


Commissioner Decision Report 8 November 2016	 TOWER HAMLETS
Report of: Zena Cooke - Corporate Director, Resources	Unrestricted
MSG Performance Report – Project Variation Requests	

Originating Officer(s)	Steve Hill – Head of Benefits Services
Wards affected	All wards
Key Decision?	Yes
Community Plan Theme	All

EXECUTIVE SUMMARY

This report seeks Commissioners' approval on variation requests from three organisations currently performance rated either red or amber for their MSG projects.

RECOMMENDATIONS

The Commissioners are recommended to:

1. Agree the recommendations in sections 3.16, 3.28 and 3.34 of the report regarding the variation requests relating to three MSG projects.

1. REASONS FOR THE DECISIONS

- 1.1 Requests for a variation in the existing MSG project have been received from three organisations currently in receipt of MSG, whose performance has been rated as red or amber. Variation requests need to be approved by Commissioners.

2. ALTERNATIVE OPTIONS

- 2.1 Commissioners may decide to decline the requests for variations, consider different variations, withhold or withdraw grant funding from the projects in question.

3. DETAILS OF REPORT

Background

- 3.1 The Main Stream Grant (MSG) 2015-18 Programme was approved by Commissioners on 29 July 2015 and runs from 1 September 2015 through to 31 August 2018. The Programme is made up of five broad themes covering a range of activities and services.
- 3.2 Following the Commissioners' approval of MSG funding, output and outcome targets are finalised with the delivery organisation. The "Grant Offer Letter" contains the final input, output and outcome targets, and is the "contractual" document between the delivery organisation and the Council.
- 3.3 At the September Grants Decision Making Meeting the quarterly performance report that sets out the performance of all the MSG projects, provided details of all red and amber rated projects with proposed recommendations. For three of the organisations, the report highlighted that variation requests had been received on the basis that the organisations felt they were not able to deliver what had originally been agreed.
- 3.4 The Commissioners raised concerns that the report did not provide sufficient detail to enable them to make an informed decision and asked that a further report be provided with the details of the requests, the implications and impact.
- 3.5 The Council pays Main Stream Grants based on satisfactory performance. The MSG 2015/18 programme is performance managed through a payment by results process based on a Red/Amber/Green (RAG) rating system.
- All projects are RAG rated based on their performance during the previous quarter.
- The overall project rating of GREEN, AMBER or RED is used to determine the advance payment for the coming quarter.
- 3.6 A project is rated RED where output/outcome targets for the quarter in question are showing an under achievement greater than 20%; or where the cumulative target to date is showing an underachievement of more than 15 % below target (25% and 20% if notified in advance of the quarter end with submitted Project Improvement Plan) or where:
- there are significant issues or concerns regarding either the quality or evidencing of the outputs/outcomes;
 - there may be concerns regarding the proper use of the grant.

- 3.7 A project is rated AMBER where output/outcome targets for the quarter in question are showing an under achievement of between 11-20%; or where the cumulative target to date is showing an underachievement of more than 15% below target (16-25% and 20% if notified in advance of the quarter end with submitted Project Improvement Plan), or where:
- there may be minor issues or concerns regarding either the quality or evidencing of the outputs/outcomes;
 - there may be concerns regarding the proper use of the grant.
- 3.8 A project is rated GREEN where output/outcome targets have been achieved or exceeded for the quarter in question or where any underachievement is within 10% of the target; or where the cumulative outputs/outcomes achieved to date are not showing an underachievement of more than 10% (15% and 15% if notified in advance of the quarter end with submitted Project Improvement Plan), or where:
- The quality of both the outputs/outcomes and the evidencing is clear and there are no issues;
 - There are no concerns regarding the proper use of the grant.
- 3.9 For RED rated projects, the standard approach agreed with Commissioners in early discussions over the payment by results process, is, that based on the premise of 'two strikes and you are out', any project that is rated RED for two consecutive periods/quarters would automatically be recommended for withdrawal of funding.
- 3.10 The performance monitoring approach to date has not been required to consider alternative proposals being presented by organisations that are rated red or amber. However, during the last monitoring period three organisations have submitted variation requests. The significant variation requests are set out below together with options and recommendations for Commissioners.

Ragged School Museum – Family Learning Holiday Programme

Grant award £18k for the lifetime of project £6k per year

- 3.11 This project has been classed as RED for two consecutive periods: January to March 2016 and April to June 2016. The organisation has submitted a 'significant variation' request. Due to the submission of the variation request the project was not recommended for funding withdrawal prior to the consideration of the request. However as the project has been red rated, two periods of funding, totalling £3,000, were withheld. The MSG Performance Report of 27 September 2016 clarified this position.
- 3.12 The Ragged School Museum have advised that they mistakenly thought the agreed output targets in Year 1 of their application were for 12 months rather than 7 for September 2015-March 2016, in the first financial year of the

programme (see Appendix 1 – email from the Ragged School Museum). The table below shows the outputs within the grant offer letter and the variation request:

Outputs for the 3 Year Project Period	Offer Letter	Variation Request
Number of users accessing services	6,800	5,830
Number of users accessing services for the first time	950	750
Users taking part in activities	6,800	5,580
New users taking part in activities	950	850

Funding	Grant Awarded	Variation Request
Main Stream Grant (MSG)	18,000	18,000

3.13 The organisation was awarded £18,000 for the lifetime of the project.

3.14 The organisation agreed to deliver to 6,800 users over the lifetime of the service. The delivery of the project has shown that the agreed target was over ambitious. As a result of this the organisation has requested a variation in the targets as outlined below:

The outputs to be changed (for the Sep15 - Mar 16 period only, the remaining periods as originally agreed) as follows:

- Number of users accessing services: reduced from 1,700 to 730 (lifetime 5,830)
- Number of users accessing services for the first time: reduced by 200 to 750 (lifetime 750)
- Users taking part in activities: reduced from 1,700 to 480 (lifetime 5,580)
- New users taking part in activities: reduced from 200 to 100 (lifetime 850)

The Museum would also like the following amendment to project milestones:

- Milestone for Easter Half Term in 2016 should be measured at 09/04/2016, rather than 30/03/2016, to take account of when Easter fell in 2016.

3.15 A reduction in the lifetime targets for outputs from the Grant Offer Letter has been requested, without a corresponding reduction in the grant amount. The unit cost analysis is as follows:

Grant Offer Letter - £18,000 / 6,800 = 2.65

Variation request - £18,000 / 5,830 = 3.09

Applying the original unit cost of £2.65 to the revised number of users accessing the service, the total grant amount for the 3 year project period would be reduced by £2500. However based on the unit cost of other similar family learning holiday programmes the revised unit cost per user of £3.09 is still reasonable.

Whilst the project has not achieved the outputs required to March 2016 it is now performing at the required levels and if the variation were to be agreed it would be rated green on this basis.

The current policy is clear that the recommendation should be to withdraw the project funding. However it is acknowledged that the project delivered by the Ragged School Museum is unique as it is now the only Ragged School in the country and has significant historic value both locally and nationally. In addition the Museum has recently experienced losses of historic funding that it is seeking to replace to ensure its future sustainability. The museum provides a valuable learning opportunity for children and their families that offers a real insight to Victorian life with a reconstructed Victorian classroom, Victorian East End Kitchen and a Museum focussing on local history which has been taken into account in considering their request.

3.16 Recommendation:

Given the unique nature of the project and the value of the learning outputs and outcomes, an exceptional variation to the current policy for red rated projects is recommended. It is recommended that the project variation request is approved and the evidence of the organisation's ability to deliver the revised outputs is reviewed. It is further recommended that the outcome of the evidence review is reported in the next quarterly MSG performance report.

The Shadwell Community Project – The People GAP Grant award £24,999 for the lifetime of the project, £8,333 per year

- 3.17 This project had been classed as RED for 2 consecutive periods September to December 2015 and January to March 2016. In line with the agreed process the project was recommended for withdrawal of funding at the 5 July 2016 Commissioners meeting.
- 3.18 The organisation subsequently submitted a 'letter of representation' to the Grants Scrutiny Sub-Committee and the Tower Hamlets CVS submitted a letter seeking referral to the Commissioners Decision Making Meeting. The letter from the CVS asked for a delay in the decision to withdraw funding until additional evidence from officers with reasons for withdrawal were sought.
- 3.19 The primary reason for rating the project as RED was a lack of information submitted by the organisation rather than definitive underperformance of the project. The organisation was referred to the CVS for support and this, together with support from the Grant Officer, has enabled an improvement in the project management and a subsequent rating of AMBER for the April to June 2016 period was achieved.

- 3.20 A contributing factor to the poor project management has been the reporting of the overall organisation's finances and activities rather than project related costs and delivery.
- 3.21 The Grant Officer has been working with the organisation to disaggregate what should be discrete project costs covered in the Grant Offer Letter and what are organisational costs outside the grant agreement. As a result of this work a 'significant variation' request was submitted by the organisation on the 23 September 2016.
- 3.22 The organisation has requested a decrease the in stated match funding from £270,806 to £96,428. The revised match funding figure still represents 79.4% of the total project budget and does not impact on project delivery. This match funding budget decrease is requested because the match funding budget that Shadwell Community Project (SCP) originally included covered the work of the organisation as a whole rather than just the MSG-funded People GAP project.
- 3.23 The organisation are also requesting the deletion of a small number of outputs relating to referrals (48 over three years see below) dealing with referrals to and from stakeholders as they related to SCP's original application for MSG of £83,454, dealing with work of SCP as a whole, rather than the MSG allocation of £24,999 which it was awarded for The People GAP project. As SCP only secured 30% of the MSG that it applied for it has confirmed that whilst originally proposed and agreed, it does not have the resources to deliver the referral-based outputs, which would involve significant liaison work with stakeholders.
- 3.24 The referral-based outputs, over the full three years of project funding, are as follows:
- Number of residents referred to other organisations: 18
 - Referral to and from school: 12
 - Referral from Children's Centre: 10
 - Referral to Social Services: 8
- 3.25 These outputs represent a very small proportion of project activity. The standard number of beneficiaries for a given project year is 550.
- 3.26 The organisation have also proposed the addition of a new output based on cumulative beneficiary attendances at SCP's adventure playground over the lifetime of the People GAP project to demonstrate the project's impact on promoting the use of the playground and its related projects. SCP estimates that there will be 20,645 beneficiary attendances at the playground over the lifetime of the People GAP project.
- 3.27 With regards the request to reduce the match funding – the revised match funding amount of £96,428 over the lifetime of the project represents 79.4% of the total project budget. This is well over the required minimum of 15%.
- 3.28 Recommendation:**

It is recommended that the variation to the level of match funding is approved by Commissioners.

Whilst it is recommended that the numerical targets for referrals can be removed, the progression of beneficiaries is extremely important. The organisation should therefore be required to make every effort to deal with referrals on a case by case basis, where needed. The organisation should therefore be required to provide details of all beneficiaries they refer for further support.

**3.29 Green Candle Dance Company – Dance for Health at Oxford House
Grant award £83,125 for the lifetime of the contract, £27,708 per year**

3.30 After being rated GREEN in the first period, the project was classed as AMBER for the January to March and April to June 2016 periods. Due to a number of reasons, the organisation has not been able to recruit the agreed target number of beneficiaries to its activity sessions, which has had a negative impact on overall project performance. A ‘significant variation’ request has been received.

3.31 The organisation has cited a number of reasons as to why the variation has been sought which in the main centre around the health issues and ill health recovery times of clients which are impacting on delivery.

3.32 The reasons for the variation request include:

The organisation serves participants who in the main are people suffering from dementia at the Dance for Health at Oxford House programme. The number of projected regular attendees is expected to be lower than originally expected due to their health condition.

The number of regular attendees originally stated reflected the total number of attendees on the register/full cohort at the time of the application rather than the total number of regular attendees.

Not all participants are able to attend every week for several reasons (mainly health related) therefore the average number of regular attendees is lower than the total cohort.

The number of regular attendees in the original application also included participants from both within Tower Hamlets and those from outside of the borough. It was not apparent that the total number of attendees should only include those from within the borough, until after the first quarterly report had been submitted.

The following have been highlighted as the reasons there will be fewer regular participants

- fluctuation in attendance due to greater levels of susceptibility to ill health in the older population
- subsequent need to attend appointments/check-ups/investigative tests

- longer recovery time in older people after ill health
- difficulty and concern attending in poor weather
- difficulty attending due to carer being unavailable
- travelling/visiting family during term time as costs are lower

The table below sets out requested variations to three of the targeted outcomes.

Green Candle Dance Company

	Original Target	Requested Variation
1	50% of participants reporting one of the following: more mobility, pain relief, feeling 'better' emotionally and less isolation over the lifetime of the project	<u>Up to 50%</u> of participants reporting one of the following: more mobility, feeling 'better' emotionally and less isolation over the life of the project
2	50% of participants report a reduction in the number of falls experienced, or an increase in confidence when it comes to falls avoidance over the lifetime of the project	<u>Up to 40%</u> of participants report a reduction in the number of falls experienced, or an increase in confidence when it comes to falls avoidance over the life of the project
3	50% of carers reporting that they feel less socially isolated as a result of attending the workshops and have made lasting friendships over the lifetime of the project	<u>Up to 50%</u> of carers reporting that they feel less socially isolated as a result of attending the workshops and have made lasting friendships over the life of the project.

3.33 These requested variation outcomes are not considered to be acceptable as they are proposing an 'up to' target which is not considered to be sufficiently robust.

3.34 Recommendation:

Commissioners are recommended to note the work undertaken by the Green Candle Dance company and its specialist provision for people with dementia.

It is recommended that the proposed variation is not accepted at the present time. It is also recommended that officers undertake further work with the Green Candle Dance Company to establish revisions to the targets that provide sufficient measurable outputs and outcomes before reporting back to Commissioners as part of the next quarterly performance report.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 There are no direct financial implications arising from this report. The variation requests will not result in a material change in the budget allocation for MSG. If the requests are not approved, there will be a small underspend in the MSG budget for 2016-17.

5. LEGAL COMMENTS

- 5.1. 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. Best Value considerations have also been addressed in paragraph 7 of the report.
- 5.2. Applying this duty to grants, the Council must operate a fair and open application procedure to process a request to obtain funding. Requests for grant funding should ordinarily be measured against a predetermined set of criteria and the criteria themselves must be fair and transparent. The grant agreement should include a clear monitoring process against defined parameters in order for the Council to demonstrate either: that delivery is in line with the application and, therefore, the grant achieved its purpose; or provide clear delineation where outcomes were not achieved and the reasons for such failure are apparent. Monitoring should therefore include measuring performance against the expected outcomes.
- 5.3. This report provides more detailed information to the Commissioners in respect of three (3) MSG projects so that they can make an informed decision as to the proposed recommendations. These grants are discretionary and as performance measured against the expected outcomes is not satisfactory then it is appropriate that they are reviewed and varied as appropriate.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1. The contribution of VCS Organisations helping to deliver One Tower Hamlets objectives and priorities are explicitly recognised and articulated within the Council's agreed Voluntary and Community Sector Strategy.
- 6.2. VCS Organisations play a key role in delivering services that address inequality, improve cohesion and increase community leadership. These services are real examples of 'One Tower Hamlets' in practice.
- 6.3. The opportunities offered through the MSG Programme will play a key role in delivering the aims of One Tower Hamlets.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 The level of awards to organisations was determined by the quality of their individual applications as well as the overall demand for the funds available within each Theme.
- 7.2 Additionally, the application appraisal process took into consideration the proposed levels of outputs and outcomes to be delivered as well as the organisation's track record and the bid's overall value for money rating.
- 7.5 There will be ongoing performance management of the approved portfolio of projects to ensure that interventions meet the required standards; that the evidencing of project achievements and expenditure are accurately recorded and reported.
- 7.6 Monitoring and reporting arrangements are in place to ensure that payments to organisations are in line with performance. The agreed Payment By Results process will ensure that grants will not be paid to organisations that either significantly or consistently under-perform, or those that are not able to properly evidence the work/outcomes for which funding has been approved.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 The MSG 2015/18 Programme has a broad focus including developing new skills for local people and organisations that are disadvantaged and perhaps facing multiple barriers to achieving a sustainable future.
- 8.2 All programme beneficiaries be they individuals or local organisations will be encouraged to consider taking appropriate steps to minimise negative impact on the environment when taking up the opportunities offered within the programme and on an ongoing basis.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 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 organisation may not in the event have the capacity to achieve the contracted outputs/outcomes
- 9.2 The monitoring being undertaken has identified a small number of projects that have been rated either Red or Amber within the Council's RAG performance rating process. In these circumstances either formal project improvement plans or other appropriate arrangements have been put in place to minimise the risk of further/significant underperformance.

- 9.3 As part of the ongoing programme management arrangements, support, advice and guidance will be made available projects to ensure that all performance and other risks are minimised.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 The activities, services and outcomes that are being targeted through the MSG Programme support the objectives of reducing crime and disorder; this is particularly true of the projects delivering under the Community Engagement Cohesion and Resilience Theme.
- 10.2 Throughout the programme as a whole however, those people involved in, or at risk of involvement in the criminal justice system will be targeted for support.

11. SAFEGUARDING IMPLICATIONS

- 11.1 As part of the initial application process organisations were required to provide details of their safeguarding policy if appropriate. The Grant Agreement that funded organisations have entered into includes requirements in relation to safeguarding.
- 11.2 Organisations providing services to children or vulnerable adults and employing staff or volunteers in a position whose duties include caring for, training, supervising or being responsible in some way for them, are required to fully comply with all necessary safeguarding requirements.

Linked Reports, Appendices and Background Documents

Linked Report:

- MSG 2015/18 Programme – available via the following link:
<http://modern.gov.towerhamlets.gov.uk/documents/b16444/Item%205.4%20Main%20Stream%20Grants%20201518%20Programme%2029th-Jul-2015%2018.30%20Commissioners%20Decision%20Making%20M.pdf?T=9>

Appendices:

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

- None

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