding had made statements regarding his own judgements about organisations. Normally, limited companies would not be grant-funded but Channel S was an award ceremony match-funded by other organisations such as the Canary Wharf Group, who were making awards to significant business people. All applications were certainly checked for receipt of mainstream grants and other funding.

- The Chair asked if there was a written policy on allocations to the private and voluntary sectors and how this related if events were made by run-for-profit organisations. *Councillor Choudhury responded that documentation could be circulated later and the Chair asked that this be made available to Members prior to the next Cabinet meeting.*
- The Chair further asked about the principle whereby organisations had been awarded grants based on the Mayor's perceptions of community benefit that Officers had not perceived. *Dave Clark, Acting Service Head, Resources, responded that he would provide Members with a reply and the Chair added that this should also be made available before the next Cabinet meeting.*
- Councillor Choudhury asked whether, if an actual process were under discussion, it was normal to relate this mainly to one organisation. David Galpin, Head of Legal Services (Community), confirmed that this was within the Committee's powers and it was appropriate for the Committee to question one element. The Chair added that earlier questions had led to the Committee looking into wider aspects of the process.

A discussion then followed which focused on the following points:-

- It was accepted that the Mayor could make decisions against Officer recommendations but there needed to be clear advice as to why such decisions were made. Members did not understand whether private sector organisations were eligible or not eligible and clarification was needed.
- Members expressed the view that the whole assessment process needed scrutiny from the aspect of ensuring due diligence was applied and that the Mayor's decision-making was more transparent. A big issue of the process also related to why some organisations were not funded or given the opportunity to communicate and compete properly.
- A factor as to whether or not grant allocation was appropriate related to historical funding, in that an organisation operating for over 20 years in the Borough was no longer funded as it was perceived to be engaging with individuals and parties in the Borough.
- Other projects offering employment, etc., had been awarded less money while Channel S, a self-sufficient organisation, had been given £5,000. This called into question whether such allocations were proportionate and transparent.

In summarising, the Chair referred to the following paragraph in the Mayor's decision statement:

"Although officers may come to the view that an application is poor and/or that it should not receive funding, there are from time to time cases where, when taking account of wider circumstances, projects are worth supporting in view of the perceived potential community benefits."

The Chair added that Officers had agreed to provide details of which organisations had been included under that paragraph and concerns had been raised on the questions of:

- The eligibility of private and not-for-profit bodies, as in the case of Channel S, an event might have been not for profit but the organisation holding the event was private sector.
- What constituted local community organisations?
- The matter of transparency and due diligence in assessing grant applications and the perception that this had not been undertaken in a sufficiently open manner.
- The matter of organisations whose applications included information deemed poor by Officers but grant had still been awarded – details should be provided of where the Mayor had made a decision to go against officer advice and fund an organisation and what the rationale of the Mayor was in making this decision.

Following discussion, the Overview and Scrutiny Committee made the following Decision.

Decision

1. To refer the decision of the Mayor outside Cabinet back to the Mayor for further consideration for the reasons detailed above;

DECISION OF THE MAYOR

I have reconsidered my decision Log No. 034 "Community Chest and Community Events Fund 2012-2014" in the light of the information provided by the Overview and Scrutiny Committee at its meeting on 23 July 2013 as set out above.

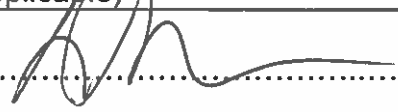
Having taken into account all of the relevant information I have decided to:-

✓ (a) Confirm my decision, of 19 June 2013, published on 20 June 2013, on the matter*; ~~✓~~

~~(b) Amend my decision, of 19 June 2013, published on 20 June 2013, on the matter as follows*:-~~

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(* Delete as applicable)

Signed	Date
	05/08/13
Mayor Lutfur Rahman	