


<b>Cabinet</b>  29 July 2020	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Will Tuckley, Chief Executive	<b>Classification:</b> Unrestricted
<b>Contingency Fund – additional Covid-19 support element</b>	

<b>Lead Member</b>	<b>Councillor Ronald, Cabinet Member for Resources and the VCS</b>
<b>Originating Officer(s)</b>	Emily Fieran-Reed, Senior Strategy & Policy Manager Awo Ahmed, Programme Assessment & Monitoring Officer Robert Mee, Programme Analysis & Review Officer
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	No
<b>Forward Plan Notice Published</b>	1 July 2020
<b>Reason for Key Decision</b>	n/a
<b>Strategic Plan Priority / Outcome</b>	1. People are aspirational, independent and have equal access to opportunities;  2. A borough that our residents are proud of and love to live in;  3. A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough.

### Executive Summary

The VCS response to the covid 19 pandemic in Tower Hamlets has seen the rapid mobilisation and deployment of resources to meet the increase in demand as well as services adapting to meet new needs and service new service users. This report details a proposal to create a new covid community fund, funded by repurposing existing contingency fund budgets and a draw down on remaining reserves of £50,000 originally held for the purposes of the contingency fund. The fund will help organisations to meet the increased demand, need and inequalities that have arisen from covid.

It will be necessary to reduce the maximum award of the existing elements of the contingency fund from £20,000 to £10,000 in order for the covid element of the fund to have sufficient opportunity to make an impact across a number of organisations. The fund also has a support package attached which works in parallel to the award of funding and helps the organisations to develop, including with a view to

organisations diversifying their funding base and being more independent of the council in future. It is important to note the criteria in the appendix which, for example, set out the need to undertake stringent due diligence and financial checks. Applicants would have to satisfy the council that they are financially stable and viable in the medium to longer term.

### **Recommendations:**

The Mayor in Cabinet is recommended to:

1. Agree recommendations to replace the existing transitional element of the Contingency Fund with the Covid Community Fund.
2. Reduce the maximum award of the emergency element of the contingency fund from £20,000 to £10,000.

## **1. REASONS FOR THE DECISIONS**

- 1.1 Replacing the existing Transitional element of the contingency fund to create a Covid Community Fund is necessary to help use our resources in the best way to enable the VCS to continue to support our residents around covid and the recovery from it.

## **2. ALTERNATIVE OPTIONS**

- 1.1 Keep the current funding as it is and to not provide additional VCS support in response to Covid. This would see us providing a fund which was no longer relevant to the new environment that we are now in due to the pandemic.

## **3. DETAILS OF THE REPORT**

- 3.1 The Covid-19 pandemic is an unprecedented and fast-moving situation. Tower Hamlet's Council continues to focus on the health & wellbeing of residents and on making sure that we continue to service the needs of the community. The current covid pandemic has left many VCS organisations in TH unable to provide services, close their doors, scale down or re-purpose their funding to deliver direct covid support and services to resident.
- 3.2 The current health pandemic will require many changes to be implemented in our everyday life, this will affect the VCS and their ability to deliver services to LBTH residents. The Current Lockdown is having a monumental effect on VCS organisations by balancing a reduction of income and/staff and increased demand for services. The Social distancing measures currently in place will be the 'new normal' and is having a direct impact on the delivery of services by the VCS sector in Tower Hamlets. Planned charitable events have been cancelled, income from charitable donations reduced as a result of a

reduction of household incomes, in addition to organisations suffering from loss of staff directly or indirectly as a result of Covid.

3.3 As residents and the local community adjust to the new way of life greater flexibility is required in relation to service delivery, funding and the general re-configuration of services to meet the needs of residents and beneficiaries and ensuring strategic priorities and outcomes are met.

3.4 Existing Contingency Fund

3.5 It was agreed at the GDSC on 6th November 2019 that the Emergency Fund (EF) could be looked at as a potential source of transition funding, key changes implemented to the Emergency Funding Scheme are proposed for the revised scheme: Rename the fund to the VCS Contingency Fund to reflect the change from being purely a fund to support organisations facing 'life and limb' emergencies to a fund that may also support organisations facing significant loss of council funding;

3.6 The contingency fund covers two elements. The maximum award available is £20,000 for both elements:

- Transitional Funding (since 6th Nov 2019) – to allow organisations funded through MSG up to 30 September 2019 and facing significant loss of council funding to be considered for transition support funding.
- Awards – To date, 8 previously funded MSG organisations have been awarded Transitional funding totalling - £64,0888.45 from Feb 2020 to May 2020.
- Emergency Funding (since 2014) - to enable voluntary and community organisations to apply for “life-and-limb support”.

3.7 Proposal for new Covid Community Fund

VCS organisations in Tower Hamlets would be able to access funding and organisational support as detailed below. The fund would have two different areas to cover different needs, i.e. the following:

- **Covid Organisational Support Fund** – Up to £5,000 Available for VCS organisations that need to restructure their organisation to incorporate the current Social Distancing and other restrictions or to respond to covid 19 more generally. This includes organisations currently funded to deliver frontline/direct contact services to residents who will need to restructure their organisation to reflect the current climate.
- **Covid Re-Purposing Fund** – Up to £5,000 VCS organisations could apply for this fund, either i. to deliver services differently to residents and beneficiaries – adapting services to remote delivery or ii. where covid has meant that there is good reason for the organisation to deliver different kinds of services. Funding could be applied to cover the up-front costs of changing the way services are delivered (e.g. any new equipment, or training), and then enabling to continue to deliver in these new ways (including staffing and ongoing service costs) to increase the reach and capacity of services.

### 3.8 Budget

The Transition element of the fund would close, since there should be no further demand for organisations transitioning from MSG. The new Covid Community Fund would be incorporated within the existing Contingency Fund as another element along the existing 'Emergency' element. It would be funded from existing budgets held for this purpose within the service.

3.9 The contingency fund was originally established with a one-off budget allocation of £250,000 that was held in reserves and drawn down at the end of each financial year. To date, 25 awards have been made. From the remaining reserves, confirmed with finance, it is proposed to draw down a further £50,000 to support the Covid Community Fund. This means we could fund an additional 10 organisations at the maximum level of award from the covid fund.

3.10 For 2020/21 there is additional budget identified for the Contingency Fund of £100,000 pa – the “new budget”. There are already 2 awards made against this budget in this financial year totalling £25,795.50 and a further application pending approval of £5,000. There is therefore £69,204.50 remaining.

3.11 The total budget remaining for 20/21 from reserves and “new budget is therefore £119,204.50.

3.12 The existing emergency element of the fund has a maximum award value of £20,000. This means that if the new budget were to be used solely for these elements, it could fund only 6 organisations. It is therefore proposed to reduce the maximum award for the emergency and transition elements of the contingency fund from £20,000 to £10,000 in order to bring about a better balance between the different elements of the fund. This would also bring us into line with other funds for contingency and emergency in other areas.

3.13 Even with the amendments detailed above, this fund could potentially be used up very quickly. Given the reserves money has not been spent in full in previous years, however, and the covid 19 situation is unprecedented, there is no basis on which to predict what the spend would be. It is therefore proposed to continue with the existing budgets (the main new budget and the remaining reserves), with this able to be reviewed if there are surges in demand, in order to consider whether there is any opportunity to identify other budgets or resources to support the fund further.

### 3.14 How the fund would work

The criteria attached reflect good practice in grant giving as well as the following principles:

- The fund is a temporary fund to support the initial needs arising from the covid 19 response and recovery. Funding will therefore be offered on a first come,

first served basis. Demand for the fund and available budgets to service it will be reviewed as the fund progresses.

- Organisations will not receive funding against more than one of the categories of the contingency fund, including the original and covid elements
- We will seek to fund organisations that are viable and sustainable in the medium to longer term
- We will seek to fund organisations that are meeting a need not otherwise provided for through existing services
- Unlike the existing contingency fund, we will consider awarding funding to organisations who have not previously received Council funding. We will encourage bids from organisations that are not already major recipients of funding from the Council or other external funders.
- Where there is an alternative fund that we think a bid would be better suited to, we will instead signpost the organisation to that fund instead
- We will not fund organisations who have already received funding for a similar purpose from the London Community Response Fund, East End Community Foundation's Emergency Response fund
- We will consider the contribution that organisations have already made to the community in responding to covid
- Due to the health inequalities associated with this pandemic and the disproportionate effect on particular parts of the community such as BAME people, projects that are delivering services targeted at these groups will be encouraged to apply.
- There will be different levels of funding that could be applied for, for different circumstances/criteria - Up to £1,000; Up to £2,500 and up to £5,000.
- We will seek to fund organisations that deliver against strategic plan priorities

### 3.15 Wider Support

Alongside the award of funding, officers from Corporate SPP, working with Tower Hamlets CVS, will engage with organisations on the issues they face arising from covid and work with them to develop a detailed organisational transition plan and agree support measures. This could include a range of elements, touching areas such as:

- Delivery models including social distancing and working differently
- Finances and funding including bid writing support
- Business planning and business continuity
- Governance, strategy and policy
- Training and skills
- Staff, volunteers
- Communications and engagement including social media
- Digital

## 4. **EQUALITIES IMPLICATIONS**

- 4.1 An equality impact assessment screening tool has been carried out and based on the outcome there is not a requirement to complete a full Equalities

Impact Assessment. The take up of the scheme will be monitored and work done to encourage organisations that serve a range of protected characteristics are accessing the fund.

## **5. OTHER STATUTORY IMPLICATIONS**

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

## **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

6.1 This reports recommends the replacement of the existing transitional element of the Contingency Fund with the Covid Community Fund.

6.2 The Covid Community fund of £119,205 will be available for distribution, funded by the existing Contingency Fund of £50,000 held in Reserves, plus the balance of the 2020/21 allocation of £69,205.

6.3 The proposal to reduce the maximum award of the emergency element of the contingency fund from £20,000 to £10,000 will allow more organisations to access the funds and bring into line with other funds for contingency and emergency in other areas.

## **7. COMMENTS OF LEGAL SERVICES**

7.1 The Council has the legal power to undertake thye activities highlighted in this report.

7.2 Each grant will be supported by an agreement allowing the Council to monitor the use of the funds and ensure that the funds are used for the purposes for which the grant is intended. This will support the Council's Best Value Duty.

7.3 Similarly, funds will be made available following an evaluated application process which helps the Council achieve value for money and ensures that the funds are maximised in terms of economy efficiency and effectiveness. This also assists the Council to meet its Best Value legal duty.

7.4 funds are local authority has a general power of competence under the Localism Act 2011. The proposals set out in this report fall within this legislation.

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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- None

### **Appendices**

- Appendix 1 – Contingency Fund Priorities and Criteria

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

- None

### **Officer contact details for documents:**

N/A

## Tower Hamlets VCS Contingency Fund (Emergency Fund)

### Priorities and Criteria

In order to be considered for funding, organisations must:

#### Governance

1. Be a voluntary/community sector/ not-for-profit organisation
2. Have a formal legal structure together with an appropriate governing document

#### Finance

1. Have been in receipt of Council funding in the past year (including match funded projects but excluding in-kind support).
2. Have a bank or building society account in the organisation's name
3. Be able to demonstrate financial viability
4. Be in danger of closing down or unable to continue to provide core funded services at a reasonable level or standard"
5. Have already taken/or be in the process of implementing reasonable measures to address the emergency
6. Have a formal reserves policy
7. Not be a debtor to the London Borough of Tower Hamlets

#### Premises

1. If based in or using Tower Hamlets Council buildings have an appropriate property arrangement in place.

#### Activities

1. Have a base within Tower Hamlets or a demonstrable track record of successful service delivery within the borough
2. Provide project activities that mainly benefit Tower Hamlets residents
3. Provide evidence that their project / organisation is consistent with Council priorities as detailed in the Strategic / Community Plan

#### LBTH Strategic Plan

[Strategic Plan](#)

#### Tower Hamlets Plan

[Tower Hamlets Plan](#)

Applicants must clearly demonstrate the need for the funding and the fact that they are facing an unforeseen emergency. As a guide, the following information gives an indication of circumstances the council considers to be an emergency and what may be supported through this funding scheme together with examples of things that are unlikely to be supported. For clarification, this does not mean that applications will automatically be supported or rejected based purely on the purpose for which the funding will be used.

The following are **likely** to be considered favourably for funding:

1. Building repairs (for essential emergency work)
2. Health and safety equipment / improvement (which directly affects service delivery)



3. DDA Improvements
4. Redundancy costs arising as a consequence of council action or inaction
5. Staff salaries / wages (to cover unforeseen medium/long term absences)
6. Winding-up costs

If the purpose for which you would like funding isn't in the above list but you still feel your organisation is facing an emergency situation, you are still able to apply to the Fund. However, the following are **unlikely** to be supported for funding if the application is for normal running costs such as

1. Accreditation fees
2. Computers / tablets / smartphones
3. Fundraising strategies
4. Business plans
5. Consultancy fees
6. Insurance
7. Delivering new project
8. Enhancing existing project
9. Staff training Furniture
10. Photocopying
11. Team building away-days
12. Volunteer training
13. Debt repayment
14. Project match-funding
15. Volunteer expenses
16. Utilities (*gas, electricity etc.*)
17. Rent increases (*where due notice of increase has been provided*)

## **Tower Hamlets VCS Contingency Fund (Covid-19 Support)**

To help organisations during this pandemic, applications to the Contingency Fund can specify that they need help due to the impact of Covid-19 on their organisation or activity. This fund is a temporary fund to support the initial needs arising from the Covid-19 response and recovery. It will be offered on a first come, first served basis.

### **Priorities and Criteria**

In order to be considered for funding, organisations must:

#### **Governance**

1. Be a voluntary/community sector/ not-for-profit organisation
2. Have a formal legal structure together with an appropriate governing document

#### **Finance**

1. Have a bank or building society account in the organisation's name
2. Be able to demonstrate financial viability
3. Have already taken/or be in the process of implementing reasonable measures to address the impact of Covid-19
4. Have a formal reserves policy
5. Not be a debtor to the London Borough of Tower Hamlets

#### **Premises**

1. If based in or using Tower Hamlets Council buildings have an appropriate property arrangement in place.

#### **Activities**

1. Have a base within Tower Hamlets or a demonstrable track record of successful service delivery within the borough
2. Provide project activities that mainly benefit Tower Hamlets residents
3. Provide evidence that their project / organisation is consistent with Council priorities as detailed in the Strategic / Community Plan

#### **LBTH Strategic Plan**

[Strategic Plan](#)

#### **Tower Hamlets Plan**

[Tower Hamlets Plan](#)

#### **Other**

- Will seek to fund organisations that are meeting a need not otherwise provided for through existing services
- Will encourage bids from organisations that are not already major recipients of funding from the Council or other external funders

- Where there is an alternative fund that we think a bid would be better suited to, we will instead signpost the organisation to that fund instead
- We will not fund organisations who have already received funding for a similar purpose from the London Community Response Fund, East End Community Foundation's Emergency Response fund
- We will consider the contribution that organisations have already made to the community in responding to covid

## **Covid-19 Community Fund**

Applicants can apply under the following headings (Organisations will not receive funding against more than one of the categories of the Contingency Fund, including the original and Covid 19 elements):

- A. **Covid Organisational Support Fund – Up to £5,000** Available for VCS organisations that need to restructure their organisation to incorporate the current Social Distancing and other restrictions or to respond to covid 19 more generally. This includes organisations currently funded to deliver frontline/direct contact services to residents who will need to restructure their organisation to reflect the current climate.
- B. **Covid Re-Purposing Fund – Up to £5,000** VCS organisations could apply for this fund, either i. to deliver services differently to residents and beneficiaries – adapting services to remote delivery or ii. where covid has meant that there is good reason for the organisation to deliver different kinds of services. Funding could be applied to cover the up-front costs of changing the way services are delivered (e.g. any new equipment, or training), and then enabling to continue to deliver in these new ways (including staffing and ongoing service costs) to increase the reach and capacity of services.

Please use the following funding guidance for the level of organisational changes or adapted services when applying for the Support or Re-Purposing Fund

**£1,000 – minor**

**£2,500 – medium**

**£5,000 - major**