

<p align="center">Grants Scrutiny Sub Committee / Commissioner Decision Report 20th and 27th September 2016</p>	
<p>Report of: Melanie Clay, Corporate Director, Law, Probity and Governance/Graham White, Interim Service Head, Legal Services</p>	<p>Classification: Unrestricted</p>
<p align="center">Community Engagement, Cohesion and Resilience Commissioning Arrangements from 1st April 2017</p>	

Originating Officer(s)	Emily Fieran-Reed, Gulam Hussain, Kevin Kewin
Wards affected	All wards
Key Decision?	No, Non-Executive decision
Community Plan Theme	A safe and cohesive community

Executive Summary

Tower Hamlets Voluntary and Community Sector (VCS) Strategy 2016-19, which was recently agreed at Cabinet, sets out the Council's intention to move to a more commissioning based approach and one which involves the VCS and community through co-production. The current grants programme for Community Engagement, Cohesion and Resilience ends at the end of March 2017. Beyond that date, the Council will co-produce and co-commission activity in line with the Council's procurement procedures. This report sets out details of the rationale for taking the commissioning approach in relation to future Community Engagement, Cohesion and Resilience activity.

Recommendations:

The Commissioners are recommended to:

1. Note this report

1. REASONS FOR THE DECISIONS

- 1.1 To provide an update to Commissioners setting out the process for moving from the current grants based approach to cohesion under the Mainstream Grants (MSG) programme which comes to an end in March 2017. .

2. ALTERNATIVE OPTIONS

- 2.1 An alternative option would be to undertake a further round of grant funding. This would, however, go against the commitment to commissioning made in the Council's Voluntary and Community Sector Strategy. It would also have the disadvantage that the Council would not be able to specify the nature of the activity and outcomes that are being sought. This is a particular risk given the broad nature of cohesion activity and therefore requires a greater imperative to be robust. Inviting grant funding applications at this time would also see this work running to a different timetable than the remaining MSG.

3. DETAILS OF REPORT

Background

- 3.1 The Council's Mainstream Grants (MSG) Programme is one of a range of funding sources available to Voluntary and Community Sector (VCS) organisations within the borough to support their work on community engagement, cohesion and resilience. The programme in its current form has been in operation since 2009 delivering over 2 rolling cycles: 2009 to 2012 and 2012 to 2015. At this time, the MSG programme consisted of 12 themes or funding streams.
- 3.2 Following the best value inspection by Price Waterhouse Coopers an MSG Review Group was formed and a new programme developed for this current programme. In July 2015 the Mainstream Grants Programme 2016-18 was agreed by the Tower Hamlets Commissioners. The MSG Review Group initially concluded the programme should be restructured into 4 Themes but following a consultation event, the programme was structured into 5 themes, the additional theme 5 being Community Engagement, Cohesion and Resilience. This theme therefore does not have a history of being funded prior to the 2015/18 programme.
- 3.3 The 2015/18 programme runs from 1 September 2015 to the end of August 2018. Whilst the grants for the other 4 themes were awarded for the full period of the grants programme the Commissioners were asked to note that for Theme 5 the programme would run for a period of 19 months (September 2015 to March 2017). In the original MSG documentation, the Council's intention to continue to undertake activity in the area of cohesion beyond the period of the current grants was made clear. In order to bring this work in line with the funding period for the other MSG Themes it is planned to fund further cohesion activity from April 2017 to August 2018. The budget available for

Community Engagement, Cohesion and Resilience activity is £105,000 per annum, which, over the period concerned, amounts to £148,750 in total.

3.4 **Analysis of Grants versus a Co-Commissioned Approach**

Both a commissioning and grant based funding approach have advantages and disadvantages in relation to the Community Engagement, Cohesion and Resilience programme being considered, which can be summarised by the following:

Grant Based Funding

- A grant based approach would mean the bidders will themselves propose the projects they wish to undertake based on the theme of Community Engagement, Cohesion and Resilience. This would mean the Council would be led by the VCS in terms of the nature of the services to be provided. VCS organisations are free to apply for money to support existing or planned activity. The Council's input is a reduced one, based mainly around providing guidelines as to the criteria and eligibility and evaluating the bids.
- In some cases, organisations may match fund projects and a grant would only cover the costs of the project that excluded the match funded areas. In the current MSG programme organisations were expected to contribute a minimum of 15% by way of match funding but this can include in-kind support.
- A grant would not normally cover an organisation's running costs, hence there is a limitation to the kind of activity that VCS organisations can undertake within existing infrastructure, however funding is focused on delivering the project.

Commissioning Based Procurement

- The specification element of a commissioning based approach is far more precise and would give the Council and a greater ability to co-produce and steer the programme of activities ensuring that commissioning is underpinned by service user need, evaluation of impact and robust and measurable outputs and outcomes.
- Bidders would not be expected to bear any of the costs of the activity procured (unlike match funding under a grants regime) and the funding may cover some of the running costs of the organisation and may even cover a "profit" margin. However the Council can stipulate Local Employment, Sustainability and Community Benefits clauses, meaning any loss of match funding could be compensated for with wider benefits that are realised over the longer term for the whole community.
- The Council cannot restrict the bidders, either to voluntary organisations or to organisations based in Tower Hamlets. Any organisation can bid. The specification and assessment of tenders can however specify the nature of what is expected and how the applicants will be judged. It is therefore possible to for example, ask for experience of working in Tower Hamlets or with the local community, for example, and it can be specified that the service must be based in Tower Hamlets.
- The Council's ability to secure value for money is enhanced by the competitive process price considerations in assessing tenders.

Conclusion

3.5 The nature and timing of the Community Engagement, Cohesion and Resilience activity are such that they provide the perfect vehicle to pilot the co-production approach that the Council has committed to in the Voluntary and Community Sector (VCS) Strategy, quickly demonstrating the Council's commitment to supporting the sector to build consortia and engage in commissioning and the community to have a voice in this process.

Tower Hamlets Voluntary & Community Sector (VCS) Strategy and the Co-Production Approach

3.6 Recently the Council has produced a Voluntary and Community Sector (VCS) Strategy. The VCS strategy was developed with substantial input from local voluntary and community sector organisations. It aims to highlight good practice and set out the way the council will work with the VCS to improve service delivery over the next three years. One of the Strategic Objectives of this strategy that is relevant to the Community Engagement, Cohesion and Resilience activity is that Council funding to the VCS will be reviewed to ensure it is contributing to priority outcomes and with a preference for commissioning rather than grants based funding where possible.

3.7 From the four objectives of the VCS Strategy, the first one – “promoting co-production and sustainability” is of particular relevance to the future of Community Engagement, Cohesion and Resilience activity.

3.8 Within this objective are a number of actions that the council and VCS are committed to delivering in partnership to support the local community and which reflect the interests and priorities of those who took part in the consultation. Key actions of relevance here in relation to the Promoting Co-production and Sustainability Objective include:

- The VCS will become more involved in shaping what the council does as an equal partner, working closely with other providers and service users to jointly assess and define local needs, without this resulting in a conflict of interest;
- The council will work closely with THCVS and VCS organisations to support them to build their organisational and business capacity so they can successfully bid for and run commissioned services.
- Smaller organisations will be brought together and expertise and resources pooled, larger organisations will partner smaller ones;
- Services will be commissioned in a way that takes account of the distinctive needs of the local community

3.9 As Community Engagement, Cohesion and Resilience will be the first area to adopt the new co-produced commissioning approach, as much time and commitment as possible will be given to building the VCS capacity and working with the VCS and community to develop a specification and commissioning process which is owned and shared by the VCS and the community. As part of the Strategy the Council has committed to a process of building this capacity of the VCS to give them the skills to produce competitive bids for procurement opportunities. This capacity building will be provided before the tender period commences and the Council is currently in

discussion with THCVS to develop capacity building training and deliver that training in the next few months.

Grant Review Process

3.10 On 5th July 2016 a report was made to the Commissioners Decision Making Meeting entitled “Grants Register – Moving to Commissioning” where the Commissioners noted that a review of existing grants would be undertaken as part of the intention to move from grant funding towards commissioned services and that the outcome of the review will be reported to Commissioners. The report detailing the outcome of the review entitled “Grants Register – Moving to Commissioning (Review Outcomes)” is also to be considered at this Commissioners Decision Making Meeting. The report has identified that elements of the MSG programme (including theme 5) are to be commissioned. This can include Theme 5.

Proposed Timetable

3.11 Following discussion with Legal and Procurement the following provisional timetable has been agreed:

Task	Duration	Start	End
Pre-procurement stage/ developing co-produced specification /capacity building	12 weeks	07/07/2016	28/09/2016
Preparation of tender documentation and Supplier briefing Preparation	4 weeks	29/09/2016	20/10/2016
Procurement and legal to review tender docs	1-2 weeks	21/10/2016	01/11/2016
Client to address comments and final sign off	3 days	02/11/2016	04/11/2016
Tender period	4 weeks	10/11/2016	08/12/2016
Supplier Briefing	1 day	24/11/2016	24/11/2016
Tender Verification by Procurement	2 days	09/12/2016	12/12/2016
Evaluation and moderation	3 weeks	13/12/2016	05/01/2017
Procurement verification of scores	3 days	06/01/2017	09/01/2017
Interviews	2 days	09/01/2017	10/01/2017
Procurement to check evaluation and award decision	3 days	11/01/2017	13/01/2017
Contract award documents preparation <ul style="list-style-type: none"> • Tender report • Contract award instruction form • Notification letters 	2 weeks	16/01/2017	30/01/2017
Award by end of January	1 day	31/01/2017	31/01/2017
Contract Mobilisation	2 months	01/02/2017	31/03/2017
Contract Delivery Commences	1 day	01/04/2017	01/04/2017

4. COMMENTS OF THE CHIEF FINANCE OFFICER

4.1 This report details a proposal and timeline for commissioning ‘Community Engagement, Cohesion and Resilience’ Activity from April 2017, as opposed

to the current approach of awarding mainstream grants to Voluntary/Community sector organisations.

- 4.2 The existing budget for 2016-17 will continue to fund the mainstream grants to the end of March 2017. For 2017-18, a budget of £105,000 has been set aside for this activity and it is envisaged that the newly commissioned service will be contained within this funding envelope. Any additional funding requirements will need to be considered as part of the Council's Medium Term Financial Strategy.

5. LEGAL COMMENTS

- 5.1 This report is updating the Commissioners regarding Mainstream Grants and the planned Theme 5 of the programme: Community Engagement, Cohesion and Resilience.
- 5.2 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).
- 5.3 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 is, in fact, making a grant.
- 5.4 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.
- 5.5 In this case, there will be a commissioning process and an award of a contract for service. This is not a grant and therefore the Commissioners are not being asked to make a decision. As, however, the Commissioners had been appraised on a Theme 5 and as the original intention was that the Theme 5 programme would run initially for a period of 19 months from September 2015 to March 2017, a noting report has been prepared so that the Commissioners can be made aware of how the Council now intends to proceed with Theme 5.
- 5.6 The report makes reference to the refreshed Voluntary and Community Sector (VCS) Strategy and a key action within which was to consider moving Council grants, where appropriate, to an outcome based commissioned approach. This was reported to the Commissioners at their meeting on 14th June 2016 and the Commissioners requested a noting report on what grants would be

commissioned in future. A separate report titled “Grants Register - Moving to Commissioning (review outcomes)” details the outcome of that review. That report details the 4 grant areas that are to be commissioned in future and which includes Mainstream Grants. The nature and timing of the Community Engagement, Cohesion and Resilience activity is such that it provides a vehicle to pilot this co-production approach that the Council has committed to in the Voluntary and Community Sector (VCS) Strategy as referred to in paragraph 3.5 of the report.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1. The nature of the activities discussed above are a direct contributor to the One Tower Hamlets vision. In particular, the proposed course of action, in co-producing and commissioning future cohesion activities, directly contributes to one of the One Tower Hamlets elements about developing community leadership.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 The course of action set out in the report i.e. co-production and commissioning of cohesion activities is designed to secure greater value for money. Through the commissioning process the Council can pay by results and secure robust outcomes as well as specifying more precisely what is being paid for. Evidence shows that the commissioning process which incorporates a needs’ assessment, is more likely to produce outcomes and services that better meet the needs of the community.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 No environmental implications have been identified.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 There is a risk that some organisations may not participate in a commissioning process. The programme will seek to mitigate this by providing support to organisations to enable them to participate in the commissioning process.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 It is hoped that through being able to more precisely specify the nature and outcomes of cohesion activity based on assessed need, the Council can shape the activities to have more of an impact. Stronger cohesion can positively impact on crimes such as hate crime and ASB and also reduces the potential for disorder when community tensions arise.

11. SAFEGUARDING IMPLICATIONS

- 11.1 There are no safeguarding implications identified.

Linked Reports, Appendices and Background Documents

Linked Report

- **Commissioners Decision Making Meeting 5 July 2016** Grant Register – Moving to Commissioning
- **Commissioners Decision Making Meeting 27 September 2016** Grant Register – Moving to Commissioning (Review Outcomes)

Appendices

- NONE.

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

- NONE

Officer contact details for documents:

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