


Non-Executive Report of the: Overview and Scrutiny Committee 4 th April 2016	
Report of: Zena Cooke, Corporate Director of Resources	Classification: Unrestricted
Establishment of an Overview and Scrutiny Grants Sub-Committee	

Originating Officer(s)	Steve Hill, Head of Benefits
Wards affected	All

Summary

Following a Best Value Inspection undertaken by Price Waterhouse Coopers during 2014, the Secretary of State for Communities and Local Government issued the Council with Directions on 17th December 2014. The Directions focused on particular areas which had been the subject of the Best Value inspection and which included grants.

As part of the Directions, a Grants Action Plan was developed and agreed. As part of that Plan, a recommendation was to review arrangements post Commissioners for future executive decision-making and the action arising was to establish a cross party working group to develop proposals for future arrangements. A proposal was put to the Commissioners at their Decision Making Meeting on 1st March 2016 that a Sub-Committee of the Overview and Scrutiny Committee should act as the “cross-party forum” to be established to review Officer recommendations prior to their consideration at a Commissioners’ Decision Making Meeting and this proposal was agreed. The Commissioners agreed to receive a further report setting out the details of the Committee arrangements.

Recommendations:

The Overview and Scrutiny Committee is recommended to:

1. Agree to add to the Overview and Scrutiny work programme, the review of Officer recommendations regarding grants and award of grants prior to their consideration at a Commissioners’ Decision Making Meeting;
2. Agree to the establishment of an Overview and Scrutiny Grants Sub-Committee which will act as a scrutiny panel to undertake the reviews in recommendation 1 above;
3. Consider and agree the terms of reference; forward plan; composition; chairing arrangements; and training programme for such Sub-Committee; and

4. Agree that a report be presented to Overview and Scrutiny Committee in 3 months to review the work of the Overview and Scrutiny Grants Sub-Committee and whether changes need to be made to its Terms of Reference or composition.

1. REASONS FOR THE DECISIONS

- 1.1 It is recognised that the third sector is an important part of the fabric of life in Tower Hamlets and plays a unique and crucial role in the delivery of services to residents of the borough. The broad range of voluntary and community sector organisations in the borough also contribute towards building social capital and fostering community cohesion.
- 1.2 The impact of the Directions on the Council has inevitably resulted in a number of significant changes to the way the Council makes decisions in relation to Grant Making, which has had consequences for the third sector. This has also created the need to ensure Members of the Council have the ability to have timely, transparent and informed input to the grant making process.
- 1.3 Member input is vital at the development and delivery stage i.e. ensuring that the overall objectives of the grant scheme are being met, that a fair geographical distribution of funding is being proposed and that the full range of community needs are being met. Further at the scrutiny stage, the Council's Overview and Scrutiny Committee contributes to the Council's approach to continuous improvement. The recommendations set out in this report will enable the Mayor, the Executive Members and Commissioners to have a mechanism for transferring grant decisions back to the Council post March 2017.

2. ALTERNATIVE OPTIONS

- 2.1 The council is required to comply with Secretary of State Directions and to deliver the actions set out in the Best Value Action Plan. These proposals extend transparency and propriety of decision-making, an integral part of the best value action plan. No alternatives are therefore proposed.

3. DETAILS OF REPORT

3.1 Commissioners Background

- 3.2 The Council is a best value authority within the meaning of Part 1 of the Local Government Act 1999. As a best value authority, the Council has an obligation under section 3 of 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" (the best value duty).

- 3.3 Where the Secretary of State is satisfied that an authority is not meeting its best value duty, the Secretary of State may: (1) direct the authority to take action to bring itself into compliance with that duty; (2) direct that specified functions be carried out by the Secretary of State or a nominee and that the authority follow the Secretary of State's instructions and provide such assistance as may be required (Local Government Act 1999).
- 3.4 In accordance with this power the Secretary of State gave directions to the Council on 17th December 2014, 29th April 2015 and 6th May 2015. By letter dated 23rd October 2015 from the Secretary of State confirmed that the Directions of 6th May 2015 lapsed on 31st October 2015. The directions are enforceable by the Secretary of State, who may seek an order in the High Court requiring the Council to remedy any breach. In the circumstances, it is appropriate for the Council to take steps to comply with the directions and to monitor its compliance with the directions.
- 3.5 The Directions issued to the London Borough of Tower Hamlets on 17th December 2014 required: 'Within 3 months from the date of these Directions i.e. 17th March 2015 to draw up and agree with the Commissioners a strategy and action plan for securing the Authority's compliance with its best value duty (to include as appropriate complying with the specific directions set out below and putting in place robust and transparent arrangements for grant decisions)'
- 3.6 The Best Value Strategy and Action Plan was agreed by Cabinet on 4th March 2015, the requirement for the cross party forum was originally set out in December 2014
- 3.7 The council has implemented a number of actions set out in the Best Value Action Plan, with the actions either fully implemented or on track to be delivered as planned. The Best Value Action Plan on Grants contains a recommendation to review arrangements post Commissioners for future executive decision-making and the action arising was to establish a cross party working group to develop proposals for future arrangements.
- 3.8 At their Decision Making Meeting on 1st March 2016, the Commissioners considered a report on the establishment of governance arrangements that included a "cross-party forum" to review and input to the grants decision making process. This report stressed the critical nature of the development and agreement to appropriate governance arrangements, needed to ensure the priorities, knowledge and views of Executive and non-Executive Members, inform the grants decision making process.
- 3.9 The proposal put to the Commissioners at that meeting was that a Sub-Committee of the Overview and Scrutiny Committee should act as the "cross-party forum" be established to review Officer recommendations prior to their consideration at a Commissioners' Decision Making Meeting and this proposal was agreed, with a further more detailed report to be presented to the Commissioners at the April Commissioners Decision Making Meeting.

- 3.10 In compliance with the recommendations set out in the report of 1st March 2016, this report sets out the background to the role of Overview and Scrutiny as well as the detailed proposals on the governance arrangements for managing the grant making process through an Overview and Scrutiny Sub Committee. The report also considers the Sub-Committee's composition; its Terms of Reference; training requirements (e.g. predisposition, predetermination, bias and interests) and the process by which both Executive and Non-Executive members' views will be reflected and reported both, prior to and after the Decision Making meeting.
- 3.11 Quarterly performance reports on grants will continue to be published in line with the Overview and Scrutiny Committee, Cabinet and Commissioners' Decision-Making Meeting timetables.
- 3.12 **Overview and Scrutiny Background**
- 3.13 The Council is required by section 9F of the Local Government Act 2000 to have an Overview and Scrutiny Committee and to have executive arrangements that ensure the committee has specified powers. Consistent with this obligation, Article 6 of the Council's Constitution provides that the Overview and Scrutiny Committee may consider any matter affecting the area or its inhabitants. The Committee may also make reports and recommendations to the Full Council or the Executive in connection with the discharge of any functions.
- 3.14 Under the Terms of Reference for the Overview and Scrutiny Committee, it can appoint such Sub-Committees or Scrutiny Panels as the Committee considers appropriate from time to time to carry out individual reviews under the Overview and Scrutiny work programme.
- 3.15 The Mayor, mindful of the Directions (Annexe A9) and the Council's Best Value Action Plan in relation to Grant Making, has in consultation with the Chair of Overview and Scrutiny asked the Chair of the Overview and Scrutiny to appoint a Grants 'Sub-Committee' as a scrutiny panel. The formulation of this Sub-Committee will enable the Council to ensure a transparent, executive and cross party process.
- 3.16 **Proposed Governance Arrangements – Terms of Reference**
- 3.17 The proposed Terms of Reference of the Overview and Scrutiny Grants Sub-Committee are attached as **Appendix A**. The Terms of Reference assume that Options 1 in respect of both Composition and Chairing arrangements are adopted in the first instance, but that this will be reviewed in early 2016/17. If alternative options are adopted then appropriate revisions to the Terms of Reference will need to be made.
- 3.18 **Proposed Governance Arrangements – Forward Plan**
- 3.19 The Forward Plan that provides the scheduling of the Commissioners Decision Making Meetings is attached at Appendix B. The Overview and

Scrutiny Grants Sub Committee meetings will be agreed subject to the Committee's agreement to establish the Sub Committee and its schedule of meetings will be incorporated into the Forward Plan in line with the Overview and Scrutiny Committee Terms of Reference.

3.20 Proposed Governance Arrangements – Composition

3.21 Option 1 – The membership is proposed to consist of five (5) members, namely the Chair of Overview and Scrutiny (or his/ her nominated Deputy) and two other Members of Overview and Scrutiny Committee from the administration and one each from the opposition parties.

3.22 Option 2 - The membership is proposed to consist of seven (7) members, namely the Chair of Overview and Scrutiny (or his/ her nominated Deputy) and four other Members of Overview and Scrutiny Committee from the administration and one each from the opposition parties

3.23 Option 3 - The membership is proposed to consist of five (5) members, namely the Chair of Overview and Scrutiny (or his / her nominated Deputy) and two other Members from the administration and one each from the opposition parties.

6 Option 4 – The Membership is proposed to consist of five (5) members drawn from Overview and Scrutiny Committee, based on the proportionality above; the Chair of Overview and Scrutiny Committee need not be a Member of the Sub-Committee

3.1 Option 5 –The Membership be as Option 1 but with the addition of co-opted non-voting members, the exact number to be agreed.

3.2 Whatever Option is chosen, the Sub-Committee is required to reflect the political make-up of the Council and therefore the proportionality principles apply.

3.3 Proposed Governance Arrangements – Chairing

3.4 Option 1 - The Chair of Overview and Scrutiny (or his/ her nominated Deputy) is chair of the Grants Sub-Committee.

3.5 Option 2 – The Chair be one of the Overview and Scrutiny Members, serving on the sub-committee; this may be an opposition Member.

3.6 Proposed Governance Arrangements – Training

3.7 As part of these arrangements and in acknowledgement of Commissioners requests for the same, training for all Members of Overview and Scrutiny will be delivered. The training will be provided to CfPS (Centre for Public Scrutiny) standards and will have a particular emphasis on pre-disposition,

pre-determination, bias and interests and appropriate action in the event that such should arise.

- 3.8 Subject to the Committee's agreement to establish a Sub Committee, it is proposed that the training will be provided in advance of the Commissioners Decision Making Meeting on 12th April 2016 to enable the Sub Committee.

3.9 Other Governance Arrangements

- 3.10 It is proposed that the composition of the Grants Sub-Committee is initially piloted and reviewed after the first three months by the Overview and Scrutiny Committee.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 The financial implications of establishing the Sub Committee will be met from existing resources.

5. LEGAL COMMENTS

- 5.1 Legal Services have been involved in the preparation of this report and any legal implications are addressed in the body of the report.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 The council's support of the voluntary and community sector through grants, contributes to the delivery of the One Tower Hamlets priorities and objectives

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 Compliance with this duty has been a feature, to the extent relevant, of the Council's action in response to the directions

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 There are no immediate sustainability or environmental issues to consider.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 The recommendations made in this report will minimise the risk of failing to implement the actions agreed in the Best Value Action Plan on grants and the requirements of the Directions made by the Secretary of State.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

10.1 There are no immediate Crime and Disorder reduction implications.

Linked Reports, Appendices and Background Documents

Linked Report

- Commissioners Decision Report 1st March 2016 - Initial proposals for a Cross Party Forum on Grants.

Appendices

- 1. Proposed Terms of Reference
- 2. Forward Plan.

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- Best Value Strategy and Action Plan

Officer contact details for documents:

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