

	<p>Council</p> <p>26 January 2016</p>
<p style="text-align: center;">Title</p>	<p>London Boroughs Grants Scheme – Borough Contributions, 2016/17</p>
<p style="text-align: center;">Report of</p>	<p>Director of Resources</p>
<p style="text-align: center;">Wards</p>	<p>All</p>
<p style="text-align: center;">Status</p>	<p>Public</p>
<p style="text-align: center;">Urgent</p>	<p>Yes</p>
<p style="text-align: center;">Key</p>	<p>No</p>
<p style="text-align: center;">Enclosures</p>	<p>None</p>
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<p>Summary</p>
<p>This report considers the proposals of the London Councils Leaders’ Committee regarding the overall level of expenditure of, and borough contributions to, the London Boroughs Grants Scheme (LBS) in 2016/17.</p>

<p>Recommendations</p>
<p>(1) That the recommendation of the London Councils Leaders’ Committee for an overall level of expenditure of £10,486,000 in 2016/17, involving total borough contributions of £9,000,000 and a levy on Barnet of £373,835, be approved.</p> <p>(2) That the Director of Resources be instructed to inform the Chief Executive of London Councils accordingly.</p>

1. WHY THIS REPORT IS NEEDED

- 1.1 Formal approval to the 2016/17 LBGS budget by at least 22 of the constituent boroughs is required before 1 February 2016. In the event that the budget is not agreed by this statutory deadline, the Secretary of State for Communities and Local Government has powers to intervene and set the budget at the same level as in 2015/16 (£10,500,000).

2. REASONS FOR RECOMMENDATIONS

- 2.1 The budget reflects how the LBGS has been reconfigured, with the approval of constituent authorities, since 2011/12, pursuant to the significant cuts in public sector spending. The recommendation acknowledges the satisfactory performance of currently commissioned services.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The next meeting of the Policy and Resources Committee to which this report would ordinarily have been submitted is not until 16 February, after the statutory deadline for notifying the council's decision.

4. POST DECISION IMPLEMENTATION

- 4.1 The Chief Executive of London Councils will be notified of the council's decision in compliance with the deadline set.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The council is committed to working in partnership with the voluntary and community sector (and with other public agencies and local businesses) to ensure that high quality public services are delivered in the most effective and efficient way in line with the Corporate Plan.
- 5.1.2 The LBGS was established in 1985 under section 48 of the Local Government Act 1985 to make grants to pan-London and sub-regional voluntary organisations. The scheme remains in force so long as a majority of London boroughs continue to support it.
- 5.1.3 Section 48(3) of the 1985 Act requires constituent councils to contribute towards any expenditure of the designated authority in the making of grants which has been incurred with the approval of at least a two-thirds majority of the councils.
- 5.1.4 With the consent of constituent authorities, the City Corporation succeeded the London Borough of Richmond upon Thames as the appointed designated authority for the LBGS in 2004, involving the discharge of certain formal requirements such as issuing the annual levy on boroughs. In all practical respects, however, the scheme is administered by London Councils.

2010 Review of Future Role and Scope of LBGS

- 5.1.5 In 2010, following a review of the future role and scope of the LBGS set against cuts in public sector spending, the London Councils Leaders' Committee agreed the principles for a future grants scheme based on funding a genuinely London-wide programme embracing services that are frontline, specialist or where mobility of clients is key to delivery; infrastructure support to service providers; voice/representation services; and capacity building.
- 5.1.6 It was decided that all pan-London commissioned services would continue to be funded to the end of their funding agreement in 2012/13. Funding for all services categorised as essentially local in nature, but either more suited to sub-regional decision-making and delivery or capable of local determination and priority, ceased in 2011/12.
- 5.1.7 Some of the decisions, mainly concerning the categorisation of grant-supported activities, were subsequently revised in 2011 following a High Court ruling on a judicial review claim that the consultation process on the changes was flawed, as a consequence of which the decommissioning of services was delayed. The need for a supplementary levy on boroughs towards re-balancing the LBGS budget in 2011/12 ultimately resulted in a saving to Barnet on the levy payable of £526,527.
- 5.1.8 A 39.8% reduction in the LBGS budget for 2012/13 resulted in a further saving to Barnet on the levy payable of £107,250.
- 5.1.9 In May 2012, following consultation with boroughs and other stakeholders, the Leaders' Committee agreed the principles and priorities to be applied in selecting commissions through the LBGS to start from April 2013, based on commissioning fewer, but better resourced, services and only those that are genuinely pan-London. The priorities are:
- to tackle homelessness, including developing new ways of working with partners, focused on early intervention and prevention of homelessness, emergency accommodation and advice services;
 - to prevent sexual and domestic violence and assist victims to access emergency services and/or services that support women and communities affected by forced marriage and harmful practice;
 - to tackle poverty by promoting access to employment and training, drawing on opportunities for match funding provided by boroughs working with London Councils and the European Social Fund (ESF);
 - to help London's voluntary and community sector to build capacity and operate more efficiently.
- 5.1.10 These commissioning priorities broadly reflected the council's views in response to the consultation, although it ranked homelessness as a lower priority compared to the other three.

5.1.11 35 commissions were agreed for a four-year period, extending to 31 March 2017, under the four new priorities.

5.1.12 The levy on Barnet fell by a further £119,530 in 2013/14 to £392,182 and, arising from a decision to return £800,000 of Grants Committee reserves to boroughs as a one-off payment, by another £32,969 to £359,213 in 2014/15, based on an LBGS budget of £10,000,000 in both years.

2015/16 LBGS budget

5.1.13 The LBGS has an overall budget of £10,500,000 in 2015/16 to meet the cost of the commissions, which is met from:

	£
borough subscriptions	9,000,000
income from the ESF	1,250,000
transfer from reserves	250,000
	<u>10,500,000</u>

Because of the one-off transfer from reserves in 2014/15, Barnet's contribution in 2015/16 increased by £35,453 on the actual sum payable last year.

2016/17 LBGS budget

5.1.14 The Leaders' Committee on 8 December 2015 agreed to recommend to constituent authorities for approval an overall level of expenditure of £10,486,000 for 2016/17, made up of:

	£	(2015/16) (£)
payments to commissions	9,385,000	(9,885,000)
one-off repayment to boroughs from reserves	486,000	(-)
operating expenditure (including central recharges and London Funders' membership fees)	615,000	(615,000).

The reduction of £500,000 shown against payments to commissions reflects the reclamation of interim funding (in 2015/16) of a number of projects that attract ESF co-financing. The proposed one-off repayment to boroughs from reserves is a drawdown of accumulated funds which exceed the agreed benchmark for retention of a working contingency, including in relation to the new 2016+ ESF joint funded programme.

5.1.15 It is proposed that the budget would be met as follows:

	£
borough subscriptions	9,000,000
ESF income	1,000,000
transfer from reserves	486,000
	<u>10,486,000.</u>

Barnet's apportionment of the levy on the basis of population data (see 5.2.1 below) will remain at 4.39% in 2016/17. The baseline levy will increase by £508, but the one-off repayment to boroughs, of which this council's share is £21,339, will result in a Barnet contribution of £373,835, a reduction of £20,831 on the 2015/16 levy.

5.1.16 The latest quarterly review of commissioned services supplied by London Councils showed that 22 out of 24 projects still in payment are performing satisfactorily. Of the remaining eleven commissions, work has been completed on ten and one has been wound up.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 The annual payment to the LBGS is a levy under section 74 of the Local Government Finance 1988 and regulations made under it. Individual borough contributions are determined by total resident population of the respective boroughs, based on Office of National Statistics (formerly OPCS) mid-year estimates for the year two years before the start of the financial year for which the levy is issued.

5.2.2 The levy on Barnet has fallen in each of the last five years from £1,145,489 in 2010/11 to £394,666 in 2015/16 if disregarding Barnet's share of the previous one-off transfer from reserves in 2014/15, resulting in an a recurrent annual saving of £750,823 for 2015/16. This sum has been placed in an earmarked reserve.

5.2.3 To date, £80,000 from the reserve was used to top up the Children's Service Positive Activities Programme in 2011/12. £125,000 was allocated for capital schemes to renew play equipment in two parks in 2012/13 and a further £29,228 was used to underwrite a shortfall in the budget for community advice services. In 2013/14, £250,000 was allocated to fund a three-grant to Avenue House Estate Trust as the council's contribution to a major improvement programme supported by the Heritage Lottery Fund. In preparing 2015/16 budgets, £249,000 savings were identified from this source.

5.2.4 Based on mid-year 2014 population estimates, when Barnet's population was £374,920 (compared to 369,100 in mid-2013), Barnet's contribution to the LBGS in 2016/17 will remain at 4.39% of total borough contributions.

5.2.5 Provision for the level of contribution to the LBGS, as finally approved, will be included in the draft 2016/17 revenue budget, which will be presented to the

Policy and Resources Committee on 16 February 2016. If the LBGS budget put forward is approved, Barnet's contribution in 2016/17 will reduce the recurrent annual saving by £508 to £750,315 in 2016/17.

5.2.6 Approval of the budget will mean that borough contributions to the LBGS will have reduced since 2010/11 from £24,900,000 to £9,000,000, a reduction of £15,900,000 or 64%.

5.3 Legal and Constitutional References

5.3.1 Council Constitution, Responsibility for Functions: the council, as the supreme decision-making body, may, with some exceptions, exercise any of the functions vested in the authority in law. It is requested to make a decision in this instance as the relevant delegated decision-making body, the Policy and Resources Committee, does not meet until after the statutory deadline for formal approval of the 2016/17 LBGS budget and levy.

5.3.2 Further legal and constitutional considerations are detailed in paragraphs 5.1.2, 5.1.3, 5.2.1 and 5.5 (below).

5.4 Risk Management

5.4.1 The council is bound by law to contribute towards the costs incurred by the designated authority in the making of grants under the LBGS according to the formula set out above. In the event of the scheme being discontinued, constituent authorities would be required to contribute to its winding up costs, both in relation to grant commitments made and the closing of the unit that administers the scheme. These have not been quantified.

5.4.2 If the LBGS budget for 2016/17 is not agreed by two-thirds of constituent councils before 1 February 2016, the budget will be set at the same level as in 2015/16 (£10,500,000).

5.5 Equalities and Diversity

5.5.1 Under section 149 of the Equality Act 2010, the council and all other organisations exercising public functions must have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by or under the Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; and sex and sexual orientation. The broad purpose of this duty is to integrate considerations of equality into daily business and keep them under review in decision making; the design of policies; and the delivery of services.

5.5.2 An analysis by London Councils in accordance with the duties under the Act identified that a refocusing of the grants programme to reflect the reduced resources available in the context of the significant spending constraints facing local authorities would have an impact on protected groups of people. The principles and priorities of the existing programme, and the service specifications and strands to deliver outcomes, seek to apply scarce resources to mitigate, where possible, any adverse equality impacts arising from a refocused programme operating with a reduced budget.

5.6 Consultation and Engagement

Continuation of LBGS beyond March 2017

5.6.1 In July 2015, London Councils launched a consultation exercise on whether or not the grants programme should continue past March 2017 and, if it does, what the priorities of the programme should be from April 2017.

5.6.2 The council in its response acknowledged the value of the LBGS in funding organisations that supported niche groups which would lack sufficient scale if resourced locally, but expressed concern about how effectively the scheme is promoted within and between boroughs and that many of the commissioned services do not benefit Barnet residents to any significant degree. Many of the organisations supported operate predominantly in central London and the disproportionate benefit that inner London boroughs with smaller populations receive amounts to a redistribution of wealth from outer London.

5.6.3 The response stated that there is a need to take account of how many expensive problems have migrated outwards to the suburbs, issues that the council is addressing sub-regionally through the West London Alliance, the Central and North West London NHS and the North London Housing Sub-Region. It is considered that sub-regional programmes tend to be better aligned to local need than those commissioned at the pan-London level.

5.6.4 In the view of Barnet commissioners working on the LBGS priority areas, the council could achieve better outcomes by redeploying the levy locally. Although it would not necessarily wish to withdraw from all activities funded through the LBGS, its overall view given the nature of the consultation which posed a single question about the future of the programme was that it should not continue after March 2017.

5.6.5 The consultation, which ran to October 2015, and other evidence signified a majority view that acting collectively to address London-wide priorities has been effective; provided value for money; and delivered positive outcomes for people with protected characteristics under the Equality Act 2010. A majority of stakeholders expressed support for continuation of a pan-London grants programme operating in accordance with the current principles.

5.6.6 Against the backdrop of further announcements about the funding position of local authorities over the next five years in the Chancellor of the Exchequer's comprehensive spending review on 25 November, the Leaders' Committee on

8 December was minded to indicate that it was unlikely that the fourth existing priority focused on capacity building of the third sector could be considered as a priority for the grants programme going forward.

- 5.6.7 Further consultation with stakeholders (extending to 22 January 2016) seeks to help shape the commissioning priorities from April 2017 having regard to a revised analysis of the equalities impacts of the existing grants programme in the light of the initial consultation responses. This follow-up consultation will further inform consideration of the equalities implications of potential changes to the programme and future budgetary decisions.

6. BACKGROUND PAPERS

- 6.1 Grants Committee Report 9/12/85-1: agreement to support the LBGS.
- 6.2 DPR1206, Nov 2010: approval of the council's response to London Councils Chief Executives' Circular 15/10, seeking views on the future role and scope of the LBGS.
- 6.3 DPR1316, Apr 2011: approval of the council's response to a supplementary review of the future scope of the LBGS following a High Court ruling which quashed some of the earlier decisions.
- 6.4 DPR1608, Mar 2012: endorsement of the council's response to consultation by London Councils on the principles and priorities to be applied in selecting commissions through the LBGS to start from 1 April 2013 and proposals in relation to transitional funding.
- 6.5 Urgency Committee, 29/1/2015: approval of an overall level of LBGS expenditure of £10,500,000 in 2015/16, involving total borough contributions of £9,000,000 and a levy on Barnet of £394,666.
- 6.6 Reports to London Councils Grants Committee (18 November 2015) and Leaders' Committee (8 December 2015) on the LBGS proposals for 2016/17.
- 6.7 London Councils Chief Executives' Circular dated 11 December 2015 seeking approval to the 2015/16 LBGS budget.