


<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>CABINET</b></p> <p style="text-align: center;"><b>5 February 2018</b></p>	
<p><b>THIRD SECTOR INVESTMENT FUND RENEWAL</b></p>	
<p><b>Report of the Deputy Leader – Councillor Sue Fennimore</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification - For Decision</b> <b>Cabinet Decision: Yes</b></p>	
<p><b>Wards Affected: All</b></p>	
<p><b>Accountable Director:</b> Rachael Wright-Turner, Director of Public Services Reform</p>	
<p><b>Report Author:</b> Katharina Herrmann, Principal Community Investment Officer</p>	<p><b>Contact Details:</b> Tel: 020 8753 2482 <a href="mailto:Katharina.Herrmann@lbhf.gov.uk">Katharina.Herrmann@lbhf.gov.uk</a></p>

## 1. EXECUTIVE SUMMARY

- 1.1. This report seeks authority to renew 45 funding agreements under the corporate grants programme, the Third Sector Investment Fund (3SIF) for a three-year period, until 31 March 2021. The agreements are held with 36 different service providers.

## 2. RECOMMENDATIONS

- 2.1. That Cabinet reviews the recommendations for each individual service and agrees the renewal proposals as set out in Appendix 1.

## 3. REASONS FOR DECISION

- 3.1. The council views the third sector as a key community partner in improving the health and wellbeing of residents and creating a more inclusive, prosperous, and resilient borough. The council is fully committed to supporting the third sector in Hammersmith & Fulham and understands the significant contribution that these diverse services make to the social fabric of our borough. Therefore, strengthening this vital partnership and working closely with the sector is a priority.

- 3.2. This report seeks to provide the funding stability that is fundamental to enabling third sector organisations to plan improvements, build relationships and retain experienced staff. It recognises the ability of the third sector often to provide more responsive, better-value services than either the private or public sector.

#### **4. BACKGROUND**

- 4.1. The 3SIF budget was last tendered in 2013-14. The allocations agreed by Cabinet in September 2014 offered an initial term of 18 months.
- 4.2. Since then, the Deputy Leader has agreed further services for support from the Third Sector Investment Fund under delegated authority secured from Cabinet in September 2014. In total, 53 services are currently funded from this budget.
- 4.3. In May 2016 and February 2017, Cabinet Member Decisions agreed to renew funding agreements for 45 organisations until March 2018. This report seeks approval to renew the majority of those funding arrangements, as set out in appendix 1.

#### **5. PROPOSAL AND ISSUES**

- 5.1. Since tendering the Third Sector Investment Fund in 2014, new service priorities have been set:
- Improving health and adult social care
  - Everything we do – delivering social inclusion
  - A stronger local economy with more jobs for local people
  - Ensuring a safer, cleaner borough
  - Providing the best start for young people
  - Empowering and enabling local communities.
- 5.2. The creation of a new Public Services Reform directorate as part of the council's Moving On programme provides a further opportunity to bolster the role of third sector organisations in meeting local needs. Management of the community investment team and 3SIF will transfer to the new directorate shortly, enabling the council to develop a more strategic approach to supporting the third sector and to re-focus the remaining unallocated 3SIF funding to current and looming priorities, particularly in meeting the additional demand for services arising from Universal Credit and other pressures.
- 5.3. Three currently-funded legal and advice agencies are not included in this report because their future funding is the subject of a separate procurement process. These are the H&F Law Centre, H&F CAB and Action on Disability.
- 5.4. In addition, as a result of their failure to meet monitoring requirements, CASH are not recommended for grant renewal as part of this report.
- 5.5. In order to facilitate a wider review of volunteering in the borough, it is proposed to extend the grant for H&F Volunteer Centre to one year only at this stage. This

will be reviewed once a clear strategy has been agreed for improving volunteering services in the borough.

- 5.6. It is also proposed, in the light of continuing pressures on local people caused by Universal Credit difficulties, to increase the annual grant to Hammersmith & Fulham Foodbank to £50,000 per year.
- 5.7. This report therefore seeks agreement to renew funding as set out in appendix 1 for a further three years to 31 March 2021, in order to provide these organisations with the stability they need to develop and improve the vital services they provide to the residents of H&F.
- 5.8. Detailed information on the rationale for funding extensions, and, where appropriate, reasons to not renew funding, is provided in Appendix 1.
- 5.6 A further Cabinet Report will be presented during 2020, making recommendations for re-tendering of grant-funded services beyond March 2021.

## **6. OPTIONS AND ANALYSIS OF OPTIONS**

- 6.1. Recommendations are based on the information gathered through quarterly performance monitoring and annual visits to funded organisations, carried out by the community investment team. The recommended renewal of funding will significantly contribute to the council's work and partnerships to deliver services which meet council priorities.
- 6.2. All proposed service renewals depend on council funds being available as budgeted for and all service level agreements include that clause.

## **7. CONSULTATION**

- 7.1. Individual service performance is regularly discussed with providers, who are aware that their performance reports are the key information resource used as part of this review. User feedback and surveys conducted by organisations are included in the annual performance report submitted by all providers.

## **8. EQUALITY IMPLICATIONS**

- 8.1. Part of our ongoing monitoring of each services' performance has included monitoring the take up of services and the outcomes they are achieving.
- 8.2. We know that the majority of services are achieving a good reach – with monitoring information providing evidence of the profile of service users by age, ethnicity, gender and disability. All services are required to contribute towards the council's social inclusion objectives in their renewed funding agreement – with expectations of each service.
- 8.3. Implications completed by Peter Smith, Head of Policy and Strategy, 020 8753 2206.

## **9. LEGAL IMPLICATIONS**

- 9.1 The Council has power to award funding under section 1 of the Localism Act 2011 which allows the council to do anything that individuals generally may do, in particular if it is carried out for the benefit of the council, its areas or persons, resident or present in its area. The council should ensure that the aid falls under the De Minimus Regulations or one of the General Block Exemption Regulations. However, if there were a successful challenge to the arrangements on the grounds that the funding (or any part of it) provided by the council constituted unlawful State Aid the council would be required to recover from grant recipient the amount of the unlawful aid plus interest.
- 9.2 It is noted that it is proposed to extend the funding agreements listed in Appendix 1 for 3 years. It is understood that the agreements provide for an extension for one year.
- 9.3 Contractually (and disregarding any requirements under EU procurement rules) it is open to the parties (the Council and the funded third sector organisation) to agree any variations to the funding agreements. Unconditional grants are not subject to the Public Contracts Regulations 2015 (Regulations). Therefore, provided that the funding is properly classified as the award of a grant (rather than a service contract) it is open to the Council to agree to funding for a further 3 years.
- 9.4 It should be noted that to be classified as a grant there should not be an obligation on the funded party to deliver any goods or services to the funder (although any funds may be clawed back if they aren't used for the purposes set out in the funding agreement).
- 9.5 If the funding is held not to be the award of a grant, then it would be considered to be the award of a contract for the provision of services. It seems likely that any services would be classified as "social or other specific services" under the Regulations which are subject to the "light touch regime" where they exceed the financial threshold of £615,278. None of the proposed funding exceeds this threshold. There is therefore no obligation on the Council under the Regulations to advertise these contracts.
- 9.6 Implications Implications completed by Cath Tempest, Senior Solicitor (Contracts), Legal Services, 020 8753 2772.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The proposed awards for 2018/19 to 2020/21 are detailed in Appendix 1. These total £2,959,434 in 2018/19 excluding several organisations whose funding arrangements are yet to be agreed. Under proposals in this report, the council will award grants which total £8,603,305 over a 3-year period
- 10.2 In 2018/19 £1,007,000 of grant awards will be funded by Public Health contributions, with the balance funded from the Third Sector Investment Fund. Ringfenced Public Health grant has only been confirmed as available until March 2019 and may be at risk of changes in the Local Government finance regime.

- 10.3 It is important to note that a 3-year funding commitment is likely to reduce the council's ability to deliver savings. Balanced against this, is the need to consider provision for services to vulnerable groups, and the potential that these grant awards can reduce demand on existing Council services
- 10.4 Implications verified/completed by: Danielle Wragg, Finance Business Partner, 020 8753 4287.

## **11. IMPLICATIONS FOR BUSINESS**

- 11.1 The renewal of funding agreements allows for local third sector organisations to deliver services that engage with other local businesses and providers to strengthen local networks and thereby positive impacts for local residents. All providers are strongly encouraged to recruit local staff and volunteers to deliver the services provided.
- 11.2 With few exceptions, all services funded are delivered expressly within the borough boundaries and make effective links with other local services and organisations, ensuring that benefits and economic gains from this programme stays local.
- 11.3 The economic development team will work with funded providers to link with our supply chain development programme, enabling local businesses to tender for any packages of work that result from these contracts. Projects that focus on employment and training will also have close links with Workzone and Adult Education Teams.
- 11.4 Implications verified/completed by David Burns, Interim Head of Economic Development. 020 8753 6090.

## **12. RISK MANAGEMENT**

- 12.1 The council has always worked with and supported the voluntary and community sector and recognises the contribution the sector makes both to maintain and improve the quality of life for the community within the area. The council ensures that grant funds are administered in line with recommended best practice, ensuring some stability to the funded organisations during the ever-changing funding landscape and austerity measures impacting on them from National Government. Furthermore the Service ensures value for money and outcomes are achieved and that the funding is allocated in line with the council's priorities. All services are funded under a service level agreement, which sets out the detail of the service to be provided, with targets and outcomes measures forming part of that agreement. Quarterly monitoring information provides a degree of assurance that the service is being delivered as intended, with annual performance reports provided which provide information on the impact the service has made.
- 12.2 All organisations will be visited at least once a year, where officers meet with service staff, trustees, volunteers and service users – this visit is often a more reliable way of testing the quality of the service being provided.

- 12.3 These two activities provide good opportunities to provide an early indication of any issues with performance, and allow for appropriate steps to be taken to work with organisations to address and mitigate any risks.
- 12.4 3SIF contractual compliance is included in the Delivery & Value risk register.
- 12.5 Implications verified by: Michael Sloniowski, Risk Manager, telephone 020 8753 2587.

### **13. COMMERCIAL AND PROCUREMENT IMPLICATIONS**

- 13.1 Unconditional grants are not subject to the Public Contracts Regulations 2015 (Regulations) and the implied statutory requirements for competition. Therefore, given the fact that the funding is classified as the award of a grant it is the Council's decision to agree to funding for a further 3 years. There are no procurement implications for the awarding of specifically defined grant funding
- 13.2 Implications verified by Andra Ulianov, Corporate Procurement, Tel: 020 8753 2584.

### **14. IT STRATEGY IMPLICATIONS**

- 14.1 There are no implications to Information or Technology with regard to the specific funding proposal outlined in this report. However, there may be information implications with regard to some of the H&F supported services delivered by the voluntary sector. As with all such work, privacy impact assessments are required to ensure compliance with current data protection law and the GDPR moving forward.
- 14.2 Implications verified by: Ciara Shimidzu, Head of Information and Strategy, telephone 020 8753 3895

### **LOCAL GOVERNMENT ACT 2000**

#### **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

None.

#### **LIST OF APPENDICES:**

Appendix 1 - Detail on each proposed funding agreement renewal