

# REPORT FOR: **CABINET**

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<b>Date of Meeting:</b>	8 <sup>th</sup> September 2011
<b>Subject:</b>	Response to the Implications of HAVS Investigation Challenge Panel Report
<b>Key Decision:</b>	No
<b>Responsible Officer:</b>	Brendon Hills, Corporate Director Community and Environment
<b>Portfolio Holder:</b>	Councillor David Perry, Portfolio Holder for Community and Cultural Services
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Enclosures:</b>	Appendix 1 - Response to Implication of HAVS Challenge Panel report  Appendix 2 - Minute extract from the Overview and Scrutiny Committee held on 20 July 2011 ( <i>appear elsewhere on O and S agenda</i> )  Appendix 3 – Report of the Challenge Panel ( <i>previously circulated to O and S</i> )

## **Section 1 – Summary and Recommendations**

This report sets out a response to the Overview & Scrutiny Challenge Panel

on the implications of HAVS investigation report and recommendations (20<sup>th</sup> July 2011)

**Recommendations:**

Cabinet is requested to note:

1. The response to the recommendations outlined in Appendix 1 of this report
2. That proposals for the future of main grant funding will be presented to Cabinet later in the autumn and will provide further detail to address relevant recommendations.

**Reason: (For recommendation)**

To respond to the recommendations of the Overview & Scrutiny Challenge panel report on the implications of the future of HAVS

## **Section 2 – Report**

### **2.1 Introductory paragraph**

This report sets out a response to the recommendations of the Overview and Scrutiny Challenge Panel on the implications of HAVS Investigation. The report was presented to Overview & Scrutiny Panel on 20<sup>th</sup> July.

### **2.2 Background to the report**

2.2.1 The Harrow Association of Voluntary Services (HAVS) operated as an umbrella/infrastructure organisation for the voluntary and community sector and as a member organisation of the Harrow Strategic Partnership. In June 2010, Harrow Council engaged PricewaterhouseCoopers (PWC) to undertake an investigation into HAVS following concerns raised by the HAVS auditor during the audit of the 2008/9 financial records. The Overview & Scrutiny Committee commissioned the Challenge Panel to consider the longer term implications for the Council of the issues which occurred at HAVS.

### **2.3 The Challenge Panel**

2.3.1 The scope agreed by Overview & Scrutiny was the underlying issues and the lessons to be learned by the Council as a result of the HAVS situation, in particular:

- The mechanisms that the Council has in place to monitor the use of public funds within voluntary sector organisations in order to ensure that there is sufficient transparency, probity, organisational accountability and quality assurance

- The role of the Council in ensuring that organisations entrusted with public funds have good governance arrangements;
- The extent to which the Council should support the voluntary sector in accessing support in the area of governance; and
- Evaluating the Council's responsibility in supporting local infrastructure bodies in Harrow.

The challenge panel also considered whether voluntary sector groups should have an explicit whistle blowing policy for the voluntary sector.

Excluded from consideration were:-

- The role of the Council as charitable trustee
- Going over old ground in terms of undertaking further work in areas already reviewed by scrutiny or others
- Specifics of the HAVS investigation
- Specifics of grants awarded by the Council in the past

2.3.2 A number of Harrow Council officers, Members and members of the voluntary and community sector attended two challenge sessions in March and May 2011 and an internal audit of the 2010/11 grants process was also produced as part of the panel process.

## **2.4 Response to the recommendations**

2.4.1 The Panel made 20 recommendations for officers and Members to consider and respond to. These recommendations and their response is contained in Appendix 1 of this report. Several of the recommendations contained within this report and within the internal audit review of the 2010/11 grants process have already been actioned for the 2011/12 grants round.

2.4.2 Further consultation is ongoing to determine the future of the Council's investment in organisations such as HAVS and the proposals which are in development will potentially significantly change the way in which the Council commissions or funds services from the voluntary and community sector in the future and how the Council will operate as a client for those services, as well as outlining other ways in which the Council may support organisations in the borough.

## **2.5 Implications of the Report**

### **2.6 Staffing/workforce**

The recommendations contained in this report could impact on the way in which officers work with the voluntary and community sector in the future. Any changes to staff roles and responsibilities will be consulted on and the guidelines contained within the protocol for managing change will be followed.

### **2.7 Legal comments**

2.7.1 Included in Appendix 1

## **2.8 Financial Implications**

2.8.1 There are no immediate financial implications arising from the recommendations of this report. Internal audit will carry out a follow-up report to identify progress against the recommendations outlined in the initial investigation into the 2010/11 grants process.

## **2.9 Performance Issues**

2.9.1 The development of performance measures is a key part of the grants application process and service level agreements for the 2011/12 grants round, based on the deliverables as expressed within each original successful application. This includes joint monitoring of outcomes by Council departments. Future proposals will include consideration of the performance monitoring of delivery.

## **2.10 Environmental Impact**

There are no environmental implications of this report.

## **2.11 Risk Management Implications**

A risk register will be developed as part of the future proposals to implement any proposed changes to the way in which grants are delivered. This will ensure that risks are monitored and managed throughout the project planning and implementation stages.

## **2.12 Equalities implications**

2.12.1 An equalities impact assessment was undertaken throughout the 2011/12 grants round and will be undertaken on any future proposals. The equalities duty is a continuing duty. It is important that Cabinet has regard not only to the Equalities Impact Assessment but also to the statutory grounds in the light of all available material such as the consultation responses and press reports. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 as follows:

*A public authority must, in the exercise of its functions, have due regard to the need to:*

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

*Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and*

persons who do not share it involves having due regard, in particular, to the need to:

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The relevant protected characteristics are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race,
- Religion or belief
- Sex
- Sexual orientation

## 2.14 Corporate Priorities

Voluntary and community sector organisations deliver a range of services to local residents that support the Council's corporate priorities including:

- Keeping neighbourhoods clean, green and safe.
- United and involved communities: A Council that listens and leads.
- Supporting and protecting people who are most in need.

## Section 3 - Statutory Officer Clearance

Name: Jennifer Hydari	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 19 August 11		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 18 August 11		

## Section 4 – Performance Officer Clearance

Name: Wayne Longshaw

on behalf of the  
Divisional Director  
Partnership,  
Development and  
Performance

Date: 17 August 11

## Section 5 – Environmental Impact Officer Clearance

Name: John Edwards

Divisional Director  
(Environmental  
Services)

Date: 16 August 11

## Section 6 - Contact Details and Background Papers

**Contact:** Marianne Locke Divisional Director Community & Culture 020 8736 6530

### Background Papers:

1. Minutes of Overview & Scrutiny Committee 20 July 2011

**Call-In Waived by the  
Chairman of Overview  
and Scrutiny  
Committee**

**NOT APPLICABLE**

*[Call-in Applies]*

## APPENDIX 1: Response to Implication of HAVS Challenge Panel report

No.	Recommendation	Response	By Who	By When
1	Cabinet should consider the Grants Advisory Panel and other advisory panels terms of reference in greater detail.	<p>The terms of reference for the Grants Advisory Panel should be reviewed in light of proposed changes to the way Council support to the voluntary sector will be delivered in the future.</p> <p>The terms of reference for advisory panels should be regularly reviewed.</p>	Democratic Services and Cabinet in consultation with Cabinet Advisory panels.	November 2011
2	There should be greater internal checks made by officers during the grants process.	An internal audit report made a number of recommendations regarding the grants process and 33 out of 34 recommendations were accepted with a management action plan to address them. As a result of this a number of internal checks were introduced by officers during the 2011/12 grants process. Further improvements will continue to be introduced as they are identified.	Kashmir Takhar, Head of Community Development	Ongoing
3	The Harrow Compact should be reviewed in order to ensure that it reflects recent judicial rulings and events locally.	The Harrow Compact was updated in 2009. The funding code is currently being updated with input from the VCS, Officers and Members.	Mike Howes, Service Manager Policy and Partnerships	November 2011
4	Training on the Compact and the implications of the recent rulings should be made available to Councillors and Officers.	A programme of training on the Compact will be made available to Councillors and Officers.	Mike Howes, Service Manager, Policy and Partnerships	November 2011 onwards
5	Care should be taken to communicate with the Voluntary and Community Sector so they fully understand the Council's decision-making process	The decision-making process for grants and mechanisms for raising concerns will be clearly communicated to grant applicants for 2012-13	Kashmir Takhar, Head of Community Development	October 2011 onwards

	and the mechanism for communicating concerns they may have.	onwards		
6	Voluntary sector groups, when applying for grant, should be asked what they would do with part award of grant, e.g. if they applied for £500 and were awarded £250, what would they do with it? Would it be any use? 50% and 75% could be possible benchmarks to use.	Voluntary sector organisations were asked to confirm that projects could be delivered with a lesser amount than had been applied for during the 2011/12 grants round. This procedure will be followed in future years when necessary.	Kashmir Takhar, Head of Community Development	October 2011 onwards
7	Members should be involved in every grant award.	(as response to recommendation 1) The terms of reference for the Grants Advisory Panel to be reviewed in light of proposed changes to the way that the Council supports the voluntary sector in the future.	Democratic Services and Cabinet in consultation with Cabinet Advisory panels.	November 2011
8	Chairmen of all committees and panels should be properly briefed and consulted on every agenda.	Officers to ensure that Chairmen of committees and panels are briefed and consulted on agendas.	All Corporate Directors	Ongoing
9	The long term aim of a grant should be to make the voluntary organisation sustainable in the long term. The Council should agree a policy on this and communicate it.	A clear policy regarding the provision of Council grant funding will be developed for 2012/13 onwards.	Marianne Locke, Divisional Director Community & Culture	October 2011
10	There should be monitoring of voluntary organisations throughout the year. A mid year extract from management accounts should enable the Council to make a financial health check on each organisation and avoid any future problems (such as occurred at HAVS). Monitoring should however be proportionate and sector	Mid-year monitoring of Council funded organisations was introduced in 2011/12.  Training support for officers to help them assess an organisation's financial health to be identified.	Kashmir Takhar, Head of Community Development	November 2011



	independence needs to be respected.			
11	Consideration should be given to the development of a 'traffic light' system to facilitate a proportionate approach to monitoring and further consideration should be given to incorporating the monitoring of high risk projects and Service Level Agreements into the improvement board process.	Further developments and improvements to monitoring are being made for 2011/12. Improved performance indicators will be considered for the Improvement Board process.	Marianne Locke, Divisional Director Community & Culture	March 2012
12	Monitoring information should be reviewed by those with an understanding of the information presented.	Monitoring information is reviewed by officers. Further training support for officers to be identified where required..	Kashmir Takhar, Head of Community Development	November 2011
13	There should be a general re-examination of all Council external appointments to ensure these are fit for purpose and are still needed.	Review of Council external appointments to be undertaken.	Hugh Peart, Corporate Director Legal & Governance	April 2012
14	The Council should agree what governance standard is required for each grant or contract e.g. PQASSO level 1 for small grant awards or contracts, level 3 for medium grant awards or contracts level 5 for large grants or contracts	A review of governance documents and quality assurance standards required for Council funding will be undertaken as part of the proposals move from grant applications to commissioning services from the voluntary and community sector.	Kashmir Takhar, Head of Community Development/ Liz Holford, Sustainable Procurement Lead	April 2012
15	All organisations in receipt of grant monies from the Council should have their own whistle-blowing policy.	The revised SLA for all grant awards in 2011/12 states the requirement for a whistle-blowing policy.	Kashmir Takhar, Head of Community Development	Requirement instituted and to be monitored.
16	The grants process should be non political and be seen to be as such. The development and	Development of a clear policy for the delivery of Council funding for 2012/13 onwards. The	Marianne Locke, Divisional Director	October 2011

	agreement of clear principles for the payment of grant will support this. A constructive dialogue between the Grants Advisory Panel and Community and Cultural Services portfolio holder and Cabinet should be fostered to ensure that this key relationship can flourish and ensure that difficulties between parties are fully understood.	role of the Grants Advisory Panel to be of consideration as part of this review, in consultation with Members of GAP.	Community & Culture	
17	Appeals should be held before any grants are finalized.	Appeals for 2011/12 were considered before final grant awards were determined. This process will be considered for 2012/13 onwards.	Kashmir Takhar, Head of Community Development	Ongoing
18	The grants process should be timed so that voluntary organisations know their financial status before the financial year commences	A timetable for grant applications to be developed to ensure as far as possible that grant funding decisions are communicated ahead of the commencement of the financial year.	Kashmir Takhar, Head of Community Development	October 2011
19	Voluntary organisations could be offered specialist support from within Council resources, such as legal, financial or IT help, as an add on extra, always recognising that many organisations needed a core grant to be able to function. The 'One 4 One' scheme and other innovative approaches to supporting the sector should be evaluated and promoted by the Council if they are seen to offer a credible alternative support.	Specialist support available from within the Council to be explored.  An evaluation and further promotion of One-4-One to be undertaken.	Marianne Locke, Divisional Director Community & Culture  Kashmir Takhar, Head of Community Development	December 2011  March 2012
20	In consolidating the work previously undertaken and developing a longer-term strategic approach to partnering with the	The Council will ensure that it reflects learning from other boroughs and findings of internal reviews.	Marianne Locke, Divisional Director Community &	Ongoing

	voluntary sector, the Council should ensure that it reflects the learning from other, best practice boroughs and the findings of other internal reviews which have been undertaken including the scrutiny review 'Delivering a Strengthened Voluntary and Community Sector for Harrow', 2008		Culture	
21	Members and Officers need to be clearer about declaring interests and withdrawing from meetings or decisions where the interest may be prejudicial. Additional training should be given to Members and officers involved in the Grants process including real world examples.	Training for Members and officers on process for declaration of interests.	Hugh Peart, Corporate Director Legal & Governance	tbc
22	That Internal Audit keep the Overview & Scrutiny committee informed on the progress of the implementation of their recommendations in the Grants to Voluntary Organisations report.	Report on progress with implementation of audit recommendations to be presented to Overview and Scrutiny.	Service Manager, Internal Audit	tbc