

MAYOR AND CABINET		
Report Title	London Borough Grants Scheme - 2011/2012 Expenditure	
Key Decision	Yes	Item No.9
Ward	All	
Contributors	EXECUTIVE DIRECTOR FOR COMMUNITY SERVICES/HEAD OF LAW/DIRECTOR FOR RESOURCES	
Class	Part 1	Date: 19 January 2011

1. Summary

The London Borough Grants Committee (LBGC) was established to provide funding for voluntary organisations offering London-wide services or operating in two or more London Boroughs. This report considers the recommendation of the Grants Committee of the London Councils on the level of expenditure for the London Boroughs Grants Scheme in 2011/12 and the proposed contribution by the London Borough of Lewisham.

2. Purpose

To consider the recommendation of the Grants Committee of the London Councils on the level of expenditure for London Borough Grants Scheme in 2011/2012 and the proposed contribution by the London Borough of Lewisham.

3. Policy Context

- 3.1 The LBGC was established in 1985 to provide funding for voluntary organisations offering London-wide services or operating in two or more London Boroughs. The thirty-two London Boroughs and Corporation of London are required by statute to contribute to the funding of London Borough Grants.
- 3.2 Lewisham's contribution to the London Councils Grants Scheme funds voluntary sector activity in Lewisham that contributes towards the vision for Lewisham outlined in the Sustainable Community Strategy. London Councils Grants Scheme also supports infrastructure development of the third sector, which assists the council with delivering local public services.
- 3.3 The Council gives grant aid to a number of organisations in pursuit of the objectives of the Council's Community Strategy, specifically to "work with the voluntary and community sector to build their capacity and to facilitate their involvement in the development and delivery of local outcomes." The grant aid also assists with the objectives set out in the Council's ten corporate priorities, particularly "Community leadership and empowerment: Developing opportunities for the active participation

and engagement of people in the life of the community”.

4. Recommendations

The Mayor is recommended to:

- 4.1 agree the overall expenditure for the London Councils Grants Scheme in 2011/2012 of £17,691,000; and
- 4.2 agree a sum of £451,716 in respect of the London Borough of Lewisham’s contribution as outlined in the London Councils’ notification to Chief Executives on 17 December 2010.
- 4.4 note a saving in 2012/13 assuming a further reduction in the Councils contribution to the Scheme (para 6.4 below)

5. Background

On 17 October 1985 the London Borough Grants Scheme was set up in accordance with the requirements of Section 48 of the Local Government Act 1985. On 1 April 2000 the London Local Authorities established a joint committee under Sections 101 and 102 of the Local Government Act 1972 and resolved to delegate various functions to the Association of London Government Grants joint committee. This was then amended at the end of 2001 to take account of the new political management arrangements. The purpose of the scheme is to provide funding for voluntary organisations offering London-wide services or operating in two or more London Boroughs. The thirty-two London Boroughs and Corporation of London are required by statute to contribute to the funding of the London Boroughs Grants Scheme.

6. Expenditure for 2011/2012

- 6.1 On 14 December 2010 the London Councils Leaders’ Committee agreed to recommend to constituent Council’s a total expenditure of £17,691,000 (£30,116,000 in 2010/11) for 2011/2012 comprising £16,793,000 (£28,400,000 in 2010/11) for grant aiding, £838,000 (£1,718,000 in 2010/11) for administrative expenditure and £60,000 for London Funders Membership fees . This would be financed by using interest and balances of £2,380,000 (£1,716,000 in 2009/10)), European Social Fund grant of £2,070,000 (£2,070,000 in 2010/2011) and contributions from Boroughs of £13,241,000. (£26,330,000 in 2010/2011).
- 6.2 The overall level of borough contributions to the Scheme represents a decrease of 49.71% compared to the current year. This decrease is as a result of a recent review undertaken of the future role and scope of the London Borough Grants Scheme (see below paragraph 7)
- 6.3 Borough contributions are in proportion to member council’s population and are calculated using the Office for Population and Census Statistics mid 2009 estimates. Although the Lewisham population has increased slightly since the previous years estimate from 261,600 to 264,500 the overall population of London has increased from 7,619.8 to 7,753.2. This has led to the apportionment for Lewisham decreasing from 3.43% to 3.41%. Lewisham’s contribution in 2011/2012

will decrease by £452,235 from £903,951 to £451,716, which equates to a decrease of 50.03%.

- 6.4 A further reduction in the scheme is expected in 2012/13. This will give a saving to the Council estimated at 16% (£140k).

7. Grants Review

- 7.1 Every four years following London local government elections, Leaders' Committee sets new priorities for the programme of commissioning by London Councils Grants Committee. Though an earlier consultation had been undertaken to scope the potential future priorities, in June 2010 the new Leaders' Committee announced a review of the London Boroughs Grants Scheme, with a view to establishing the degree to which services funded through the grants programme should continue to be funded through a London-wide Grants Scheme. The review has taken place against a background of anticipated cuts in public sector spending, and in a context where constituent Councils may not be in a position to contribute to the grants budget at the same level as previously.
- 7.2 As a result of this review the Grants Committee met on 25 November 2010 to consider the key issues arising from the review. The recommendation of this Committee, subsequently agreed by the London Councils Leaders' Committee, was that in future only services that are pan London services will be funded, with those that are sub-regional or local in nature no longer being funded through the scheme. It was agreed that funding for those organisations falling within the latter two categories will continue until 30th June 2011.
- 7.3 Of those organisations that will no longer be funded by the London Borough Grants Scheme, a number of them provide a service that the Council may wish to continue to support. There are also a number of Lewisham based organisations that have been in receipt of funding for 2010/11 that are no longer part of the revised principles and priorities. These are The Deptford Albany, Beat bullying, Artefacts Edutainment, Heart n Soul, Voluntary Action Lewisham, Creative Lewisham Agency (now Creative Process), and Groundwork. This excludes those projects funded through the European Social Fund grant (of which there is one Lewisham based group) as these will continue to be funded until their funding agreement expires. Officers are currently identifying which, if any, of the services no longer supported by London Councils Lewisham might wish to support and how this might be achieved. This will be in the context of Lewisham's grant aid priorities and criteria which are currently being reviewed. A further report will be submitted to Mayor and Cabinet for consideration.

8. Options

- 8.1 Under Section 48 of the Local Government Act 1985 the Council is obliged to participate in the scheme as it is not possible for a single borough to unilaterally decide to pull out of the Scheme. Under statute two-thirds of the constituent boroughs must agree to set up the Scheme, two-thirds of the boroughs to agree the budget (with the Secretary of State's reserve power to set a budget as at current year level if boroughs fail to agree one by 31 January) and two-thirds to decide to end the Scheme.

- 8.2 If the Council no longer wanted to participate in the Scheme then it would also need to decide whether the Scheme should continue at all. If it felt that it should not then it would need to get formal agreement from two-thirds of the membership. If it feels that it does not want to contribute in 2011/2012 then it would need to get agreement from two-thirds of the membership by 31 January 2011.
- 8.3 The Council could decide that the level of the overall budget is not satisfactory. Again two-thirds of the membership is required to set the budget so the Council would need to get agreement from this proportion to set a budget at a level it sees fit. Given the time constraints it is unlikely that this will be done by 31 January 2011 and if no decision is made by this date then the budget level for 2011/2012 will remain the same as 2010/2011. It is recommended to agree the budget at the proposed level.

9. Financial Implications

- 9.1 The report notes a proposal by the Grants Committee of London Councils to reduce expenditure funded through the London Borough Grants Scheme in 2011/12. It seeks approval for the proposed reduction and notes the financial impact on Lewisham's contribution.
- 9.2 The current budget for London Borough Grants Scheme is £900,850, marginally less than the 2010/11 costs of £903,851, as no inflation has yet been added. Proposals relating to inflationary provision in the 2011/12 budget are still being finalised. However, due to the uncertainties concerning the actual level of inflation in 2011/12, and in particular the pay award for 2011/12, it is proposed to hold the provision for inflation corporately and allocate it, as required, during 2011/12.
- 9.3 The recommended contribution of £451,716 will be met from the available budget, leaving £449,134 uncommitted. The Mayor may wish to use some of this saving to reinvest in the voluntary sector – e.g. to reinstate some of the funding for local groups losing LBGS funding. The reduction in the LBGS presents an opportunity for a revenue saving. A further report will be brought to Mayor & Cabinet about the continued funding of organisations based in Lewisham whose funding from London Councils will cease, and this will include an estimate of the scope for any saving in 2011/12.
- 9.4 A further saving of £140k is estimated for 2012/13 (para 6.4 above)

10. Legal Implications

The legal implications of continuing with Lewisham's contribution to the Scheme or withdrawing from it are set out in the body of this Report.

11. Crime and Disorder Implications

A number of organisations that work within the crime and disorder field providing a service in Lewisham are funded by London Councils.

12. Equality Implications

London Borough Grants funds an extensive number of services targeted at tackling the needs of individuals and groups excluded from mainstream economic, social and cultural opportunities. A number of organisations that will no longer be supported by the London Borough Grants Scheme provide services to individuals that fall within the equalities strands as identified in the Equalities Act 2010. In considering whether Lewisham wishes to fund any of the services no longer supported through the grants scheme the Council's equalities duties will need to be considered.

13. Environmental Implications

A number of environmental organisations providing a service in Lewisham are funded by London Councils.

14. Conclusion

The report outlines the background to the London Borough Grants Scheme, and details Lewisham groups funded in the current financial year and proposes that the Council approve the recommended budget as set out in the London Councils' notification to Chief Executives for the reasons outlined in paragraph 8 above.

BACKGROUND PAPERS

None

If you would like more information on this report please contact Sandra Jones of Community Services Directorate's Community Sector Unit on 0208 314 6579.