

	<h2 style="margin: 0;">Policy & Resources Committee</h2> <p style="margin: 0;">10 January 2017</p>
Title	London Boroughs Grants Scheme – Borough Contributions, 2017/18
Report of	Director of Resources
Wards	All
Status	Public
Urgent	Yes
Key	No
Enclosures	None
Officer Contact Details	Patricia Phillipson, Head of Finance, Finance, Commissioning Group (patricia.phillipson@barnet.gov.uk) (020 8359 2800)

Summary

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 (LBGS) in 2017/18. Formal approval to the 2017/18 LBGS budget by at least 22 of the constituent boroughs is required before 27 January 2017.

Recommendations

- (1) That the recommendation of the London Councils Leaders' Committee for an overall level of expenditure of £8,899,000 in 2017/18, involving total borough contributions of £7,668,152 and a levy on Barnet of £335,671, be approved.

- (2) That the Director of Resources be instructed to inform the Chief Executive of London Councils accordingly.

1. WHY THIS REPORT IS NEEDED

- 1.1 Formal approval to the 2017/18 LBGS budget by at least 22 of the constituent boroughs is required before 27 January 2017.

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 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 2016/17 (£10,486,000).

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

2016/17 LBGS budget

5.1.12 The LBGS has an overall budget of £10,486,000 in 2016/17 to meet the cost of the commissions, which is met from:

	£
Borough subscriptions	9,000,000
ESF income	1,000,000
Transfer from reserves	486,000

2017/18 LBGS budget

5.1.13 The Leaders' Committee on 6 December 2016 agreed to recommend to constituent authorities for approval an overall level of expenditure of £8,899,000 for 2017/18, made up of:

	£
Payments to Commissions	8,053,000
Administrative Expenditure	555,000
London Funders Membership Fees	60,000
Support to the 3rd sector via City Bridge Trust	75,000
A gross repayment to boroughs from reserves	156,000

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

	£
European Social Fund grant	1,000,000
Borough contributions	7,668,000
Transfer from uncommitted Grants Committee reserves	231,000

Barnet's apportionment of the levy on the basis of population data (see 5.2.1 below) will be 4.38% in 2017/18 which will result in a Barnet contribution of £335,671, a reduction of £59,503 on the 2016/17 levy.

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 six years from £1,145,489 in 2010/11 to £395,174 in 2016/17, if disregarding the one off payment of £21,339, resulting in a recurrent annual saving of £750,315 for 2016/17. The surplus resulting from this reduction has been placed in an earmarked reserve.
- 5.2.3 The current reserve has a balance of £2,015,663 arising from accumulated surpluses that have resulted from a reduced levy since 2011/12 after taking account of £80,000 used in 2011/12 to top up the Children's Positive Activities Programme; the allocation of £125,000 for capital play schemes in two parks in 2012/13; the use of £29,228 to underwrite a shortfall in the budget for community advice services, also in 2012/13; and the drawdown in 2013/14 of £250,000 to fund a three-year grant to Avenue House Estate Trust (extending to March 2016) towards capital improvements to the outbuildings and grounds.
- 5.2.4 Based on mid-year 2015 population estimates, when Barnet's population was 379,690 (compared to 374,920 in mid-2014), Barnet's contribution to the LBGS in 2017/18 will be 4.38% 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 2017/18 revenue budget, which will be presented to the Policy and Resources Committee on 23 February 2017. If the LBGS budget put forward is approved, Barnet's contribution in 2017/18 will increase the recurrent annual saving by £59,503 to £809,818.
- 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 £7,668,152, a reduction of £17,231,848 or 69%.

5.3 Legal and Constitutional References

- 5.3.1 Council Constitution, Responsibility for Functions sets out the terms of reference of Policy and Resources Committee, including 'Ensuring effective Use of Resources and Value for Money' and 'To be responsible for those matters not specifically allocated to any other committee affecting the affairs of the Council'.

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 2017/18 is not agreed by two-thirds of constituent councils before 27 January 2017, the budget will be set at the same level as in 2016/17 (£10,486,000).

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

- 6.1.1 Urgency Committee, 29 January 2015, London Boroughs Grants Scheme – Borough Contributions, 2015/16, <http://barnet.moderngov.co.uk/documents/s22175/Annex%201%20-%20Report%20to%20Urgency%20Committee.pdf>
- 6.1.2 Grants Committee, Grants Programme 2017-21, 13 July 2016
- 6.1.3 Leaders' Committee, Grants Programme 2017-21, 22 March 2016
- 6.1.4 Grants Committee, Grants Programme 2017-21, 9 March 2016
- 6.1.5 London Councils Grants Additional Consultation 2017/21 (including equalities impact assessment) December 2015 – January 2016

- 6.1.6 London Councils Grants Consultation 2017/21 (including equalities impact assessment) July – October 2015
- 6.1.7 Leaders' Committee, Item 9 - Review of Delivery of a London Grants Programme – 8 December 2015
- 6.1.8 Grants Committee, Review of London Councils Grants Programme, Item 8, 18 November 2015 (including equalities impact assessment)
- 6.1.9 Council, 26 January 2016, London Boroughs Grants Scheme – Borough Contributions, 2016/17,
<http://barnet.moderngov.co.uk/documents/s28994/London%20Boroughs%20Grants%20Scheme%20-%20Borough%20Contributions%20201617.pdf>