


Commissioner Decision Report 12 th April 2016	 TOWER HAMLETS
Report of: Zena Cooke - Corporate Director of Resources	Classification: Unrestricted
Support for the VCS and the Innovation Fund	

Originating Officer(s)	Everett Haughton – Third Sector Programmes Manager
Wards affected	All Wards
Key Decision?	Yes
Community Plan Theme	A Prosperous Community / A Safe and Cohesive Community / A Healthy and Supportive Community

EXECUTIVE SUMMARY

Initial proposals for the Tower Hamlets Community Fund were presented to Commissioners at their meeting of 27 May 2015. The Commissioners agreed to postpone the decision pending further consultation with the Voluntary and Community Sector to better determine the range of criteria and priorities relating to the scheme.

The consultation process has now been completed and the summary feedback from the consultation is set out within the report. The full report on the findings of the consultation survey is attached as Appendix 1.

Since the consultation was undertaken extensive work has been undertaken to produce a new Voluntary and Community Sector (VCS) strategy that has been widely consulted on, which sets out a new relationship between the council and the sector.

Based on the consultation responses, an analysis of the use of the Fund and the objectives of the new VCS strategy, it is proposed to separate the funding available into two elements. The first to provide infrastructure support to the voluntary and community sector through a contract for services with THCVS, which will ensure that the sector is appropriately and consistently supported through a more efficient process and value for money is achieved. The second is the creation of an Innovation Fund that voluntary and community sector organisations bid for to develop new initiatives or delivery models that support the council's priorities and can be scaled if successful.

The council already has a number of small grants “pots” which support a range of activities including those highlighted in the consultation responses. It is proposed that these existing funding streams are publicised to the sector to ensure they are fully aware of what is already available.

RECOMMENDATIONS

The Commissioners are recommended to:

1. Agree the proposal to have two funding arrangements to provide 1) infrastructure support via the CVS and 2) the creation of an Innovation Fund.
2. Agree the criteria, process and timetable for the new Innovation Fund be co-produced with the voluntary and community sector and consulted on in line with the principles of the VCS strategy.
3. Receive a further report on the outcome of the consultation and the final arrangements for the Innovation Fund.

1. REASONS FOR THE DECISIONS

- 1.1 The Community Fund has historically provided a valuable source of funding to local Voluntary & Community Sector organisations. Particularly for organisations that require support for activities which do not deliver the outputs or outcomes targeted by service specific funding streams; and have difficulty in accessing unrestricted funds for such activities.
- 1.2 A significant proportion of the Fund has been used for infrastructure support which can be procured more efficiently and effectively. It is also appropriate for this type of support to be co-ordinated by and delivered through the CVS as the borough's infrastructure organisation.
- 1.3 The council is keen to encourage and support innovation in the sector and acknowledges that this will require some funding to enable the sector to pilot new initiatives and approaches to service delivery and support.
- 1.4 The new funding streams for infrastructure support and innovation seek to ensure that supported activities make effective contributions to the council's priorities and also target operational and organisational improvements within the sector.

2. ALTERNATIVE OPTIONS

- 2.1 The Commissioners could choose not to approve the proposals for a contractual arrangement with the CVS or the proposal to establish an Innovation Fund, but these proposals are intended to improve efficiency and consistency of support for the sector and to financially support innovation in the sector that, if successful, could be scaled up more widely.

3. DETAILS OF REPORT

Introduction and Background

- 3.1 Tower Hamlets Council has a history of providing small grants programmes to support voluntary and community organisations.
- 3.2 Initial proposals for the Tower Hamlets Community Fund were presented to Commissioners at their meeting of 27 May 2015.
- 3.3 The Commissioners agreed to postpone the decision pending further consultation with the Voluntary and Community Sector to better determine the range of criteria and priorities relating to the scheme.
- 3.4 The consultation with representatives from local Voluntary and Community Sector Organisations (VCSOs) was carried out during a four week period from late September to late October 2015. Its purpose was to capture their views on the scope, purpose and award criteria related to the proposed Tower Hamlets Community Fund (THCF).
- 3.5 A total of 43 responses were received and analysed. A full report on the findings from the consultation survey is attached as **Appendix 1**.
- 3.6 A wide variety of views were put forward about what the council should fund from the replacement for the Community Fund. A range of activities and costs related to areas such as training, accreditation, room hire, support for fund raising etc. It is clear that some organisations have requirements for key capabilities such as financial management, understanding of the governance responsibilities of their boards and for acquiring expertise in partnership development. Some also mentioned a need for a better understanding of how the Council can support them and for access to expert advisors as and when needed.
- 3.7 Based on the feedback from the consultation and subsequent work undertaken in developing the new Voluntary and Community Sector strategy, there is a very strong case for allocating funding for the provision of these activities through a contractual arrangement with the THCVS. A dedicated funding arrangement would appear to be well supported and could ensure that these needs are addressed cost effectively and to a high standard. There is also the potential 'benefits of scale' to be achieved by bringing organisations together that are targeting the same areas of training or other support or activities.
- 3.8 In relation to the broader use of the Fund, the original consultation asked a range of questions regarding eligibility, capping, mix of schemes etc. and also more general comments and suggestions.
- 3.9 In line with the principles set out in the Voluntary and Community Sector strategy and the subsequent consultation, the council has stated that there will be a move to a commissioning based approach with the sector and this will be developed in conjunction with the sector. The council has also highlighted the

innovation already in the sector and the intention to support this is through the creation of an Innovation Fund that voluntary and community sector organisations bid for to develop new initiatives or delivery models that support the council's priorities and can be scaled if successful. Whilst it is acknowledged that some organisations were not keen to see innovation prioritised above existing projects, the council already has a number of small grants "pots" which support a range of activities including those highlighted in the consultation responses such as events. It is proposed that these existing funding streams are publicised to the sector to ensure they are fully aware of what is already available.

- 3.10 The creation of an Innovation Fund is 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. The intention is to produce the criteria, assessment process, evaluation methodology and application process and guidance jointly with the sector in line with the co-production principles set out in the VCS strategy.

The draft criteria, assessment process, evaluation methodology application process and guidance will be presented to the May Commissioners Decision Making meeting and subject to the outcome of the meeting, the fund will be launched in June.

The co-production will be undertaken with the Third Sector Advisory Board and the proposals for the Innovation Fund will be fully consulted on before it is implemented in 2016/17.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1. Resources totalling £200k for the 2015/16 financial year are available from the residual balance held within the Mayor's Priority Reserve. Uncommitted funding of £20k is also available to be carried forward from the previous scheme, meaning that the total available budget is £220k. It is proposed that £100k is made available for the contractual arrangement with the CVS to provide infrastructure support with the remaining £120k allocated to the new Innovation Fund. The resources currently available are one-off, existing revenue resources will need to be reallocated to provide recurrent funding for the CVS and for the Innovation Fund for future years.

5. LEGAL COMMENTS

- 5.1 Whilst there is no strict legal definition of grant, a grant is in the nature of a gift and is based in trust law. However, grants are often given for a purpose so it is sometimes unclear whether a grant has been made or the arrangement is a contract for services. A contract for services is not a grant and therefore, an arrangement which is classified as a contract for services would be outside the remit of the power conferred upon the commissioners to approve.

- 5.2 There will be many grants which are made by the Council for the purpose of discharging one of its statutory duties. However, as a grant is in the nature of a gift, it is considered there must be some element of discretion on the part of the Council as grantor as to whom a grant is made to and whether this is made. If the Council is under a legal duty to provide a payment to a specific individual or organisation, and cannot lawfully elect not to make such a payment, then that should not amount to a grant.
- 5.3 In this case, the Council is not under a legal duty to provide the payments envisaged under the proposed schemes. The payments are discretionary and therefore considered to be a grant.
- 5.4 The power of the commissioners to make decisions in relation to grants arises from directions made by the Secretary of State on 17 December 2014 pursuant to powers under sections 15(5) and 15(6) of the Local Government Act 1999 (the Directions). Paragraph 4(ii) and Annex B of the Directions together provide that, until 31st March 2017, the Council's functions in relation to grants will be exercised by appointed Commissioners, acting jointly or severally. This is subject to an exception in relation to grants made under section 24 of the Housing Grants, Construction and Regeneration Act 1996, for the purposes of section 23 of that Act (disabled facilities grant).
- 5.5 To the extent that the Commissioners are exercising powers which would otherwise have been the Council's, there is a need to ensure that the Council has the power to make the grant in question.
- 5.6 These proposed grants would be supported by the Council's general power of competence. Section 1 of the Localism Act 2011 gives the Council a general power of competence to do anything that individuals generally may do, subject to specified restrictions and limitations imposed by other statutes. There are no such restrictions and limitations.
- 5.7 The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. This is referred to as the Council's best value duty, and these proposals seek to improve the economy, efficiency and effectiveness of the Tower Hamlets Community Fund.
- 5.8 The Council must operate a fair and open application procedure to process a request to obtain funding. Requests for grant funding should be measured against a predetermined set of criteria and the criteria themselves must be fair and transparent. These will be submitted to Commissioners in May for final determination of the scheme.
- 5.9 When making decisions, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). A proportionate level of equality analysis is required to

discharge the duty and information relevant to this is contained in the One Tower Hamlets section of the report as well as Appendices A and B.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1. 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.
- 6.2. The opportunities offered through the Innovation Fund and the infrastructure contract with the CVS play a key role in delivering the aims of One Tower Hamlets.

7. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 7.1. There are no direct SAGE implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1. 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 organisations may not be able to secure additional funding necessary to deliver the agreed activities
 - The organisation may not in the event have the capacity to achieve the contracted outputs/outcomes
- 8.2. To ensure that risks are minimised, each project/organisation will be required to comply with the standard Grant Agreement terms and these will be monitored on a proportionate basis.

9. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 9.1. 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

10. **SAFEGUARDING IMPLICATIONS**

- 10.1 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.
- 10.2 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

None

Appendices

- Appendix 1 – Report on Findings From The Consultation Survey

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

- Tower Hamlets Community Fund Report – 27 May 2015. Link:
<http://moderngov.towerhamlets.gov.uk/ieListDocuments.aspx?CId=695&MIId=5850&Ver=4>

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