



Council

25 January 2022

Title

**London Boroughs Grants Scheme –
Borough Contributions, 2022/23**

Report of

Director of Resources & Section 151 Officer

Wards

All

Status

Public

Urgent

Yes

Key

No

Enclosures

None

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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 2022/23.

Officer's Recommendations

1. That the recommendation of the London Councils Leaders' Committee for an overall level of expenditure and borough contributions of £6,668,000 in 2022/23, involving a levy on Barnet of £295,545, be approved.
2. That the Director of Resources & Section 151 Officer be instructed to inform the Chief Executive of London Councils accordingly.

1. WHY THIS REPORT IS NEEDED

- 1.1 Formal approval of the 2022/23 LBGS budget by at least 22 of the constituent boroughs is required before 1 February 2022. In the event of the budget not being agreed by this statutory deadline, the Secretary of State for Housing, Communities and Local Government has powers to intervene and set the budget at the same level as in 2021/22 (£6,668,000).

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.

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 9 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 Barnet Plan, 2021-25.
- 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 amongst London boroughs continues 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.

Reviews 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 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 In 2012, following consultation with boroughs and other stakeholders, the Leaders' Committee agreed the principles and priorities to be applied in selecting four-year commissions through the LBGS with effect from April 2013, based on commissioning fewer, but better resourced, services and only those that are genuinely pan-London. The priorities were:

- 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.

5.1.8 A further review of the LBGS in 2015 against the backdrop of further announcements about the funding position of local authorities over the following five years resulted in discontinuance of the fourth priority (capacity building of the third sector) in commissioning new services for the four-year period from April 2017, subsequently extended by a further twelve months to March 2022 because of the disruption caused by the Covid-19 pandemic.

2021/22 LBGS budget

5.1.9 An original budget of £6,668,000 in 2021/22 to meet the cost of the current set of commissions, reflecting the ending of the ESF programme; the impact on the match funding requirement; and reduced administrative costs following the completion of work on closing the programme, met entirely from borough subscriptions, was augmented by additional expenditure of £627,000 on development of a youth homelessness hub and support for people with no recourse to public funds, funded from an underspend on commissioned services with the approval of London Councils' Grants Committee.

2022/23 LBGS budget

5.1.10 The Leaders' Committee on 7 December 2021 agreed to recommend to constituent authorities for approval an overall level of expenditure of £6,668,000 for 2022/23, the same base budget as for the current year, made up of:

	2022/23	2021/22
	£	£
Payments to commissions	6,173,000	6,173,000
Operating expenditure (including central recharges and London Funders' membership fees)	495,000	495,000

5.1.11 It is proposed that the budget would once again be met entirely from borough subscriptions (of £6,668,000). Barnet's apportionment of the levy based on population data (see 5.2.1 below) will be 4.43% in 2022/23, which will result in a Barnet contribution of £295,545, an increase of £999 on the 2021/22 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 Act 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 from £1,145,489 in 2010/11 to £294,546 in 2021/22.

5.2.3 Based on mid-year 2020 population estimates, when Barnet's population was 399,010 (compared to 395,870 in mid-2019), Barnet's contribution to the LBGS in 2022/23 will be 4.43% of total borough contributions.

5.2.4 Provision for the level of contribution to the LBGS, as finally approved, will be included in the draft 2022/23 revenue budget, which will be presented to the Policy and Resources Committee on 9 February 2022. If the LBGS budget put forward is approved, Barnet's contribution in 2022/23 will be £850,943 less than in 2010/11.

5.2.5 Approval of the budget will mean that total borough contributions to the LBGS will be £18,212,000 (73.1%) less than the sum of £24,900,000 paid in 2010/11.

5.3 Social Value

5.3.1 The Public Services (Social Value) Act 2013 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits, a consideration for London Councils as the commissioning agency for the LBGS.

5.4 Legal and Constitutional References

- 5.4.1 Article 7 of the council's constitution details the terms of reference of the Policy and Resources Committee, which includes grants. The committee is not scheduled to meet until after the statutory deadline for formal approval of the 2022/23 LBGS levy. Article 4 of the constitution provides that Full Council may make decisions on matters normally reserved to committees where an urgent decision is required. Determination of whether a matter is urgent is reserved to the mayor and chairman of the relevant committee in consultation with the leader and the relevant chief officer. The mayor and the leader, who is chairman of the Policy and Resources Committee, have been consulted and have agreed to the urgency.
- 5.4.2 Further legal and constitutional considerations are detailed in paragraphs 5.1.2, 5.1.3, 5.2.1, 5.5 (below) and 5.6 (below).

5.5 Risk Management

- 5.5.1 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.
- 5.5.2 If the LBGS budget for 2022/23 is not agreed by two-thirds of constituent councils before 1 February 2022, the budget will be set at the same level as in 2021/22 (£6,668,000).

5.6 Equalities and Diversity

- 5.6.1 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, victimisation and 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.

- 5.6.2 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 reconfigured programme, and the service specifications and strands to deliver outcomes, seek to apply scarce resources to mitigate, where possible, any adverse equality impacts arising the new scheme operating with a reduced budget.

5.7 Corporate Parenting

5.7.1 Not relevant in the context of this report.

5.8 Consultation and Engagement

Grants Programme, 2017-22 & 2022-26

- 5.8.1 In 2015, London Councils consulted boroughs and stakeholders on whether the grants programme should continue past March 2017 and, if it did, what the priorities of the programme should be.
- 5.8.2 The council in its response acknowledged the value of the LBGS in funding organisations that supported niche groups which would lack adequate scale if resourced locally but expressed concern about how effectively the scheme was promoted within boroughs and that many of the commissioned services did not benefit Barnet residents to any significant degree. Many of the organisations supported operated predominantly in central London and the disproportionate benefit that inner London boroughs with smaller populations received amounted to a redistribution of wealth from outer London.
- 5.8.3 The response stated that there was a need to take account of how many costly problems had migrated outwards to the suburbs and that sub-regional programmes tended to be better aligned to local need than those commissioned at the pan-London level. In the council's opinion, better outcomes could be achieved by redeploying the levy locally. Although it did 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.
- 5.8.4 The consultation and other evidence signified a majority view that acting collectively to address London-wide priorities was effective; provided value for money; and delivered positive outcomes for people with protected characteristics under the Equality Act 2010. A majority amongst stakeholders expressed support for continuation of a pan-London grants programme operating in accordance with the principles agreed in 2012.
- 5.8.5 The existing grants programme, extended to a fifth year, ending in March 2022, because of the disruption caused by the Covid-19 pandemic, eliminated capacity building of the third sector from the previously agreed commissioning priorities pursuant to announcements about the future funding position of local authorities. Fourteen projects have been commissioned, dedicated to tackling homelessness; sexual and domestic violence; or promoting access to employment on a pan-London basis. The latter-named theme of work, a fallback to when the scheme was a beneficiary of the European Social Fund, will no longer feature as a commissioning priority.
- 5.8.6 Under the new programme, to commence in April 2022, third sector organisations have been invited to bid for funding to deliver services that will address sexual and domestic violence and homelessness, continuing priorities which acknowledge the significant increase in demand for domestic abuse victim services during the pandemic; how many Londoners have experienced homelessness for the first time as employment terms have changed or ended; and how many people still have housing needs.

5.9 **Insight**

5.9.1 Not relevant in the context of this report.

6. **BACKGROUND PAPERS**

- 6.1 Council, 19 January 2021: approval of an overall level of LBGS expenditure of £6,668,000 in 2021/22, involving a levy on Barnet of £294,546.
- 6.2 Reports to London Councils Grants Committee (24 November 2021) and Leaders' Committee (7 December 2021) on the LBGS proposals for 2022/23.
- 6.3 London Councils Chief Executives' Circular 03/21 dated 10 December 2021 seeking approval to the 2022/23.