

Report of: Business Manager Neighbourhood Renewal

To: Community Scrutiny Committee – 9th August 2007
Executive Board – 13th August 2007

Item No:

Title of Report : Oxfordshire Racial Equality Council – Steps taken towards possible withdrawal of grant funding.



Summary and Recommendations

Purpose of report: To advise Community Scrutiny Committee and the Executive Board of the position with regard to the Council's grant to Oxfordshire Racial Equalities Council.

Key decision: No

Portfolio Holder: Councillor Altaf-Khan, Portfolio Holder for Grants

Scrutiny Responsibility: Community Scrutiny

Ward(s) affected:All

Report Approved by

Portfolio Holder: Councillor Altaf Khan, Port Folio Holder for a Safer City (Including grants)

Legal: Jeremy Thomas, Head of Legal and Democratic Services

Finance: Andy Collett, Group Accountant, Finance and Asset Management

Strategic Director: Michael Lawrence, Strategic Director, Housing, Health and Communities

Policy Framework:

Reduce inequality through social inclusion. The Oxford Plan 2007-10.

Recommendation(s):

Community Scrutiny and the Executive Board are asked to endorse the members approach, outlined in paragraphs 21 and 22 of the report.



Background

1. Oxfordshire Racial Equality Council (OREC) is in receipt of a grant of £24,720 from the Council for 2007/08. The grant is to contribute towards the core activities of OREC's service that includes race equality Work, and providing support to the Council with it's own Race Equality Scheme.
2. Previously OREC have been in receipt of a three-year grant and have been consistently supported by the City Council for many years.
3. To date OREC have received £12,360 of the Councils grant for 2007/08 in 2 x instalments.
4. The Commission for Racial Equality provide funds of £30,000 (2007/08) to OREC to cover core costs such as Directors salary. The County Council have also provided grant aid.
5. Val Johnson (Neighbourhood Renewal Business Manager) attends the OREC Management Committee as an observer, as does Adrian Harper Smith (Corporate Strategies Manager) for the County Council.

Concerns

6. There have been concerns about the operation of OREC for some time now. These are set out below.

Governance

7. There have been a number of disagreements on the Executive Board and resignations from the Board (including 4 resignations since January, including the Treasurer).

Staffing

8. There have been staff retention problems. In particular there have been 7 Directors over the past 3 years. There have been numerous staff complaints about Executive Board members and formal grievance have been made.

Recruitment

9. There have been concerns raised over the staff recruitment process.

Commission for Racial Equality Grant

10. In 2006-07 there was been a claw back of funding from the Commission for Racial Equality because targets were not met.

Monitoring Information

11. A joint monitoring meeting with the City and County Councils, arranged for 6th June 2007, was cancelled by OREC on 4th June.
12. At the rearranged joint monitoring meeting 25th June 2007 the monitoring information that was requested to be provided beforehand was not done.
13. An update on OREC's work programme has since been provided by email and is included.
14. From the information provided by OREC it is clear that they are not performing well. From 1ST April until 25th June OREC received 112 multi-agency referrals within Oxford City. OREC has a target to see all referrals made to them within 1 week. Of the 112 referrals made only 4 were seen within the 1-week target period (less than 4% so 96% of referrals were outside the target date).
15. In the same period 105 racist incidents were reported / recorded in Oxford City. During the monitoring period 7 individuals were advised on racial harassment and discrimination in employment. 2 of these 7 cases were settled successfully (less than 30% successful).
16. No progress had been made on 3 parts of the work programme including working with the City Council to review its Race Equality Scheme, working with major arts and sports bodies, and no BME businesses were supported.

Action Taken

17. In 2006 the City Council agreed a Withdrawal of Funding Protocol (21 Aug 2006 Executive Board). This protocol has been followed when dealing with OREC's underperformance.
18. A joint letter from City and County Council was sent in January setting out the concerns (Appendix 1) (Stage 1 of protocol)
19. Some initial improvements were made with the appointment of a Director and an OGM was held. Officers were hopeful that OREC would continue to improve and it was agreed to review the position again in July.
20. These improvements were short lived and concerns have not gone away. This has resulted in officers suspending the next grant instalment (due 1st

October). OREC have been notified in writing of this (Appendix 2). The Portfolio Holder and Director have been informed of this course of action and their approval has been given.

21. The next stage of the withdrawal of funding protocol (Stage 2) involves a meeting between senior officers in Neighbourhood Renewal and the management committee of OREC and senior worker. At this meeting officers will outline the concerns and potential consequences and a timetabled action plan will be agreed to address the problems. Funding will be reinstated on a month-by-month basis with the option to re-suspend if progress is not maintained.
22. If no remedial action is possible following the meeting in Stage 2 the group will be advised that the funding will be withdrawn. An additional report will be submitted to Executive Board outlining progress.
23. Officers are concerned that this Action Plan should not be drawn out and that some quick and radical solutions should be considered to address the issues.

County Council Position

24. The County Council are submitting a report to the Cabinet in August recommending that their Service Level Agreement with OREC is terminated. The County Council are still awaiting monitoring information from OREC for their activities during 2006.
25. It is suggested that this withdrawal of funding will have further impact on the organisation and it's ability to deliver services.

Contingency

26. If the City and County do withdraw funding OREC may be unable to deliver the services outlined in their work programme it is advisable to examine alternative arrangements.
27. The coordination of the 'Oxfordshire Multi Agency Network for Tackling Racially Aggravated Harassment' could be carried out by the CANaCT Team. The web site and web reporting is currently maintained by the County Council.
28. Advice on racism in the workplace and support at Employment Tribunals could be referred to existing advice agencies. Consultation and negotiations would need to be carried out with the Advice Agencies to implement this.

29. The community development projects currently undertaken by OREC are funded through other agencies. If these projects are put at risk we would work with the other funding agencies to ensure their continuation.
30. We could buy in advice and support for the Equality Standards work through another agency, if required.
31. In the longer term consideration should be given to developments taking place within the Racial Equality Council. Nationally this is being absorbed as a part of the newly established Commission for Equalities and Human Rights. There may be an opportunity to develop a local Equalities Council that reflects the national model. However, this would require further consultation with other agencies, the development of a business plan, and possibly the development of a new organisation to take this concept forward.

Recommendation

32. Executive Board is asked to endorse officers approach, outlined in paragraphs 21 and 22.

Name and contact details of author

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Background papers

None

Annex 1

To Executive Committee Members of the
Oxfordshire Racial Equality Council

10th January 2007

Dear Executive Committee Members,

I am writing on behalf of Adrian Harper Smith and myself as the County and City Councils' Consultant Observers to the OREC Executive Committee.

On 5 January 2007 we met to discuss the position of OREC in the light of the latest Director's resignation. As Executive Committee Members you will be aware that we have both had concerns about the operation of the organisation for some time. In particular these concerns relate to the operation of the Executive Committee and the difficulties in retaining a Director for any length of time and the subsequent impact on the ability to deliver services.

You will also be aware that the County Council currently has a Service Agreement with OREC for 3 years until 31 March 2008, with the next payment due at the end of July 2007. The City Council has provisionally agreed to provide funding to OREC in 2007-08 but are currently developing their grants prospectus for 2008-09 and this could include a review of what and how funding is provided for racial equality work.

We agreed that OREC is in a unique position to deliver services in relation racial equality work. Of particular importance is supporting organisations to develop and implement Race Equality Schemes, supporting those facing racial harassment and in supporting the community cohesion agenda.

We agreed that if possible we would like to see the organisation continue and thrive and that it would be difficult to identify an alternative organisation to take on this specialised role within the county. However, we also agreed that we have a responsibility and accountability to the public purse and we must ensure that public funds provide best value for money.

We know that the Executive Committee are aware of the problems within the organisation and are taking action to deal with them. These include holding an Ordinary General Meeting on 23 January 2007. This will provide an opportunity to review the roles of the Executive Committee members, where appropriate. For example, it would appear that the Constitution has not been adhered to as the current Chair's term of office has time expired as no one person can serve in this

role for more than 3 years. In addition, the circumstances of the latest Director's resignation need addressing before OREC can expect to re-appoint and to become fully functional.

Given this situation we agreed that:

1. We would review the position as at the end of January 2007. If no progress has been made in addressing our concerns the City will have no choice but to withdraw funding as from 31 March 2007 and the County will have no choice but to review compliance with the Service Agreement, which may result in a proposal to cease funding.
2. If progress is seen to be made there will be a further joint City / County review at the end of July to see if a suitable Director is in post and that the organisation is fully operational. If there are still serious problems to be addressed the options in 1 above will be enacted.
3. Consideration will be given at each stage to the developments taking place within the LAA Stronger Community theme and the City Council Grants Prospectus.

We felt that it would be appropriate to explain to you in writing about our discussion and the steps that we intend to take to address our concerns. We do both wish OREC every success in securing a way forward for the organisation to deliver much needed services to the City and the County.

Yours sincerely

Val Johnson, Business Manager, Neighbourhood Renewal, Oxford City Council.

CC: Adrian Harper-Smith, Corporate Strategies Manager, Oxfordshire County Council

Annex 2

Executive Committee Members of the
Oxfordshire Racial Equality Council
The Old Court House
Floyds Row
St Aldates
Oxford
OX1 1SS

25th July 2007

Dear Executive Committee Members,

I am writing on behalf of Adrian Harper Smith and myself as the County and City Councils' Consultant Observers to the OREC Executive Committee.

We wrote to you on 10th January 2007 regarding our concerns relating to the operation of the Executive Committee and the inability to retain key staff for any length of time and the subsequent impact on the ability to deliver services.

As you are aware we have a responsibility and accountability to the public purse and we must ensure that public funds provide best value for money.

At the time we agreed that we would review the position at the end of January. This was done and we felt that some progress was being made. OREC had arranged an Ordinary General Meeting, agreed to adhere to the constitution and agreed to investigate the circumstances of the previous Director's resignation.

As progress was seen to being made a further joint City / County review was arranged for the end of July. We therefore met again today to review the position.

Unfortunately we feel that the organisation is still not fully operational and serious problems remain to be addressed. These include an unsatisfactory monitoring meeting, failure to deliver agreed services, non- adherence to the constitution and that the fact that the Executive Committee has been further weakened by number of recent resignations.

Consequently we feel that the City and County Councils have no option but to go through the relevant procedures relating to the suspension and withdrawal of funding, as outlined in our letter in January.

We shall be writing to you separately to explain the next steps and you will have the opportunity to make representations accordingly.

Yours sincerely

Val Johnson, Business Manager, Neighbourhood Renewal, Oxford City Council.

Adrian Harper-Smith, Corporate Strategies Manager, Oxfordshire County Council

Annex 3

Mr Patrick Tolani
Director,
Oxfordshire Racial Equality Council,
The Old Court House
Floyds Row
St. Aldates
Oxford
OX1 1SS.

Date 25^h July 2006

Reference: 88/101

OREC Grant Payments 2007 / 08.

Dear Patrick,

You will have received in the same post a letter from the City and County Councils explaining that there is no option but to go through the relevant procedures relating to the suspension and withdrawal of funding. The reasons for this are fully explained in the letter.

It has been agreed that we should write separately setting out our procedures.

The City Council 'Withdrawal of Funding Protocol' states that if after raising concerns with the organisation a satisfactory response is not forthcoming then officers may suspend payment of the next instalment.

This action in relation to OREC is being taken after the following events:

A joint letter from the County and City Council outlining our concerns about the performance of OREC was sent in January. (Stage One of protocol).

A joint monitoring meeting arranged for 6th June 2007 was cancelled by OREC on 4th June.

At the rearranged monitoring meeting 25th June 2007 the monitoring information that was requested to be provided beforehand was not done.

Subsequent monitoring information received highlights poor performance in some areas.

Stage two of the Withdrawal of Funding Protocol states that,

"A meeting will be arranged between senior officers and the management committee and senior worker (if appropriate) of the organisation. Officers will outline the concerns and potential consequences."

You are therefore requested to contact me to arrange a suitable meeting time for us to meet to discuss this with yourself and representatives from your Executive Board. At this meeting a timetabled action plan will be set to address the problems within a specified timescale. If no remedial action is possible following this meeting in Stage two then OREC will be notified that funding will be withdrawn.

As a part of this process a report will be submitted to the City Council's Community Scrutiny Committee on 9th August 2007 and to the Executive Board on 13th August 2007 to ensure that members are aware of the position.

You are able to make representation at those meetings. Should you wish speak at Community Scrutiny Committee you need to contact Julia Woodman on 01865 252318 or email: jwoodman@oxfordd.gov.uk. If you would like to ask a question on the item at Executive Board, you need to contact Brenda Lammin on 01865 252219 or email: blammin@oxford.gov.uk. Other wise you can provide me with a written representation and I will report this to the Committee.

Yours sincerely,

Val Johnson
Business Manager

Annex 4

Withdrawal of funding protocol

This protocol does not cover instances where funding is withdrawn or reduced during the budget round as a result of financial pressures on the council or because the project no longer meets the Council's aims and priorities as published within the prospectus.

Reason for withdrawal

This protocol will be used in the following instances:

- Where an organisation does not provide the quality of service agreed between the council and the organisation
- Where there is prima facie evidence of misuse or inappropriate use of public funds including fraud
- Where an organisation does not fulfil or meet the agreed grant conditions / contract (and has not responded adequately to early warnings)
- Where an organisation is no longer financially viable or insolvent.

STAGED PROCESS FOR THE WITHDRAWAL OF INVESTMENT

Stage One

Where officers have concerns that fall within the four categories identified above, the relevant business manager will review the information and assess whether normal monitoring procedures are no longer sufficient. At all times and at each stage of the process officers will keep dated notes of meetings held with the group and copies of all correspondence to and from the group, details of assistance offered etc

If additional action is needed, then a letter will be sent to the organisation FAO the senior manager & a copy to the Chair of the Management Committee or Board. This will set out the monitoring concerns, the process involved & a timetable for response.

Satisfactory response received

If no response, or an unsatisfactory one is received the following action will be taken

This matter will be put on file and closed.

Where audit work does reveal a suspicion of criminal offences, or mis-management of finances, further action will be awaiting the outcome of a police consultation, this is so that criminal action is not jeopardised.

Officers may suspend payment of the next instalment. Portfolio Holder and Director will be informed on a confidential basis. A senior manager would need to consider whether an internal audit report is required, such a report needs to be commissioned in all cases where criminal action is a possibility. (Go to Stage Three below)

Stage Two

A meeting will be arranged between senior officers in the relevant business unit and the management committee and senior worker (if appropriate) of the organisation. Officers will outline the concerns and potential consequences.

If the group does not agree to take action, following the meeting a formal letter will be sent to the group outlining the process to be followed.

If the cvo agrees to action a further meeting (within 1 month) will be convened to agree a timetabled action plan to address the problems. Funding will be re-instated on a month by month basis with the option to re-suspend if progress is not maintained.

Following the meeting a formal letter will be sent to the group with a copy of the Action Plan to be signed by the Executive Members of the Management Committee.

A regular series of meetings will be arranged to monitor the progress of the Action Plan

If progress is satisfactory and the plan completed the matter is placed on file and closed. However normal monitoring will need to check that progress is sustained.

Normal release of payments re-Instated

Stage Three

If no remedial action is possible following the meeting in Stage 2, the group will be advised to take appropriate legal/financial advice and notified that the funding will be withdrawn.

Other known funders of the group will be informed of the City Council's action.

A report will be prepared for the Executive Board for the next available meeting.

The organisation is kept informed of each stage of the process & is given sight of the report with the opportunity given to submit a written response for consideration by members. The Executive Board decision is final.