Committee/Meeting:	Date:	Classification:	Report No:
Cabinet	14 March 2012	Unrestricted	CAB 082/112
Report of:		Title:	
Corporate Director Development and Renewal		Main Stream Grants Commissioning 2012/15 and Governance Arrangements	
Originating officer(s) Abid Hussain		Wards Affected: All	

Lead Member	Mayor Lutfur Rahman	
Community Plan Theme	A prosperous community/A safe and supportive community	
Strategic Priority	Reducing Worklessness/Strengthen and Connect Communities/Focus on Early Intervention	

# 1. **SUMMARY**

- 1.1 In 2008, Cabinet agreed to adopt a commissioning approach to the allocation of funds within the Council's Mainstream Grants (MSG) programme for the period 2009/12. That commissioning period comes to an end on 31 March 2012 therefore officers have been developing arrangements for the new commissioning period from 2012 to 2015.
- 1.2 This report details the 2012/15 commissioning process so far undertaken and sets out the future plans and arrangements for successful completion of the process. The report also sets out new corporate governance arrangements for approving, monitoring and reviewing all Third Sector Grants programmes across the Council.

## 2. **DECISIONS REQUIRED**

The Mayor in Cabinet is recommended to:-

- 2.1 Note the financial considerations and budgets as set out in paragraphs 6.4 & 6.5 and agree the way forward;
- 2.2 Agree the commissioning timetable as set out in paragraph 6.12 and approve its implementation;
- 2.3 Agree the grant eligibility criteria as set out in paragraph 6.13;

- 2.4 Agree the appraisal and monitoring arrangements as set out in paragraphs 6.13 to 6.17;
- 2.5 Agree the 'top-slicing', with effect from 1<sup>st</sup> April 2012, and agree the guidance for use of those funds as described in paragraphs 6.18 & 6.19;
- 2.6 Agree the Third Sector Grants Governance arrangements as set out in paragraphs 6.20 to 6.24;
- 2.7 Agree that the Third Sector and External Funding Team undertake an audit of current Third Sector Funding programmes as set out in paragraph 4.25; and
- 2.8 Agree that arrangements with current service providers be extended for a period of three months commencing 1<sup>st</sup> July 2012.

## 3. REASONS FOR THE DECISIONS

- 3.1 The decisions are required in order that the Council is able to properly conclude its current Agreements with existing service providers and contract with new providers through an agreed grant commissioning-based process.
- 3.2 The decisions will also facilitate a more corporately structured approach to the management and co-ordination of all Third Sector grant programmes across the Council and thereby maximising the efficiency and effectiveness of such programmes.

## 4. <u>ALTERNATIVE OPTIONS</u>

- 4.1 Alternative options include:
  - i. Extending all current commissioned contracts for a period other that as set out in paragraph 6.12.
  - ii. Undertaking a fundamental review of the MSG programme and agreeing other approaches to procurement of services.

#### 5. BACKGROUND

- 5.1 The MSG programme budget is £3.784 million per annum this currently funds 133 organisations (some contracts however include other organisations within their delivery partnership) delivering over 220 individual projects.
- 5.2 Funded projects range from the Chinese Association of Tower Hamlets: which receives an annual grant of £1,947 for the provision of an after school homework club, through to the Tower Hamlets Law Centre which was awarded in excess of £145k per year (as a contribution to the costs of providing a quality assured specialist legal advice service on welfare benefits, housing, dept, employment immigration).

- 5.3 Arrangements for the 2012/15 commissioning of Mainstream Grants have been underway since March this year with officers meeting to discuss and agree proposals for reviewing the programme and taking things forward.
- In accordance with the national Compact arrangements, consultation over the Council's plans for the 2012/15 MSG programme has taken place. The process has provided the opportunity for the Council to clarify proposed programme revisions whilst also enabling officers to receive suggestions from the Sector.
- 5.5 The aim is that the Council progresses the 2012/15 commissioning process so that it is able to notify organisations of the outcome of their applications by the end of the current financial year. This would ensure that the process would be operating within currently accepted parameters of best practice as set out with the Compact.
- 5.6 With changes having been made to a number of Third Sector Programmes it is apparent that the Grants Panel, as currently operating is no longer the most appropriate mechanism for the Council to undertake decision making and monitoring in relation to its Third Sector programmes. As a result, it is recommended that future decisions should be made by the Executive Mayor with delegated authority to an officer Programme Board as described in the detailed considerations of this report.

## 6. BODY OF REPORT

- 6.1 The Council remains committed to supporting the work of the local voluntary and community organisations. In doing so however, the Council is equally committed to ensuring the best use of its resources as well as maximising benefits for local people.
- 6.2 Accordingly in developing the Commissioning Framework for the distribution of grant funding for the delivery of services by Third Sector Organisations, officers have taken into consideration a number of factors that contribute to creating an environment for a thriving third sector these are:
  - To improve partnership working between local organisations;
  - To provide longer-term funding to organisations in return for efficient and effective services:
  - To ensure that funding is aligned to the Tower Hamlets Community
  - To ensure that the Council achieves value for money from it's funding; and,
  - To ensure that the funding supports appropriate services for the benefit of citizens and residents in Tower Hamlets.

#### The services to be commissioned

6.3 The Council recognises that services delivered by the Third Sector play a crucial role in a number of key areas; which in turn, contribute to reducing

social exclusion and improving quality of life. These services also build social and economic inclusion, active citizenship and engagement in the wider community.

6.4 The following table provides details of the funding streams and their respective budgets that are the subject of commissioning for the period 2012 to 2015.

Directorate	Funding Stream	Current Annual Allocation £million
Adult Health and Wellbeing	Older People – Lunch Club Services	0.347
Children, Schools and Families	Children and Families Services	0.181
	Language Services	0.126
	Early Years Services	0.698
	Study Support Services	0.062
	Youth and Connexions Services	0.242
Communities, Localities & Culture	Arts Sports & Environmental services	0.331
	Lifelong Learning Services	0.087
Development and Renewal	Social Welfare Advice Services	0.920
	Community Economic Engagement Services	0.300
	Third Sector Infrastructure Support Services	0.240
		3.534

- 6.5 It should also be noted that in addition to the above there is a further funding stream under the Adults, Health and Well-being Directorate namely Older People Non Lunch Club Activities. This funding stream (current allocation £0.25 million per annum) is not scheduled for re-commissioning until April 2013.
- 6.6 As part of the 2012/15 commissioning arrangements, officers have undertaken a detailed review and consultation process in order to inform the 2012 /15 programme.
- 6.7 Officers from the directorates responsible for administering the various funding streams have conducted initial reviews to determine the extent to which the funding streams are 'fit-for-purpose' for the next 3-year commissioning period. These initial reviews included looking at the budget allocations as well as the activities and services provided within the funding streams.
- 6.8 Initial reviews concluded that 'there is still extensive demand' for the services provided through the MSG Programme. This is particularly the case within a number of service areas which have experienced significant funding

- reductions from Government Departments, as well as major changes/reductions in traditional areas of support from organisations such as London Councils and the Learning and Skills Council.
- 6.9 The reviews resulted in initial draft Service Specifications being prepared by officers based on revising and enhancing the previous documents in an effort to maximise service outputs and outcomes.
- 6.10 The draft Service Specifications for all the various funding streams were the main focus of a series of formal consultation meetings with Third Sector Organisations which took place during June and early July.
- 6.11 Each of the directorates organised consultation meetings with currently funded organisations and other potential service providers. A 'wash-up' consultation meeting was also held at which the service priorities and other matters relating to all funding streams were outlined. An outline of the proposed eligible activities within the various funding streams is attached at Appendix 1.

# MSG commissioning arrangements and timetable

6.12 As a result of delays in bringing this report to Cabinet, the current commissioned programme (2009/12) needs to be extended by 3 months: with existing projects running until the end of September 2012; and a revised 2012/15 commissioning timeline agreed: as outlined in the following table.

#### Revised 2012/15 timeline

Activity	Date
Application process opens	30 March 2012
Workshops for potential applicants	16 – 27 April
Deadline for submission of applications	11 May (6 weeks)
Applications assessed	15 June (5 weeks)
Commissioning report completed	22 June (1 week)
Third Sector Grants Programme Board meeting	By 6 July (2 weeks)
Formal approval/sign-off by Executive Mayor	By 20 July (2 weeks)
Applicants notified	By 27 July (1 week)
Service Agreements & delivery negotiations	August/September
Services delivery commences	1 October 2012

# Grant eligibility, appraisal and monitoring arrangements

- 6.13 It is proposed that the following be agreed as the minimum eligibility criteria an organisation must meet in order to receive funding through the Main Stream Grant programme the organisation must:
  - i. Have a base within Tower Hamlets or a demonstrable track record of successful service delivery within the borough
  - ii. Be not-for-profit and have a formal legal structure together with an appropriate governing document;

- iii. Have an up an up to date written equalities and diversity policy
- iv. Have a bank or building society account;
- v. Have clear financial management procedures and arrangements;
- vi. Have an appropriate quality assurance accreditation;
- vii. Have appropriate health and safety and safeguarding policies in place;
- viii. Demonstrate that the activities or services, for which it is applying for financial support, will primarily benefit Tower Hamlets residents.

In addition to the above, it should be noted that the arrangements for appraising applications and monitoring successful projects will be built on the processes which have been used for the current commissioning round. The project appraisal process was independently reviewed through an internal Audit inspection and found to be robust. The Service Agreement (signed off by Legal: circa 2003) is 'tried and tested' in that, as well as the MSG programme, it has also been used in conjunction with projects supported through the Council's Corporate Match Funding, Neighbourhood Renewal Fund, Working Neighbourhood Fund programmes. In terms of monitoring, there is a rigorous process in place which requires projects to submit a comprehensive quarterly monitoring report setting out - among other things - details of output/outcome achievements against target (these are the Programme's KPI's): the receipt of satisfactory monitoring reports will trigger payments to supported projects.

- 6.14 The above are the 'minimum criteria' and organisations meeting these will not be guaranteed funding as the final decision will be dependent on a number of other factors relating to their application/proposal. The following steps briefly outline the process which MSG applications will go through to determine whether a project is supported.
  - i. Applications that meet the 'minimum eligibility criteria are appraised and scored independently by 2 assessors;
  - ii. The assessors then come together to agree a consolidated score if there is deadlock/disagreement in agreeing the consolidated score, a manager takes on the role of moderator to agree the score to be awarded;
  - iii. The manager also carries out Quality Assurance testing on a percentage of assessed applications and has the ability to call for reassessments if required;
  - iv. Applications are then ranked within their funding streams in line with their score; (At this stage, projects achieving a score below the agreed 'quality threshold' are withdrawn from the remainder of the appraisal process and will therefore not be recommended for funding);
  - v. The next steps involve determining how well the projects ranked highest within the appraisal process fits with the budget availability and meets the optimum range of provision outlined within the Service Specification:
  - vi. Officers will then prepare a detailed report setting out recommended levels of award for projects: this report will be presented to the Third Sector Programme Board for verification and agreement of the recommendations, The recommended awards will then be submitted to the Mayor for approval under his executive authority;

vii. Once approved, a detailed Service Agreement will be negotiated with the projects confirming key performance milestones, outputs and outcome targets.

# **Service Delivery and Monitoring**

- 6.15 There are currently approved monitoring processes and arrangements set out for the Main Stream Grant programme, however, these will be reviewed within the coming months and the revised arrangements specified within Terms and Conditions of Grant.
- 6.16 Service Agreements will set out project monitoring arrangements including reporting timetables and output & outcome evidencing requirements. The intention is to implement a 'smart monitoring and assurance' system which is proportionate to the level of funding and the nature of the activities and services being provided, whilst ensuing accountability for the proper use of public funds.
- 6.17 Funded organisations will monitored on a quarterly basis through a mixture of desk-top appraisals and documented site visits. During the visits organisations will be obliged to give full access to all project finance and beneficiary information.

#### **Main Stream Grants Financial Considerations**

- 6.18 The current (2009/12) budget for the MSG programme is £3.534 million per annum and it is assumed that this will remain unchanged for the 2012/15 commissioning period.
- 6.19 However In accordance with the levy proposal agreed by Cabinet (November 2009) it is proposed that an appropriate level of 'top-slicing' of the budget across the Programme should be made in order to fund key corporate initiatives including the following.
  - Supporting the Tower Hamlets CVS over the next 3 years to provide cross-sector development and support to local voluntary and community sector groups.
  - Funding the development and maintenance of the Council's computerised Grant Information and Funding Tracking System (GIFTS) and other programme management software solutions

#### **Strategic Governance of third sector grant programmes**

- 6.20 It also is proposed that the governance arrangements for approving and monitoring the Council's Third Sector grant funding programmes be refreshed.
- 6.21 The rationale for change is to ensure that efficient and consistent systems, procedures and approaches are utilised in the management of these funding programmes in order to maximise the contribution and effectiveness that the supported interventions make in delivering the Mayor's priorities.

- 6.22 The refreshed arrangements will include a new Corporate Third Sector Grants Programme Board (the Programme Board) which will replace the Grants Panel and will provide strategic guidance and leadership for all Council-led grant funding initiatives to the third sector.
- 6.23 The Programme Board will be co-chaired by the Mayor's adviser for the Third Sector and the Service Head Resources (Development and Renewal). It will also include Service Heads from each Commissioning Directorate (Adults, CSF, D&R and CLC), a Lead Member delegated by the Mayor plus the Chief Executive of the Tower Hamlets CVS to provide external observation / scrutiny. The CVS has been established as the representative voice of the Third Sector in the Borough and will not receive grant funding via recommendations of the Programme Board. The Board will also include the Head of the Third Sector Team who will be the officer responsible for servicing the Board. The Board will be responsible for making recommendations for those with the decision making authority on the allocation of the small Community Grants programme and the commissioning of the Mainstream Grants Programme. It will also receive regular monitoring reports on the ESF part funded Mayor's Community Chest programme which is administered via an independent process under London Councils The Board will also have oversight of all third sector funded activity across the Council.
- 6.24 The detailed Terms of Reference for the Programme Board will be prepared in due course: however, in general, it is anticipated that the Board will make recommendations and having due regard against recommendations that small grants awards up to £1,000 (under the Community Grants programme) will be made under appropriate officer delegation with awards officer delegation with awards above and for the Main Stream Grants programme be made by the Mayor under his executive authority.
- 6.25 In order that the full extent of this more strategic/corporate approach is understood, it is recommended that the Third Sector and External Funding Team undertakes an audit of all current grant programmes administered throughout the Council and to bring forward proposals to ensure the most efficient and effective management and use of these funds.

## 7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

7.1 This report advises Mayor's Advisory Board of the proposed methodology to be adopted for the commissioning approach for the allocation of funds from the Council's Mainstream Grants programme for the period from 2012 to 2015. The current programme ends on 31 March 2012.

- 7.2 Members are asked to note that the assumed annual grant level is £3.534 million as detailed in the table in paragraph 4.4, plus a further £0.25 million that is scheduled for re-commissioning in April 2013. Although this budgeted level is assumed to continue, the proposed allocation framework is subject to the determination of budgets for the three future financial years 2012-13, 2013-14 and 2014-15. The award and release of grant payments must therefore be closely managed to ensure that resources are not exceeded, and that the programme contains the flexibility to adjust funding for later years if necessary in light of future resource availability.
- 7.3 The report seeks approval to top-slice the budget to provide funding to support the Tower Hamlets Council for Voluntary Service (CVS) and to finance the development and ongoing maintenance of the Council's Grant Information and Funding Tracking System (GIFTS) (paragraph 4.19). It is estimated that the top slice will total approximately £236,000 per annum (CVS: £200,000 and the GIFTS system: £36,000). This will ensure that resources are in place to finance these initiatives and will reduce possible pressures elsewhere within revenue budgets.
- 7.4 The report also outlines the proposed ongoing award and governance arrangements that will be adopted to ensure accountability and compliance with Financial Regulations.

# 8. <u>CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE</u> (<u>LEGAL SERVICES</u>)

- 8.1 The Council has various statutory powers, which enable it to provide grant funding to organisations to undertake a variety of activities. The main grant making powers are listed below.
- 8.2 Section 111 of the Local Government Act 1972 enables local authorities to do anything, including incurring expenditure, borrowing or lending money or acquiring or disposing of any property or rights, which facilitate or are conducive or incidental to the discharge of their functions.
- 8.3 Section 19 of the Local Government (Miscellaneous Provisions) Act 1976 contains wide powers enabling local authorities to provide within or outside their locality, such recreational facilities as they think fit. This section includes a useful and non-exhaustive list of permitted provision including buildings, equipment, supplies and assistance of any kind, premises for clubs and societies with athletic, social or recreational objects, staff, instructors and appropriate facilities in support of recreational facilities, whether for payment or otherwise. Local authorities may also award grants or loans towards any expenses incurred by voluntary organisations providing such recreational facilities, however such bodies must be not-for-profit entities.
- 8.4 Section 3 of the Local Government Act 1999 requires best value authorities, including the Council, 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".
- 8.5 The current report deals with the procedures to be followed in relation to the submission and award of such grant funding for advice services and Corporate Match funding. It is within the Council's powers to determine the system, which it wishes to operate to manage the submission and award process. The method proposed by officers would be an acceptable method to adopt to deal with this exercise.
- 8.6 When setting a process for determining grant funding, the Council should 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 don't. Some form of equality analysis should be conducted in relation to the process and officers will have to decide how extensive this should be.

#### 9. ONE TOWER HAMLETS CONSIDERATIONS

- 9.1 The contribution of Third Sector organisations to delivering One Tower Hamlets is explicitly recognised in the Council's Third 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.
- 9.2 The opportunities offered through the Main Stream Grants programme will therefore play a key role in delivering the aims of One Tower Hamlets.

#### 10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

10.1 The funding priorities outlined in this report support the spirit of SAGE. The Council as a funder of third sector proposals that meet these priorities assists in the implementation of the strategic aims of SAGE along with its community and voluntary sector partners

## 11. RISK MANAGEMENT IMPLICATIONS

- 11.1 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 or 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 outputs and outcomes required.
- 11.2 To ensure risks are mitigated or minimised, each organisation or project sponsor will be required to comply with the requirements of an Agreement, which clarifies the outputs to be delivered and the evidence required to support delivery in order to trigger payments. All supported projects will be strictly monitored on a quarterly basis to ensure compliance.

# 12. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 12.1 The services that will be provided through the MSG programme 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; and,
  - Supporting 'at risk' individuals.

## 13. <u>EFFICIENCY STATEMENT</u>

- 13.1 The commissioning framework provides greater transparency and clarity in the delivery of desired outcomes along with cost of providing those outcomes to facilitate more efficient alignment of funding allocations.
- 13.2 The proposed funding priorities which are clearly linked to delivering outcomes as set out in the Strategic Plan and Community Plan will deliver better outcomes for local people within existing resources. Through for example:
  - Giving priority to organisations and schemes, that promote social inclusion by reducing social exclusion
  - Supporting service providers who deliver cost effective services that benefit the local community and meet the needs of the area

## 14. APPENDICES

Appendix 1 – Proposed activities under MSG commissioning

# List of "Background Papers" used in the preparation of this report

Brief description of "background papers" Name and telephone number of holder

and address where open to inspection.

To be completed by author Abid Hussain

**Development and Renewal** 

• Previous commissioning reports 5 Floor

• Grant specification documents Anchorage House

• Details of current funded organisations Tel: 020 7364 4041

#### **APPENDIX 1**

# **Proposed Activities under MSG Commissioning**

## **Older People Lunch Club Services:**

 Services that work with other voluntary and statutory sector organisations to ensure that older people have access to a continuum of services that promote their independence, health and well-being

- The primary purpose of the Lunch Clubs is to enhance the lives of older people, who may be at risk of social isolation or gradually losing their independence, through the provision of a range of practical and social support service
- Services that maximise the independence of older people by proactively reducing social isolation

#### **Children and Families Services:**

- Family support services that enable the personal and social development of children and young people
- Services that ensure that children and their families receive appropriate support so that they achieve the best possible outcomes across the five Every Child Matters areas
- Services that prevent social care interventions by supporting child/parent interaction to harness and maintain family life and enhance the confidence and skills of parents/carers

#### **Languages Services:**

- High quality out of school language and cultural provision that contributes to the outcomes of Every Child Matters, Local Authority's Children & Young People's Plan targets and Equalities Action plans
- Coherent services for children and young people in partnership with schools, parents, pupils and other Third Sector and private sector organisations that help building pupils' confidence in their multilingual identities, widening their cultural understanding, developing competence in their community language, and increasing their knowledge about how language works.

#### **Early Years Services:**

- Inclusive childcare and early learning experiences, able to meet the expected requirements related to inspection process.
- Out of school (before/after school and holiday play schemes) for children who are mainly in the 3 to 12 age group, Providers should be registered with Ofsted.
- Infrastructure support to voluntary groups providing early years services, and opportunities for parents and children to play and learn together, both registered and not registered with Ofsted through the organisation of an umbrella membership group.

#### **Study Support Services:**

 Services that provide the opportunity for children to receive quality study support that will enhance learning through access to appropriately qualified adults, and enable children to access a range of support, such as IT facilities and quality curriculum resources. Services must supplement existing provision.

#### **Youth and Connexions Services:**

Support for young people involved in gangs or at risk of getting involved

- Support for young people Not in Education, Employment or Training (NEET)
- Support for young gay, lesbian, bisexual and transgender people
- Support for young people seeking asylum or who are refugees
- Interventions to support those at risk of social exclusion, including young people involved in anti-social behaviour and drug or alcohol abuse

### **Arts, Sports and Environmental Services:**

- Increased participation in celebratory events which celebrate diversity and improve community cohesion
- Increased participation in art and cultural activity delivered through specialist facilities
- Services that address low levels of physical activity and associated health risks
- Pathways to excellence in sport for young people
- Raised awareness of the natural environment and of the need for individual contributions to address environmental change
- Play opportunities particularly in areas of play deprivation
- Support Olympic legacy

### **Lifelong Learning Services:**

- Engaging local residents with no formal qualifications to take their first steps into learning
- Increased participation of vulnerable, targeted and hard to reach groups in Lifelong Learning
- Development of local residents to become learning champions in their communities

#### **Social Welfare Advice Services:**

- The provision of generalist and specialist advice services in areas of social welfare law including welfare benefits, housing and debt
- The provision of services that empower people through advising and informing them of their legal rights and responsibilities; including supporting vulnerable households through recent national welfare reforms
- Helping to maximise the income and take up of welfare benefits entitlements by local people, particularly benefits for disabled people, older people and low income households moving into work
- Working to reduce levels of debt and arrears, through advising on budget planning and securing negotiated agreements with creditors

#### **Community and Economic Engagement Services:**

- Events and activities that provide opportunities which promote and maximise volunteering
- Events and activities that provide opportunities for individuals to become involved in local decision making/influencing the services provided in their local area
- Activities and services that bring small organisations together to support community action
- Activities and services that tackle local inequalities
- Initiatives that actively involve local people in undertaking activities and services that assist in solving local community problems
- Activities and services that support those furthest away from the labour market to gain the basic skills and competences that will enable them to take on more specific employability training at a later date

# **Third Sector Infrastructure Support Services:**

- Activities and services that provide general support, training and development opportunities to front-line Third Sector Organisations
- Activities and services that bring organisations together in order to maximise inward investment opportunities
- Activities and services that support organisations in achieving and maintaining quality assurance accreditation
- Activities and services that contribute to the achievement of a thriving third sector in the borough