

Meeting:	Cabinet
Date:	12 <sup>th</sup> February 2009
Subject:	Transfer of council grant funding from Harrow Council for Racial Equality (HCRE) to Harrow Association of Voluntary Service (HAVS)
Key Decision:	No
Responsible Officer:	Javed Khan, Director of Community and Cultural Services
Portfolio Holder:	Councillor Chris Mote, Portfolio Holder of Community and Cultural Services
Exempt:	No
Enclosures:	Appendix 1: Independent Investigation report of HCRE Appendix 2: Note of minutes of Grants Advisory Panel meeting – 20 <sup>th</sup> November 2008 Appendix 3: Equality Impact Assessment

## Section 1 – Summary and Recommendations

This report sets out the background to the Council's decision to transfer council grant funding previously agreed for Harrow Council for Racial Equality (HCRE) to Harrow Association of Voluntary Service (HAVS), upon dissolution of HCRE. This would be an interim arrangement until a new body is set up.

### **Recommendations:**

Cabinet is requested to:

Approve the Grants Advisory Panel's recommendation to transfer council grant funding previously agreed for HCRE to HAVS, upon dissolution of HCRE.

### **Reason: (For recommendation)**

To ensure that HCRE core functions can continue to be delivered under the

interim management of HAVS.

The Portfolio Holder for Community and Cultural Services has referred this decision to cabinet.

## **Section 2 – Report**

### **2.1 Introduction**

2.1.1 The decision sought will help the Council meet its corporate objective of providing support to the voluntary and community sector through the provision of grant funding, and ensure provision of equalities work continues whilst a new equalities organisation is established for the Borough.

### **2.2 Background**

2.2.1 The Grants Advisory Panel received an update report on Harrow Council for Racial Equality at its meeting on the 20<sup>th</sup> November 2008. The report set out the following:

- Harrow Council for Racial Equality (HCRE) was formed in 1973 (formerly known as Harrow Community Relations Council). Since its inception Harrow Council has been one of the organisation's main funders along with the Commission for Racial Equality.
- The stated aims of the organisation are "The elimination of racial discrimination, the promotion of equality of opportunity and good relations between persons of different racial groups."
- In August 2007 the Executive Committee suspended the Director, Prem Pawar pending investigation into allegations of bullying, falsifying financial records and failure to implement contractual grant requirements. Mr Pawar has since left the employment of HCRE.
- HCRE failed to inform the Council of the actions it had taken regarding the suspension of the Director and its subsequent investigation in to the allegations, thereby breaching the terms and conditions of the Service Level Agreement (SLA).
- Officers met with Trustees in January 2008 to request information relating to the suspension of the Director and discuss the potential impact of this on the organisations ability to continue delivering against the current SLA.
- Following a number of meetings with HCRE trustees and requests for information, officers alerted senior management of their concerns regarding HCRE's potential breaches of SLA terms and conditions and the organisation's ability to meet current SLA requirements. A report was presented to the Council's Corporate Strategic Board on 4<sup>th</sup> June 2008. The

Board in conjunction with the Portfolio Holder for Community and Cultural Services and the Leader of the Council agreed to commission an independent investigation into Harrow Council for Racial Equality.

- Dr Khurshid Ahmed CBE was commissioned to undertake the independent investigation, which commenced on the 17<sup>th</sup> June 2008. The scope of the investigation included; staffing and employment practices, financial management, breaches of service level agreement and overall organisational effectiveness.

## **2.3 Options considered**

2.3.1 Dr Ahmed concluded his investigation in September 2008 (final report attached at Appendix 1). The report concluded that Harrow Council was wholly justified in taking the action to suspend the 2008-09 community grant to HCRE and commission an independent investigation in to its affairs.

2.3.2 The report also stated that there are significant weaknesses in the current structure and management of the organisation and continued funding to preserve the 'status quo' is not an option for the Council. The report made the following recommendations on the way forward:

(1) HCRE should be invited to agree to dissolve the current organisation.

(2) The Council to facilitate the establishment of a 'Transition Board'. The Board to have a (limited) representation of elected Members alongside a similar number of current HCRE Trustees, with the option to co-opt appropriate additional members if required.

(3) Current HCRE resources, reserves and staff to transfer to the Council on an interim basis, to be overseen by the Transition Board.

(4) The Board to explore future options in detail and oversee the establishment of a new independent organisation within 6 months, making best use of internal/external support as necessary.

2.3.3 These recommendations have been discussed with representatives of HCRE and HAVS, which is currently providing HCRE some part-time interim management support. Following consideration of the views put forward, all parties agreed that HCRE resources, reserves and staff should transfer to the interim management and control of HAVS- thereby maintaining the service within the voluntary sector. This option would ensure that existing staff and resources are properly managed and accounted for until a new organisation is established. In addition, and upon full dissolution of HCRE, the Council's funding earmarked for HCRE in 2008/9 would also transfer to HAVS.

2.3.4 The Grants Advisory Panel met on the 20<sup>th</sup> November 2008 and resolved to recommend to the Portfolio Holder the transfer of council grant funding previously agreed for HCRE to be transferred to HAVS to

support their interim management of HCRE core functions (Appendix 2, Note of minutes of GAP meeting 20<sup>th</sup> November 2008).

2.3.5 HCRE held a full council meeting on the 4<sup>th</sup> December 2008 at which it resolved to dissolve the organisation.

## **2.4 Why a change is needed**

2.4.1 The report highlighted a number of weaknesses in the current structure and management of HCRE that casts doubt on the organisation's ability to continue operating effectively.

2.4.2 Despite the difficulties faced by the organisation there is a strong case and strong local demand for an 'inclusive' race and equalities body in Harrow to help strengthen the Borough's identity as a strong, diverse and integrated community.

2.4.3 The interim management arrangements agreed with HAVS and the formation of a steering group supported by the Council would facilitate the emergence of such a body.

## **Implications of the Recommendation**

### **2.5 Resources, costs**

2.5.1 There are no additional costs associated with these recommendations. HAVS has provided assurance that it has the capacity to manage any transferred resources, except for any exceptional, historical debt.

### **2.6 Staffing/workforce**

2.6.1 There are no staffing or workforce implications for the Council, however staff transfer arrangements between HCRE and HAVS will be subject to TUPE regulations. HAVS and HCRE management committees have been made aware of this and have informed us that they are seeking appropriate advice on this matter.

### **2.7 Equalities impact**

2.7.1 An Equality Impact Assessment has been undertaken (attached at Appendix 3). The Equality Impact Assessment concludes that there is unlikely to be any adverse impact as a result of this decision as HCRE core functions will continue to be delivered.

2.7.2 The Investigation report highlighted national developments in the field of equality and human rights and the need for a local organisation that could respond more effectively to the new agenda and emerging needs, especially in relation to the formation of the Equalities and Human Rights Commission.

## **2.8 Legal comments**

- 2.8.1 There are no legal implications for the Council as a result of this decision.
- 2.8.2 There are legal implications for both HCRE and HAVS in progressing the transfer arrangements. Both organisations have been advised to seek advice independently of the council on issues related to staff transfers and other legal obligations.

## **2.9 Community safety**

- 2.9.1 HCRE has previously been an active participant in Community Safety initiatives such as the Hate Crime Forum and as a Third Party Reporting site. As part of the transfer arrangements it is expected that staff involved in this activity would be retained. It is therefore expected that this involvement in community safety activity would continue under the interim management arrangements.

## **2.10 Financial Implications**

- 2.10.1 The financial implication related to this decision is that the balance of the grant £49,942.74 previously allocated to HCRE out of the Grants Budget is to be transferred to HAVS. There will not be any additional costs attached to this decision.

## **2.11 Performance Issues**

- 2.11.1 The development of a new local equalities body that takes account of current developments in this field will help improve the council's performance on equalities issues.
- 2.12.2 Supporting the continuation of HCRE core functions through the grants transfer has the potential to impact on the performance of the LAA target on community cohesion. Target performance against this indicator is 61%; current performance against this measure is 49%.

## **2.12 Environmental Impact**

- 2.12.1 There is no environmental impact associated with this decision.

## **2.13 Risk Management Implications**

- 2.13.1 A potential risk associated with this decision relates to HAVS capacity to provide effective management support of HCRE core functions. To mitigate against this risk a Service Level Agreement will be drawn up with HAVS to agree levels of service delivery and monitoring requirements.
- 2.13.2 As the HCRE dissolution and the subsequent transfer of undertakings is between HCRE and HAVS, there is a risk that this could be a lengthy process and therefore no funds will transfer from the council until this is complete. The result of this delay could mean that HCRE services are affected.

2.13.3 If HCRE was not to go ahead with its planned dissolution, then the council will not be transferring any funds, and subsequently HCRE will be left without any financial support from the council. The likely impact of this would be that HCRE becomes financially unviable.

### **Section 3 - Statutory Officer Clearance**

Name: Sheela Thakrar	<input checked="" type="checkbox"/>	on behalf of the* Chief Financial Officer
Date: 21 <sup>st</sup> January 2009		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the* Monitoring Officer
Date: 20 <sup>th</sup> January 2009		

### **Section 4 – Performance Officer Clearance**

Name: Tom Whiting	<input checked="" type="checkbox"/>	on behalf of the Divisional Director (Strategy and Improvement)
Date: 21 <sup>st</sup> January 2009		

### **Section 5 – Environmental Impact Officer Clearance**

Name: Finlay Flett	<input checked="" type="checkbox"/>	on behalf of the Divisional Director (Environmental Services)
Date: 20 <sup>th</sup> January 2009		

### **Section 6 - Contact Details and Background Papers**

Contact: Kashmir Takhar, Interim Head of Service, Community Development, 020 8420 9331

Background Papers:

Appendix 1: Independent Investigation report of HCRE

Appendix 2: Note of minutes of Grants Advisory Panel meeting – 20<sup>th</sup> November 2008

Appendix 3: Equality Impact Assessment