

REPORT TO:	Cabinet 19 January 2015
AGENDA ITEM:	8
SUBJECT:	LONDON COUNCILS GRANTS SCHEME – BUDGET 2015/16
LEAD OFFICERS:	Sarah Ireland Director of Strategy, Communities and Commissioning
CABINET MEMBERS:	Councillor Mark Watson Cabinet Member for Safety and Justice
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT:	
Approval of the 2015/16 budget for the London Councils Grants Scheme and Croydon Council's contribution to the Scheme	
AMBITIOUS FOR CROYDON & WHY WE ARE DOING THIS:	
The Grants to Voluntary Organisations (Specified Date) Order 1992 which came into effect on 2 nd November, 1992 and remains in force, as read with Section 48(3) of the Local Government Act 1985, provides that two-thirds of constituent Councils must agree the London Councils Grants Committee's budget by 1 st February each year. If it is not agreed, the overall level of expenditure is deemed to be set at the same level as was approved or deemed to be approved for the preceding financial year, in this instance the sum approved for the 2014/15 year.	
FINANCIAL SUMMARY:	
Approval of the Council's contribution of £398,622 to the London Councils Grants Scheme for 2015/16. This amounts to an increase of £34,544 compared with the Council's contribution to the Scheme in 2014/15.	
FORWARD PLAN KEY DECISION REFERENCE NO: 1326	
This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the 5 th working day after it is made, unless the decision is referred to the Scrutiny & Overview Committee by the requisite number of Councillors.	

The Leader of the Council has agreed that Cabinet have delegated power to make the decisions set out in the recommendations below.

1. RECOMMENDATIONS

1.1 In order to meet the deadline of 1 February 2015 for setting the London Councils Grants Scheme budget by two-thirds of constituent Council's, Cabinet is recommended to agree the recommendation of the London Councils Leaders Committee to:

- (a) Approve the London Councils Grants Scheme budget for 2015/16 of £10.5m; and
- (b) Agree this Council's 2015/16 contribution to the London Councils Grants Scheme budget amounting to £398,622.

2. EXECUTIVE SUMMARY

2.1 This report seeks approval for the London Councils Grants Scheme (LCGS) budget in 2015/16 set at £10.5m, and Croydon Council's contribution to that budget of £398,622, being the level recommended by the London Councils Leaders Committee at their meeting on 9 December 2014.

3. DETAIL

3.1 Budget

3.1.1 The London Councils Grants Scheme (the Scheme) was established in accordance with the Local Government Act 1985, following the abolition of the Greater London Council in 1986. The Scheme is now governed by the London Councils Grants Committee and membership comprises all the London Boroughs and the City of London.

3.1.2 Notification has been received from the Chief Executive of London Councils that, following a recommendation as to proposals for expenditure under the Scheme for 2015/16, the London Councils Leaders' Committee agreed on 9 December 2014 to make the following recommendation to constituent councils:

Overall level of expenditure of £10.5m 2015/16 comprising:

	£m
Grants	9.88
Administrative Expenditure	0.56
London Funders Membership	0.06

Income would comprise:

European Social Fund grant	1.25
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Transfer from reserves	0.25
Borough contributions	9.00

3.1.3 The recommendation to constituent councils from the London Councils Leaders Committee proposes an overall budget in 2015/16 of £10.5 million, the same as the current year. This budget will require constituent council contributions of £9 million, the same as the gross contribution for the current year. For 2014/15 the Leaders Committee proposed a one off repayment to boroughs amounting to £800,000, reducing the net contribution from Boroughs to £8.2m. This one off repayment will not be available for 2015/16. The actual cost to individual boroughs in 2015/16 will therefore be higher than in 2014/15 even though the gross borough contribution is the same for both years. Population changes also affect the levels of contribution due from each constituent council and percentage reduction.

3.1.4 For 2015/16 the apportionment is based on the Office for National Statistics mid-year estimates for 2013 as revised to take account of boundary changes which took place on 1 April 1995. For Croydon the subscription position can be summarised as follows:-

2014/15 (actual)	Impact of no repayment to boroughs	Impact of population changes	2015/16 (Actual)
£364,078	+£35,520	-£976	£398,622

3.2 Commissioning 2013-2017

3.2.1 The London Councils Leaders' Committee agreed a new set of priorities at its meeting on 12 June 2012 for services commencing on 1 April 2013. The four priority areas were,

- Homelessness
- Sexual and Domestic Violence
- Poverty
- Support to London's Voluntary and Community Organisations

3.2.2 A full list of the commissioned services is available on the London Councils website at <http://www.grants.londoncouncils.gov.uk/>.

4. CONSULTATION

4.1 The council is required by statute to contribute to the London Councils Grants Scheme as set out in paragraph 6 below.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 As set out in paragraph 6 below, the Council is required under statute to contribute to the London Councils Grants Scheme in proportion to the

population of the borough. The level of expenditure for the Scheme varies from year to year as does the estimated population of Croydon as a proportion of the total estimated population of Greater London. It is therefore not possible to accurately predict the precise level of the Council's contribution from year to year.

The Council's contribution for 2015/16, based on a population of 372,800 (4.43% of the population of Greater London) resulting in a reduction of £976 in the contribution required from Croydon. However, as set out in 3.1.4 above, taking account of the effect of the repayment made from London Councils' reserves in 2014/15, the overall effect is an increase of £34,544 from last year.

5.2 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Revenue Budget available				
Expenditure	364	399	400	400
Income	0	0	0	0
Effect of decision from report				
Expenditure	364	399	400	400
Income	0	0	0	0
Remaining budget	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Capital Budget available				
Expenditure	0	0	0	0
Effect of decision from report				
Expenditure	0	0	0	0
Remaining budget	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

5.3 Risks

- 5.3.1 If the Council fails to make a decision by the statutory deadline of 1 February 2015 there is a risk that the Secretary of State will order the 2015/16 budget should be set at the rate agreed for 2014/15. This could result in the scheme having insufficient resources to meet its obligations to current grantees. However, agreement of only 66% of the constituent councils is required for London Councils to set a budget for the scheme. The Secretary of State would only have the power to intervene if eleven councils failed to approve the recommended budget by 1 February 2015.

5.4 Options

- 5.4.1 The Council is required to contribute to the London Councils Grants Scheme under the provisions of the 1985 Local Government Act if the proposals recommended by the Leaders Committee are agreed by $\frac{2}{3}$ of the constituent councils by 1 February 2015.

5.5 Savings/ future efficiencies

- 5.5.1 The Council's contribution to the scheme is dependent upon the agreed level of expenditure, the population of the borough as a proportion of the total population of Greater London and minor variables such as the use of reserves and balances by the Scheme. The Council may influence the total level of expenditure through its membership of the scheme but is bound by the $\frac{2}{3}$ majority decision of the Grants Committee.

(Approved by Dianne Ellender, Head of Finance and Deputy Section 151 Officer on behalf of the Director of Finance and Assets and s151 Officer)

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Council Solicitor comments that under Section 48(3) of the Local Government Act 1985 and Regulation 6(8) of the Levying Bodies (General) Regulations 1992, member authorities are required to contribute financially to the Scheme in proportion to their respective populations.

- 6.2 The Grants to Voluntary Organisations (Specified Date) Order 1992 which came into effect on 2nd November, 1992 and remains in force, as read with Section 48(3) of the 1985 Act, provides that two-thirds of constituent Councils must agree the London Councils Grants Committee's budget by 1st February, 2015. If it is not, the overall level of expenditure is deemed to be set at the same level as was approved or deemed to be approved for the preceding financial year, in this instance the sum approved for the 2014/15 year.

- 6.3 While the Council is not directly responsible for administration of the Scheme, as a participant Council in the Scheme it must still be mindful of its general equalities duty under the Equalities Act 2010 and take such appropriate as are appropriate to consider this duty, as indicated by the equalities impact assessment.

(Approved by Gabriel Macgregor, Head of Corporate Law for and on behalf of the Council Solicitor and Monitoring Officer)

7. HUMAN RESOURCES IMPACT

- 7.1 There are no staffing considerations arising from this report.
(Approved by: Heather Daley, Director of Human Resources)

8. EQUALITIES IMPACT ASSESSMENT

8.1 London Councils is responsible for assessing the impact of individual funding decisions but constituent councils must consider the overall impact of changes to the budget available to the London Councils Grants Committee.

8.2 An initial EqIA has been carried out on the likely impact of the proposals in the report. This indicates that the Council's decision on this matter will have no significant impact on people with protected equalities characteristics.

9. ENVIRONMENTAL AND DESIGN, CRIME AND DISORDER REDUCTION, HUMAN RIGHTS & DATA PROTECTION IMPACTS

9.1 There are no additional impacts in these areas arising from the report.

2. FREEDOM OF INFORMATION/DATA PROTECTION CONSIDERATIONS

2.1 The information contained in this report will be accessible as part of the Council's Publication Scheme maintained under the Freedom of Information Act, while information held by the Council supporting the report may also be accessible under that Act subject to consideration of any relevant exemptions.

3. REASONS FOR RECOMMENDATIONS

3.1 The main reason for the recommendation set out in paragraph 1 above is that, if the Council failed to agree the recommendations of the London Councils Leaders' Committee, there is a risk that the requisite majority of boroughs could fail to agree the proposals by the statutory deadline and the budget will be deemed to be set at the 2014/15 level. This could result in the scheme having insufficient resources to meet its obligations to current grantees.

4. OPTIONS CONSIDERED AND REJECTED

4.1 The options available to the Council are to agree or reject the recommendations of the London Councils Leaders Committee. If rejection is considered, unless the Council was reasonably sure it could secure the support of at least $\frac{2}{3}$ of the constituent councils, it would be futile to seek agreement for an alternative budget. As the Leaders Committee which put forward the proposals is made up of the Leaders of all the constituent councils, it is extremely unlikely a sufficient number would be minded to support an alternative budget to that which they had already agreed.

4.2 For reasons set out in 11.1 above, the option to recommend rejecting the recommendation of the Leaders' Committee was rejected.

Report Author: David Freeman
Background Documents: none