



CABINET

13 July 2011

REPORT

Subject Heading:

Changes to London Borough Grant Scheme – Implications for Havering

Cabinet Members:

Councillor Roger Ramsey
Councillor Andrew Curtin

CMT Lead:

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Policy context:

The Constitution
Havering COMPACT

Financial summary:

Havering contribution to the scheme is expected to reduce in 2011/12, leaving an unallocated balance to be used in accordance with Council priorities, which may include some grants to organisations losing funding from the London Borough Grants Scheme

Is this a Key Decision?

No

Is this a Strategic Decision?

No

When should this matter be reviewed?

n/a

Reviewing OSC:

Value
Towns and Communities

The subject matter of this report deals with the following Council Objectives

Clean, safe and green borough	[]
Excellence in education and learning	[]
Opportunities for all through economic, social and cultural activity	[✓]
Value and enhance the life of every individual	[]
High customer satisfaction and a stable council tax	[]

SUMMARY

London Councils administers the London Borough Grants Scheme (LBGS) on behalf of the London boroughs, commissioning and grant-funding services provided by voluntary organisations. The operation of the LBGS has been amended and, with effect from 15 August 2011, the LBGS will only fund selected high priority London-wide services. Decisions about which other voluntary sector services should be grant-funded following 15 August have been devolved to individual boroughs to decide locally. These decisions will be required urgently by organisations which have relied on the central LBGS grant to enable them to deliver services.

The report therefore recommends a series of interim criteria for Havering Council to adopt when considering grant applications for the period up to 31 March 2012, from organisations which have until now received funding centrally from the LBGS. It recommends immediate consultation on the criteria with affected organisations, and that decisions on grant applications should be delegated to the relevant lead Cabinet Members following consideration of the interim criteria, any responses received from consultation, and the equalities and financial implications of each decision.

Because of the changes to the scope of the LBGS, borough contributions are likely to reduce in 2011/12 and subsequent years, but there is considerable uncertainty about the future budgetary position. The most appropriate use of any funds thereby released will need to be decided in the context of the overall financial constraints on the Council.

RECOMMENDATIONS

That Cabinet :

- (1) Notes the changes to the operation of the London Borough Grant Scheme and the implications for Havering;
- (2) Approves the interim criteria set out in paragraph 2.5 of the report for considering grant applications for the period up to 31 March 2012, from organisations whose grants from the London Borough Grant Scheme will be terminated on 15 August 2011;

- (3) Agrees to consult immediately on the interim criteria with organisations affected by the changes who are delivering a substantial level of service in Havering, and that any responses received from the consultation should be taken into account in reaching decisions on grant applications;
- (4) Delegates decisions on whether to approve any grant applications received, to the Cabinet Member for Value and the Cabinet Member for Towns and Communities (with the Leader of the Council acting in the place of either or both of those Members if they declare an interest in the decision), following consideration of the interim criteria, any responses received from consultation, and the equalities and financial implications of each decision.

REPORT DETAIL

1. Changes to the London Borough Grants Scheme (LBGS)

- 1.1 The London Borough Grants Scheme (LBGS) is a statutory scheme administered by London Councils through its London Borough Grants Committee. The LBGS commissions and grant-funds services from voluntary organisations in London, in priority areas agreed by London Councils.
- 1.2 The annual budget for the LBGS requires approval by two-thirds of boroughs, and if this approval is not secured the default position is that the previous year's budget is maintained. Each borough contributes to the LBGS an amount which is proportionate to the borough's population.
- 1.3 During 2010 London Councils undertook a major review of the LBGS with the objective of devolving much more decision-making locally to the boroughs. This process involved extensive consultation with the existing service providers. The review concluded that in future only London-wide priority services should be funded through the LBGS, leaving all other decisions about grants to the voluntary sector either to boroughs, or to sub-regional groupings of boroughs.
- 1.4 In December 2010 the Committee approved a categorisation of the services which were at that time supported by the LBGS into four categories:

Category A* – London-wide services which remained a high priority
Category A – London-wide services which were no longer a priority for LBGS
Category B – services which were sub-regional in nature
Category C – services which were local in nature
- 1.5 London Councils agreed that only category A* services should be funded in future by the LBGS, and that decisions on whether to continue funding the remaining services should be devolved to the boroughs. It proposed to

terminate the funding agreements on 30th June 2011 of all organisations except those delivering category A* services. The resultant 2011/12 budget for the LBGS was approved by the necessary majority of more than two thirds of boroughs.

- 1.6 London Councils' decisions were challenged by way of a judicial review brought by clients of the Roma Support Group who alleged that the decisions had not taken sufficient account of London Councils' equalities duties, and that the consultation process leading up to the decisions was flawed.
- 1.7 The Judge upheld the challenge in part, on the grounds that London Councils should have considered the equalities impacts of terminating individual service commissions rather than only service categories. He directed that those impacts should be reconsidered and that no commissions should be terminated until at least three months had elapsed following the reconsideration.
- 1.8 This process of reconsideration was duly undertaken, and in May 2011 London Councils approved a revised categorisation of services (A* / A / B / C), and the allocation of individual commissions to each of the four categories. It agreed that all commissions except those in category A* should be terminated on 15 August 2011, and recommended a supplementary budget to the boroughs to cover the additional costs arising from the judicial review and from the postponement of the original termination date, apart from those costs which were met from reserves.
- 1.9 London Councils will make the results of its equalities impact analysis available to the boroughs to assist them in deciding whether to continue to fund locally those voluntary organisations which will not be funded centrally by LBGS after 15 August.

2. Implications for Havering

- 2.1 The financial implications of the changes to the LBGS are set out in section 5 below, but in summary Havering Council will contribute £422,300 to the revised budget for the LBGS in 2011/12, compared with £795,100 in 2010/11. There will be further changes in 2012/13 as decisions are taken on whether to renew category A* commissions which are coming to an end, and because of the full year effect of the 2011/12 changes, and any other changes which may result from London Councils' decisions or external pressures. As a result there is considerable uncertainty about the 2012/13 budget position at this stage.
- 2.2 It is expected that at least some of the voluntary organisations who are currently funded by the LBGS in categories A, B and C will apply to Havering for continued funding after 15 August. It is important that the Council has clear, transparent, and justifiable criteria for deciding which organisations it intends to fund. These decisions will be required urgently by organisations

which have relied on the central LBGS grant to enable them to deliver services.

2.3 In this context, it should be noted that as part of the Administration Project on Community Action, there will be a full review of the support which the Council gives to the voluntary sector in the borough. It is therefore recommended that decisions on whether to fund organisations previously funded from the LBGS should be for the remainder of the 2011/12 financial year only at this stage.

2.4 Members are also advised that, of those organisations which will no longer be funded centrally from the LBGS after 15 August, only five have been identified which are currently known to be providing services for Havering's community:

- HAVCO (LBGS grant £89k, LBH pro rata share £23k) – providing a community accountancy service for voluntary organisations, primarily in the boroughs of Havering, Redbridge, and Barking & Dagenham;
- Queens Theatre (LBGS grant £32k, LBH pro rata share £4k) – providing educational programmes for young people to participate in arts and culture, across nine boroughs but based in Havering;
- Motorvations (LBGS grant £52k, LBH pro rata share £19k) – providing an holistic programme for young people to acquire skills and progress into employment, in the boroughs of Havering, Redbridge, and Barking & Dagenham;
- Studio 3 Arts (LBGS grant £54k, LBH pro rata share £14k) – promoting access to cultural activities and delivering specific projects across four boroughs including Havering, based in Barking & Dagenham;
- East London Network (LBGS grant £149k, LBH pro rata share £17k) – a sub-regional support network for voluntary sector consortia, based in Newham but potentially offering support across ten boroughs including Havering.

2.5 Members are recommended to adopt the following interim criteria for considering funding applications for the period up to 31 March 2012, pending a full review as part of the Community Action project later in 2011/12 which will be reported to Members in due course. These criteria are designed to ensure that any organisations receiving grants from the Council are delivering value-for-money services which substantially benefit Havering's community:

Havering Council will be willing to consider applications for grant funding from voluntary organisations which meet all the following criteria:

- a) the organisation is receiving grant funding from the London Borough Grant Scheme up until 15 August 2011;*
- b) the amount requested from the Council does not exceed the amount previously received from the London Borough Grant Scheme, pro rata to the length of the grant period and the population of the boroughs served, unless there are exceptional circumstances because the viability of the service is at risk and all other criteria are met;*

- c) *there is clear evidence that the organisation is delivering a service which is of substantial benefit to Havering's community, which can be delivered on the same basis as previously in terms of borough support, and that the grant awarded represents value for money in relation to that service;*
- d) *the organisation is willing to enter into a funding agreement with the Council to deliver the agreed service and to ensure satisfactory performance.*

- 2.6 In view of the short time before the current LBGS funding for these organisations ends, it is recommended that there should be immediate consultation on the interim criteria with organisations affected by the changes who are delivering a significant level of service in Havering, and that any responses to the consultation should be taken into account in reaching decisions on grant applications.
- 2.7 It is further recommended that decisions on whether to approve any grant applications received should be delegated to the Cabinet Member for Value and the Cabinet Member for Towns and Communities (with the Leader of the Council acting in the place of either or both of those Members if they declare an interest in the decision), following consideration of the interim criteria, any responses received from consultation, and the equalities and financial implications of each decision.

REASONS AND OPTIONS

3. Reasons for the decision:

- 3.1 The rationale for the changes to the LBGS is that boroughs are best placed to take decisions locally about whether to provide grant funding for all but category A* services. A number of voluntary organisations will have their funding agreements terminated on 15 August 2011, including some which are providing services in Havering. It is important that the Council has clear, transparent, and justifiable criteria for deciding which organisations it may fund, in the context of the Council's overall financial position.

4. Other options considered:

- 4.1 It would be possible to attempt to assess grant applications on their individual merits without setting a framework of criteria for assessing them, but this risks inconsistency and unfairness in the way applications are processed, and may mean that important considerations are not properly taken into account.

IMPLICATIONS AND RISKS

5. Financial implications and risks:

- 5.1 The LBGS is a statutory scheme under which, once the budget has been approved by the necessary majority of two thirds of London boroughs, each borough is individually required to contribute a share of the cost proportional to the borough's population size. In 2010/11 Havering's contribution was £795,100. Because of uncertainty at the time the budget was set, the same amount of £795,100 was included in the Council's budget for 2011/12.
- 5.2 However because the LBGS will be funding fewer services after 15 August 2011, the size of the LBGS budget has reduced this year, but by slightly less than was proposed prior to the judicial review. Havering's contribution to the LBGS in 2011/12 will be £422,300 (£399,800 original plus £22,500 supplementary budget), subject to any further changes which may arise in the remainder of the year. At this stage however it is anticipated that this will leave a sufficient balance to fund grant applications which may be approved from voluntary organisations meeting the interim criteria proposed in paragraph 2.5 above, because relatively few of the organisations previously funded by the LBGS were delivering services in Havering. The unallocated balance remaining after any Council grants have been made will be retained corporately and reviewed as part of the 2012/13 budget process.
- 5.3 There will be further changes to the LBGS budget in 2012/13 as decisions are taken on whether to renew category A* commissions which are coming to an end, and because of the full year effect of the 2011/12, and any other changes which may result from London Councils' decisions or external pressures. As a result there is considerable uncertainty about the 2012/13 budget position at this stage.
- 5.4 The proposals therefore aim to minimise, as far as possible, the risk of sudden unplanned disruption to services that need to be maintained in the borough, ahead of a more fundamental review for 2012/13.

6. Legal implications and risks:

- 6.1 The judicial review has clarified the process by which local authorities are legally entitled to review the financial support which is provided to the voluntary sector. The Council must have due regard to the equalities implications of its funding decisions, and must only make those decisions after it has consulted properly with the organisations who will be affected. These considerations are incorporated in the proposed decision-making process.

7. Human Resources implications and risks:

- 7.1 There are no direct human resources implications. The modest workload attached to considering grant applications will be managed within existing staff resources.

8. Equalities implications and risks:

- 8.1 See paragraph 6.1 above. The equalities impacts will be considered carefully before a decision is taken on any applications for grant funding from organisations funded from the LBGS until 15 August.

BACKGROUND PAPERS

None.