

CABINET

17 JANUARY 2012

Title: Corporate Grants and Commissioning Programme 2012/13	
Report of the Cabinet Member For Crime, Justice And Communities	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
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Accountable Divisional Director: Karen Ahmed, Divisional Director Adult Commissioning	
Accountable Director: Anne Bristow, Corporate Director of Adult and Community Services	
Summary: The paper sets out the proposed 2012/13 Corporate Grants and Commissioning programme. It is further proposed to review the grants programme for 2013/14 in 2012 in order to remain within budget.	
Recommendation(s) The Cabinet is recommended to: (i) Note the adverse impact on the Council's intended Corporate Grants and Commissioning Programme of the increased contribution to the London Councils grant programme, as shown in Appendix 2 to the report (ii) Agree a reduced budget of £26,690 for Innovation Fund grants and £7,700 for the Pump Priming Fund for 2012/13 in order to remain within budget; (iii) Agree the allocation of grants from the Innovation Fund for 2012/13 as detailed in Appendix 1 to the report; and (iv) Note that a review of the Corporate Grants and Commissioning Programme for 2013/14 will be undertaken this year to address the current projected budget shortfall.	
Reason(s) Agreement of the recommendations will enable achievement of the overall objectives of the grants programme, i.e. building capacity in the third sector and strengthening community services. In turn, this will contribute directly towards achievement of corporate and partnership objectives particularly the Council Theme "Better Together".	

1. Introduction

- 1.1 The Cabinet agreed in March 2011 that in future years, 2012/13 and 2013/14, further reviews of grants and commissioning would be necessary to ensure that the required corporate savings of £250,000 in 2012/13 and 2013/14 are achieved. The budget provided at that time for 2012/13 was balanced, but was dependant upon the Council's contribution to the London Council's grants programme being reduced to £200,000 in 2012/13.
- 1.2 The proposal agreed by Cabinet in March 2011 included an anticipated budget shortfall of £107,500 in 2012/13, and a further shortfall of £313,500 in 2013/14, which it was anticipated would be met in the main through our contribution to the London Councils Grants Programme reducing.

2 Background

- 2.1 The Corporate Grants and Commissioning programme is composed of the following elements:
- London Councils Grants which is a programme of pan-London grants for services
 - Capacity building commissions providing infrastructure support to the voluntary and community sector in the borough (3 year contracts)
 - Strengthening communities commissions providing a range of activities that engage and strengthen the community (3 year contracts)
 - Innovation Grants – an annual fund for smaller groups to apply for up to £10,000 for new projects
 - Pump Priming fund - an opportunity for groups to apply for up to £1500 for encouraging engagement and new opportunities in the local community.
- 2.2 The London Councils grants programme is administered by London Councils. London Councils invests in voluntary organisations on behalf of all the London boroughs, focusing on London's most deprived and vulnerable communities. All of the grants seek to improve the lives of people who live, work and visit London. London Councils funding is provided by the London Boroughs Grants Scheme, which was established under Section 48 of the 1985 Local Government Act. The scheme is funded and governed by all 32 London boroughs and the Corporation of London. It enables London's local authorities to fund voluntary organisations working in more than one borough, sub-regionally or across the capital to meet the needs of London as a whole. Each borough contributes an amount based on the local population. The Leaders' Committee (i.e. the leaders of each London borough councils) is the main decision-making body. The operation of the scheme is managed by the Grants Committee which comprises 33 representative members, one from each of London's local councils.
- 2.3 Members and officers have consistently lobbied for a reduction in the London Councils Grants programme due to the lack of the impact of these services for the residents of Barking and Dagenham. However, as the programme is set up two thirds of London Leaders have to agree any change to the budget contributions for the programme.
- 2.4 A further review of the London Councils grants programme has been scheduled for the spring of 2012 with implementation from April 2013. However the Leaders'

Committee has agreed an indicative budget of £8,000,000 plus an European Social Fund programme in 2013 in advance of the review which would mean that the reduction in Barking and Dagenham's contribution would be limited.

3 Proposal and Issues

- 3.1 Based on our understanding in 2011 the Council set its budget on the basis that Barking and Dagenham's contribution to London Council Grants would be £300,000 in 2011/12 and £200,000 in 2012/13. However, as Members will be aware the London Council's decisions were successfully challenged through judicial review. This meant that our contribution in 2011/12 was £317,000 and will now be £264,086 in 2012/13. It will therefore be necessary to reduce expenditure on other parts of the programme in order for the overall scheme to remain in budget.
- 3.2 The additional budget saving of £35,000 agreed at Cabinet on 14/12/11 now also needs to be factored into the proposed allocations.

4 Options appraisal

- 4.1 Officers have considered a number of options by which these savings can be delivered:

a) Option1 :Reducing support to existing contracts with those organisations providing services to the voluntary and community sector in the Borough

The existing commissions were drawn up as part of an extensive review of the Corporate Grants and Commissioning Programme in 2010 and implemented from July 2011. The review included consultation with the sector locally and with other authorities across London. The review demonstrated that LBBB funding to its infrastructure bodies was less per head of the population than many other London Boroughs. The larger contracts (with the exception of the CLAC Contract which was pre-review) are drawn up on a sliding scale, with a reduction year on year for the life of the contracts.

The term of all the contracts was 3 years from July 2011 with the ability to extend the contract by 2 years in line with the Local Compact. The contracts were publicly tendered for, which is highly unusual for infrastructure contracts in boroughs, and allowed other voluntary and community sector groups both within the borough and externally to bid for the contracts. All the larger contracts were tendered for at a higher financial level than will be paid in 2012-13, and commissioned groups (Barking and Dagenham CVS, Barking and Dagenham Volunteer Bureau and Harmony House) accepted the sliding scale post application due to the Council's budget pressures at that time.

The Corporate commissions contracts do have a clause that allows for changes within the payment schedule, subject to the appropriate consultation period. This, however, must be done as part of the annual review - so the reduction could not be achieved until July 2012.

Officers would recommend rather than reduce contracts from July 2012, that funding to the CVS and other organisations should be looked at as part of the wider review that is required for 2013-14 and 2014-15 due to the substantial

savings required from this point. This would enable appropriate consultation with the statutory and voluntary sector locally and a fresh look at the role of infrastructure for the voluntary and community sector in the Borough. This also puts a transparent review process for the Corporate Grants and commissioning programme in place a year earlier than was initially anticipated and potentially terminates all contracts within two years of their start date.

b) Option 2: Removing all funding for the Innovation Grants programme

The initial innovation fund budget for 2012-13 was £60,000. The programme was advertised in August 2011 following sign-off from the Portfolio Holder. 26 applications were received and officers consider that 8 of these would have been prioritised for funding if a budget allocation of £60,000 remained available. Appendix 1 contains details of the process and applications. If no funding were awarded a number of groups would have completed applications which are now not able to be considered. There would be a negative impact on the groups who would otherwise have received funding.

c) Option 3 : An across the board reduction in funding to all organisations

For the reasons outlined in a) above this would not be recommended. The reduction of some of the smaller commissions in particular would potentially challenge the viability of the services provided. It is considered preferable to make any such reductions after a comprehensive review process.

d) Option 4: Recommended Option - A reduced budget for the Innovation and Pump Priming grants budgets

The Innovation grants budget for 2012/13 is £60,000 and the Pump Priming fund budget is £11,500. These budgets fund annual programmes and local organisations understand that the allocations are only for one year and that there is no ongoing commitment.

Officers have therefore considered that it would be possible to reduce the number of organisations receiving new funding in 2012/13.

It is now proposed to reduce the Innovation grant budget to £26,690 and fund 4 organisations as set out in the table below:

Organisation	Project Description	Recommended
Teach Forex	Bmoney Wize: Financial literacy training	£9,995
Recovery Resources Foundation	Recovery link-up café-Barking	£8,500
B & D Somali Women's Association	Job club	£6,000
Green Shoes Arts Community Interest	Cohesion through arts project	£5,695
		£26,690

It is also proposed that the Pump Priming fund is reduced to £7,700 and applications are considered against this sum from April 2012.

Appendix 2 sets out how funds would be allocated if option 4 is agreed.

5 Consultation

- 5.1 The Themes and budgets on which the recommendations in this paper are based reflect the three year programmes of work which were set following substantial consultation, which led to the Grants Review 2010.

6 Financial Implications

Implications completed by: Ruth Hodson, Finance Group Manager

- 6.1 The corporate grants budget has been significantly reduced since 2009/10. The grant programme has been reduced to match the diminished budget and all the figures have been reviewed thoroughly by Finance.
- 6.2 The 2013/14 current programme commitments are greater than the budget available. However, these grants will have to be reviewed through the 2012/13 financial year to seek reductions. This will be with the support of the finance resource to review the robustness of these projections.

7 Legal Implications

Implications completed by: Bimpe Onafuwa, Contracts Lawyer

- 7.1 This Report is providing information to Cabinet on proposals in achieving financial savings in respect of the years 2011/12, 2012/13 and 2013/14. It also proposes a further review of the savings in the summer of 2012, in respect of the year 2013/14.
- 7.2 In applying the savings proposals and identifying further savings initiatives, consideration should be given so that minority groups such as those promoting ethnic, religious or age related interests do not appear to be discriminated against on the basis of their characteristics.
- 7.3 S.149 of the Equality Act requires public bodies to consider all individuals when carrying out their activities. Public bodies are therefore required to have regard to the need to eliminate discrimination, advance equal opportunities and foster good relationships between different people when undertaking their activities. Additionally, this provision encourages public bodies to understand how different people will be affected by their activities, so that their policies are appropriate and meet different people's needs.
- 7.4 Other than the potential issue noted above the Legal Practice does not identify further implications in the implementation of the proposals noted in this report.

8 Other Implications

8.1 Risk Management

There would be significant risk to the viability of a range of voluntary organisations in the Borough if further reductions were made to the programme. Officers will engage with relevant organisations to assist them to apply for alternative sources of funding.

There is a risk that the services which have been commissioned for three years may receive further reduced funding in the third year – 2013/14; this is dependent on the settlement of the London Councils grant programme in 2013/14.

There is a risk that the services receiving funding will experience increased demand as the impact of the recession continues. This will be monitored through the regular grant monitoring, and funded organisations supported to adjust the services offered within the contract price if appropriate.

8.2 Contractual Issues

None, apart from those addressed within the body of the report.

8.3 Customer Impact

An Equalities Impact Assessment was carried out before the current commissions were established in 2011/12. The removal of the innovation grants will not affect currently commissioned services. It is not possible to assess the impact of grants which may have been made on the equalities groups, because no decision has been considered as to which grants would have been made. The programme did not consist of any priorities targeted at particular equality groups.

8.4 Safeguarding Children

It is a requirement for all funded organisations to be fully compliant with the provisions of the Children Act 2006 (and the increased safeguards introduced in October 2009) as well as being section 11 compliant or working towards section 11 compliance and to have written policies in place for the protection of vulnerable children and adults. Compliance with this requirement is routinely monitored through the grants programme. If a funded organisation failed to meet the requirements, a range of remedies and sanctions are available to the Council up to and including the removal of grant aid.

Background Papers Used in the Preparation of the Report:

- Corporate Grants and Commissioning Programme 2011/12, presented to Cabinet 15 March 2011.

List of appendices:

Appendix 1: Innovations grants process and applications

Appendix 2: Proposed Budget for 2012/13 Corporate Grants and Commissioning programme