

Item No. 10.	Classification: Open	Date: 24 January 2012	Meeting Name: Cabinet
Report title:		London Councils Grants Scheme 2012/13	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Abdul Mohamed, Equalities and Community Engagement	

FOREWORD - COUNCILLOR ABDUL MOHAMED, CABINET MEMBER FOR EQUALITIES AND COMMUNITY ENGAGEMENT

The London Councils grants scheme funds voluntary and community sector organisations that are intended to address a range of social issues primarily focused on tackling disadvantage, discrimination and creating opportunities for all those living in London. It primarily funds organisations that work across more than one London borough.

The unprecedented cuts in government funding have led to London Councils substantially reducing the levy that all London Councils are required to pay to the scheme and ending the commissioning of a large number of services across London.

For 2012/13 the levy that Southwark Council is required to pay is £421,773 a reduction of £93,458 on the previous financial year. We need to formally agree this new reduced levy and note that this is a transitional year and London councils has been consulting on future priorities for the scheme.

RECOMMENDATIONS

1. That the Cabinet approve Southwark Council's contribution to the London Councils Grants Scheme of £421,773 for 2012/13 subject to approval of the budget proposals to be submitted to the Council Assembly in February 2012.

BACKGROUND INFORMATION

2. The London Councils Grants Scheme was established following the abolition of the Greater London Council, as a means of maintaining support to voluntary organisations providing London-wide services. Organisations supported by the scheme are required to provide services across at least two London boroughs in order to qualify for support.
3. Constituent Councils are required to contribute to the London Councils Grants Scheme under Regulations 6(8) of the Levying Bodies (General) Regulations 1992. Individual council's contributions should be proportionate to their populations. For 2012/13 the apportionment is based on the Office for National Statistics (ONS) June 2010 estimate of population.
4. In accordance with the Grants to Voluntary Organisations Order 1992 which came into effect on 02 November 1992 and remains in force, two-thirds of constituent Councils must agree the budget before 1 February 2012. If not the overall level of expenditure will be deemed to be the same as that approved for

2011/12 which totalled £20,767,000. A total budget of £12,500,000 for 2012/13 has been recommended by the London Councils Leaders Committee.

5. When the ALG was established on 1 April 2000 constituent councils agreed to some changes to the operation of the Scheme. These changes meant that the budget for London Councils Grants Scheme must be approved by London Councils Leaders Committee. This should normally happen before any budget that is recommended to constituent councils by the Grants Committee can be formally referred to them as a basis for consideration in their respective council chambers. Under Paragraph 7.5 of the Scheme London boroughs are required to formally respond to London Councils Leaders Committee by no later than 20 January 2012. However, as the Leaders Committee did not agree the proposed budget until 13 December 2011 the next opportunity to present this to the Cabinet was not until 24 January 2012. Southwark will therefore be notifying London Councils on 25 January 2012 after the 20 January deadline has passed.
6. Following the May 2010 London local council elections, borough leaders suggested that given the increasing devolution of powers and services by government to the local level, a significant proportion of the grants scheme could be better spent by individual boroughs on locally determined priorities. This together with the squeeze on public sector finances triggered a review of the grants scheme that was announced at the London Councils Annual General Meeting on 8 June 2010 with a view to repatriation or reduction of the levy. The timescale agreed for completion of the review was December 2010.
7. The review of the London Boroughs' Grants Scheme focused on three main issues:
 - What funded activity, if any, should be delivered locally by individual London boroughs in the future;
 - What London-wide activities/programme should be funded in the future, together with budget and priorities for this;
 - The timetable and processes to achieve the resulting changes.
8. The following re-categorisation of services for future funding purposes emerged from the review:

Category A – London-wide services

The funded services included in Category A are mainly those which satisfy one or more of the following conditions:

- Those where the frontline service is in the true sense London-wide, such as London-wide sporting competitions and child helpline; and/or
- Those which provide capacity building and support to the third sector; and/or
- Those which provide a London-wide voice to different sectors of the community.

Category B – Sub-regional services delivered across more than one London Borough.

Those included in Category B are mainly services that are currently organised sub-regionally, or services which are piloted in parts of London, such as services to tackle child poverty.

Category C – Services that are local in nature - delivered within a single London Borough

Those included in this category are funded services where services are local in nature, and where they could potentially be carried out at a local level if boroughs have the resources available to do so. These include services such as day centres and drop-in for homeless people and those which reduce bullying and its impact.

9. The issues and concerns raised during the consultation process with regard to the speed of change and the capacity of boroughs to quickly take on commissioning responsibility shaped 3 broad options on how to progress change whilst minimising disruption.
 - Option 1 - De-commission B and C services from 1 April 2011
 - Option 2 - Allow all B and C services to run their full course
 - Option 3 - Allow a managed process of transition for B and C services
10. The Grants Committee met on 25 November 2010 to consider the key issues arising from the review process including the principles that emerged from the consultation, the categorisation of services, the timing of the proposed changes and to make recommendations to Leaders Committee on which proposal to take forward for approval. Grants Committee opted for Option 3 (a managed transition) and these recommendations were approved by Leaders Committee on 14 December 2010. This meant that individual boroughs would need to come to a conclusion as to which commissioned services should continue on a borough by borough and commission by commission basis.
11. It was recognised that not all boroughs could come to conclusions as to which, if any, services they would like to be managed on an interim basis before 31 December 2010 which is when notice of early termination would have to be given if commissions were to end on 31st March 2011. It was also therefore agreed that all commissions would continue until 30th June 2011 to give all boroughs time to agree their own options. In the meantime individual boroughs needed to consider which services they wished to continue to run and how they would be managed in the future. Organisations were formally notified on 21 December 2010 that funding would cease on 31 March 2011.
12. On 1 February 2011 the High Court upheld a Judicial Review Claim brought by clients of the Roma Support Group challenging the basis upon which certain decisions in relation to the future of the Scheme had been taken. The challenge was brought on two broad issues:
 - That the consultation process was flawed in a number of ways; and

- That the decisions did not give due regard to London Councils' statutory equalities duties
13. The Court ruled that insufficient consideration had been given to equalities duties as a consequence of London Councils' approach to assessing and categorising the 69 service areas rather than the 360 individual commissions for the purpose of making funding decisions.

The Court proceeded to quash the leaders' Committee decisions on:

- Categorisation of services for funding purposes
 - The timing of changes to Scheme
 - Transitional arrangements.
14. The Court also ordered that London Councils should not terminate any commissions in advance of their natural expiry until three months after a lawful reconsideration of the decisions which were quashed. Overall the decision meant that if LC wished to continue then services had to be re-categorised and Equalities impact Assessment's (EiA's) carried out on the 360 commissioned services.
15. London Councils formally withdrew notice letters of 21 December 2010 to commissioned organisations and informed them that they were on 3 months rolling notice pending a re-categorisation, further consultation and the completion of EiA's for all commissioned services. All groups were subject to further re-categorisation in terms of A, B and C services. The completion date aimed for was March 2011 or as soon as possible thereafter.
16. At its meeting on 7 May 2011 Leaders' Committee having taken account of the High Court ruling and on a recommendation of the Grants Committee, agreed a re-categorisation of commissions and a categorisation of A* commissions which will continue until the end of their original agreement. A* services are commissions that meet the principles for a London wide programme and which address one or more of the Scheme's priority areas. All other services categorised as A/B/C commissions were to be terminated no later than 15 August 2011. London Councils subsequently gave notice to all commissions that were not categorised as A* and these have now been terminated. Funding continues for category A* commissions and subject to the continued availability of resources, grants will be provided to the end of the agreed period. Continuation of funding for A* services is also subject to organisations continuing to deliver in accordance with the requirements of the commission.
17. At an informal meeting of borough leaders it was agreed that there should continue to be a grants scheme beyond 2012/13 at a much reduced level which should retain the principles and priorities previously agreed. The new scheme should focus on one or two areas only and should be broadly related to London wide programmes where the mobility of clients is key e.g. domestic violence, homelessness and capacity building the voluntary sector.
18. At its meeting on 13 July 2011 the Grants Committee agreed that there should be consultation on these proposals for a future grants programme based on:
- A reduced budget in 2012/13 including the cost of continuing the current portfolio of A* commissions to their natural end

- A revised approach to services that are commissioned by London Councils 2013/14 following wider consultation
- Further consideration of the administrative structure of the scheme.

KEY ISSUES FOR CONSIDERATION

19. The London Councils Grants Committee considered proposals for expenditure in 2012/13 at its meeting on 09 November 2011. This was subject to agreement of the overall budget by London Councils Leaders' Committee, which met on 13 December 2011 and agreed the proposed budget. The budget being recommended to constituent councils is set out below.

	£
Overall Level of Expenditure	12,500,000
Made up of:	
- London Councils Grants Programme	9,940,000
- Membership Fees to London Funders	60,000
- ESF Co-Financing	1,905,000
- Operating (Non-Grants) Expenditure	491,000
- Central Recharges	104,000
Income would comprise:	
- Borough contributions	11,500,000
- European Social Fund grant	1,000,000

20. The budget for 2012/13 will be a transitional budget leading up to the new programme that will be effective from 2013/14. Assuming a future programme of about £8 million, it is anticipated that at least some of the current programme of commissions which are due to end during 2012/13 will not be extended or renewed. The cost of funding all commissions until the end of 2012/13 would be over £11 million.

Community impact statement

21. For the financial year 2011/2012 the sum of £20,767,000 was awarded to voluntary organisations based throughout London to carry out various services and activities covering legal advice, health & social care, citizenship & human rights, support for women, support for children and young people, arts and culture, sustainable forms of transport, quality childcare provisions, support for the elderly, support for migrant communities, facilities for homeless persons, tackling homelessness, development of social enterprise across London, social cohesion, etc. Southwark Council influences the pattern of the London Councils support through its representation on both Grants and Leaders Committees as a constituent council.

22. This funding is based on levels of deprivation and need. Residents in Southwark benefit from a wider range of services from organisations other than those simply based within the borough. Organisations based in Southwark also serve the populations of other London boroughs.
23. Given Southwark's demographics a number of organisations in receipt of London Councils funding are providing services which have a beneficial effect on the local community. Examples include: Southwark Refugee Project, Age Concern, Homeless Link & Victim Support. Funding from London Councils to a number of Southwark based groups providing such services under the scheme ended in August 2011.
24. Arriving at conclusions as to which, if any, services the council would like to continue to be provided presents a complex challenge and carries significant risk for the council for a number of reasons. London Councils is one of the largest funders of the voluntary and community sector in London, the current scheme funded over 360 individual voluntary sector organisations, almost 200 of which have beneficiaries who are residents of Southwark. In addition a number of organisations previously supported with London Councils funding are also in receipt of council funding. A number of advice service providers were subject to termination of their commissions in August 2011. These groups can apply to the council's Transition Fund to enable them to move to a more sustainable position. Within Southwark, therefore, the impact can potentially be mitigated in this way if proposals meet the criteria of the Transition Fund.
25. The decision to end commissions was taken by London Councils on the basis of a re-categorisation of services and completion of EIA's. Based on this London Councils have arrived at the budget set out above which is now a decision for constituent councils to approve.

Resource implications

26. Southwark Council's contribution to the 2011/12 budget was £515,231 (based on a population of 285,600). If the proposed budget is approved the contribution in 2012/13 will be £421,773 (based on a population of 287,000). This represents a decrease of £93,458 over the 2011/12 levy.
27. There are sufficient resources within the community support budget to meet the Council's required levy of £421,773 for 2012/13. However, this will need to be considered within the council's normal budget-setting process.

Consultation

28. Southwark Council is represented on the London Councils Grants and Leaders Committee. In addition officers attend the London Councils Grants officers meetings. The scheme requires two third of constituent Councils to support a budget. If this is not achieved then the budget will remain at 2011/12 level.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

29. Section 48 of the Local Government Act 1985 ('the Act') enables schemes to be made in relation to Greater London and the metropolitan counties for the making of grants to voluntary organisations. In each such area, one constituent council is designated in the scheme for purpose of making the grants, with the other councils contributing financially. In Greater London the constituent councils are the councils of the London boroughs and the Common Council of the City of London. The London Councils Grants Scheme is governed by section 48 of the Act.
30. The council is required under section 48 (3) of the Act to contribute to any expenditure that has been incurred with the approval of two-thirds of the constituent councils. The council's contribution is determined by reference to the size of the council's population.
31. By virtue of section 48 (4) (A) of the Act and The Grants to Voluntary Organisations (Specified Date) Order 1992, it is provided that where a scheme which relates to Greater London requires expenditure under the scheme to be approved by some or all of the constituent councils but the total expenditure in relation to a financial year beginning on or after 1 April 1993 is not so approved before 1st February immediately preceding that financial year the constituent councils shall be deemed to have given their approval to the amount approved or deemed to have been approved for the preceding financial year.
32. The report author at paragraph 21 advises that funding from London Councils to a number of Southwark based groups under the London Councils Grants Scheme ended in August 2011. The report author at Paragraph 22 goes on to set out the risks to the council in determining which, if any, services the council would like to continue to be provided.
33. When making such determinations the council must have due regard to the public sector equality duty contained within Section 149 of the Equality Act 2010. That is the need to eliminate discrimination, harassment, victimisation or other prohibited conduct; advance equality of opportunity between persons who share a relevant protected characteristic and those who do not and foster good relations between those who share a relevant characteristic and those that do not share it. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

Finance Director

34. The finance director notes that Southwark's precise base budget for 2012/13 in respect of this programme has yet to be finalised, however the overall requirement as currently outlined in the report of £421,773 is within the current budget for the 2011/12 grant programme and this area is not part of the departmental savings programme for 2012/13. Officer time to effect the recommendation will be contained within existing budgeted revenue resources.
35. This report recommends that the Cabinet approve Southwark Council's contribution to the London Councils Grants Scheme of £421,773 for 2012/13 subject to approval of the budget proposals to be submitted to the Council Assembly in February 2012.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Correspondence from London Councils	Community engagement, 160 Tooley Street London SE1 2QH	Triumphant Oghre 0207 525 7418
London Councils Grants Scheme 2011/12 - Report	Community engagement, 160 Tooley Street, London SE1 2QH	Triumphant Oghre 0207 525 7418

AUDIT TRAIL

Cabinet Member	Councillor Abdul Mohamed, Equalities & Community Engagement	
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Report Author	Triumphant Oghre, Commissioning Officer	
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CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
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Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
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