

Grants Committee

Priority 3: Tackling Poverty through Employment (ESF Match Funded) – Approval of Providers

Item 13

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Date:	6 July 2016		
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Summary

The aim of Priority 3 of the Grants Programme is to tackle poverty by helping people who are out of work into work. The focus is on those who are a long way from employment and, therefore, more likely than others to be in poverty. For this reason, the target groups are long-term unemployed people and economically inactive people. The Priority operates in all London boroughs.

This Priority is half funded by boroughs' contributions to the Grants Programme (£1 million per year). These are matched by £1 million from London Councils' European Social Fund (ESF) Programme.

London Councils receives this ESF from the GLA. The GLA operates within a framework set by the Department for Work and Pensions and the London Enterprise Panel.

The ESF timetable is not aligned with that of the Grants Programme. The last cycle of Priority 3 came to an end in 2015, along with the ESF programme across the UK. The Grants Committee decided at its meeting on 26 November 2014 that the Grants Programme should continue to include a Poverty Priority as part of the new ESF programme. The establishment of this new ESF programme has been delayed by negotiations on the UK ESF programme and on the London Councils-GLA agreement. London Councils is confident of signing the agreement with the GLA shortly.

The new cycle will operate until the end of 2018. The approach to commissioning is that competitive bids are invited to deliver a specification which includes numerical outcomes. All providers must be voluntary organisations. Funding is

outcome related. Funding is subject to annual determination of the Grants Programme budget.

The Committee agreed the specification for the new Priority at its meeting on 9 March 2016. For the first time, the Poverty Priority includes explicit borough-by-borough targets based on borough population, unemployment rate and homelessness rates. These are set out in annex A. The unit cost per place is £1,333. This is in line with the Committee's decisions that the Grants Programme should:

- Secure clearer, value-for-money, borough-level outcomes, while retaining a pan-London remit
- Help meet the needs of boroughs based on levels of problems
- Tackle combined homelessness and unemployment.

The total target of 4,500 places over three years costing £6 million gives an indicative unit cost of £1,333 per place.

All Poverty Priority projects will, as a condition of funding, be required to make agreements with a Homelessness Priority project in every borough.

The Chair of the Committee agreed that commissioning should be undertaken in June, to enable recommendations on providers to be made to the Committee's AGM in July. The bidding round was launched on 24 May 2016. It was divided up into six clusters of boroughs (see annex B).

This bidding process is being undertaken subject to agreement of funding with the GLA and the grant agreement being entered into.

The closing date for bids was 22 June 2016. London Councils received 30 bids (see annex C – some organisations have bid for more than one cluster). Officers from London Councils, boroughs and voluntary sector umbrella bodies are now scoring the bids. An appraisal panel made up of Officers from London Councils, the boroughs, the GLA and the umbrella bodies will review the scores and make recommendations to the Committee. Shortly before the Committee's meeting, London Councils will send the Committee annex D to this report which will summarise the appraisal panel's assessment of the bids and will summarise its recommendations to the Committee for consideration at the AGM on 13 July.

Recommendations

The Grants Committee is asked:

- 1) To note the progress on commissioning of the Grants Programme Poverty Priority
- 2) To note that this commissioning implements the Committee's requirements for:
 - a) Explicit borough outcomes, underpinned by a distribution of targets based on the differing levels of need in boroughs
 - b) Closer working with the Grants Programme's Homelessness Priority on the ground
- 3) On the basis of this report and annex D (to follow), and subject to funding

being agreed, to:

- a) Consider the panel's recommendations for:
 - i) The organisations to be providers of this new cycle of the Poverty Priority on a cluster-by-cluster basis
 - ii) The amounts of funding to be awarded to each chosen organisation
- b) Select one provider and the funding for this per cluster – the panel's recommendations are shown in each case
- c) Give reasons if the second recommendation instead of the first is selected in any cluster; or if neither the first nor the second is selected.

The Poverty Priority

The aim of Priority 3 of the Grants Programme is to tackle poverty by helping people who are out of work and a long way from the labour market into work. The target group is mainly long-term unemployed people and economically inactive people across London. This priority is half funded by boroughs' contributions to the Grants Programme (£1 million per year) matched by £1 million London Councils' European Social Fund (ESF) Programme. The last cycle of Priority 3 came to an end in 2015, along with the ESF programme across the UK.

Performance of the Priority

Priority 3 met its aim and objectives in the current cycle as set out in the table below (from report 6 on the agenda of the meeting of the Grants Committee on 9 March 2016). This table also compares the Priority 3 to other ESF programmes.

Future of the Priority

The Grants Programme Poverty Priority is half funded by European Social Fund (ESF). The last cycle of ESF across the UK - with it the Poverty Priority - closed at the end of 2015.

The Grants Committee decided at its meeting on 26 November 2014 that the Grants Programme would continue to include a Poverty Priority when the new ESF programme was up and running. The new ESF programme in London is led by the GLA within a framework determined by the London Enterprise Panel and the Department of Work and Pensions. There has been a delay in the establishment of the new ESF programme at both national and London levels. However, London Councils is confident of signing the new ESF agreement with the GLA within a matter of weeks. The new cycle will operate until the end of 2018.

The approach to commissioning the Priority is governed by the rules applicable to both the Grants Programme operating under the London Grants Scheme, and ESF. Competitive bids for funding against published service specification criteria are invited. All providers must be 'eligible voluntary organisations' under section 48 of the Local Government Act 1985 whose activities must extend beyond a single local authority area. Funding is outcome related.

The Committee agreed the specification for the new Priority at its meeting on 9 March 2016. This maintained the focus of the last priority except for relatively small adjustments to the target group required to receive ESF from the GLA.

For the first time, the design of the Poverty Priority includes explicit borough-by-borough targets for numbers of participants. The targets are based on borough:

- Population
- Unemployment rate
- Homelessness rate.

This contributes to the implementation of the Committee's decisions that the Grants Programme should:

- Secure clearer borough-level outcomes, while retaining a pan-London remit, consistent with the principles of the Grants Programme
- Help meet the needs of all boroughs, including inner- and outer-London boroughs
- Help meet the needs of boroughs that are experiencing higher levels of homelessness and unemployment combined.

The list is attached at annex A. This shows that the Priority will provide a total of 4,500 starts. Boroughs with greater levels of need in terms of unemployment and homelessness receive a higher number of starts than would be the case if the distribution of starts was based purely on population.

In addition, to reinforce the targets, as agreed by the Committee on 9 March 2016, Poverty Priority projects in every borough will be required to form agreements with the relevant Homelessness Priority project to tackle these issues in a joined-up manner.

Providers will be paid by London Councils

Commissioning the New Priority

In anticipation of this, London Councils officers agreed, at their monthly meeting with the Committee Chair, that the commissioning process for the new Poverty Priority should be undertaken in June. This would enable recommendations on providers to be made to the Committee's AGM on 13 July 2016.

The bidding round has been divided up into six clusters of boroughs to promote efficiency in management and delivery. The list of clusters is attached at annex B. At present in London, different sub-regional groupings of boroughs are used for different programmes, which can be messy and difficult to manage. London Councils officers undertake to keep this formation of clusters under review.

The bidding round was launched on 24 May 2016 and was placed on the London Councils website. London Councils officers wrote to contacts in boroughs and other stakeholders. Would-be providers had to apply online.

The focus on homelessness in the new Priority contributes to the implementation of the Grants and Leaders' Committees that there should be a stronger link between tackling unemployment and homelessness in the Grants Programme.

The closing date for bids was mid-day on 22 June 2016. 30 bids were received on time. One was received late and so was ineligible.

Assessment of funding bids

Sorting of bids took place on 23 June 2016. Scoring of bids against the Priority specification took place between 24 June 2016 and 30 June 2016. Scorers were members of the London Councils team, and volunteer officers from boroughs and umbrella bodies.

A one-day appraisal panel is due to consider the results of the scoring on 7 July 2016 and make recommendations on which providers to select to the Grants Committee. The panel may use their knowledge in doing so against the specification criteria: eg, where London Councils' (or a borough's) experience of a provider's performance and delivery does not reflect statements or evidence submitted with an application. London Councils has invited volunteer officers from boroughs, the GLA and umbrella bodies to sit on the appraisal panel. The appraisal panel will make recommendations to the Grants Committee. Having regard to the number of applications and the timeframes that officers are working to, applications which were ineligible for funding as they did not meet one or more of the specification requirements may not have been scored.

Timing of recommendations to the Grants Committee

The timing of the bidding process and the scoring and appraisal that follows mean the appraisal panel's recommendations are not available at the time of dispatching this report. London Councils will summarise the panel's recommendations in a table which will then be dispatched before the Committee meets, and this will form annex D of this report. Officers at the meeting will be able to answer any specific questions about the panel's assessment and recommendations which may be raised at the meeting.

Recommendations

The Grants Committee is asked:

- 1) To note the progress on commissioning of the Grants Programme Poverty Priority
- 2) To note that this commissioning implements the Committee's requirements for:
 - a) Explicit borough outcomes, underpinned by a distribution of targets based on the differing levels of need in boroughs
 - b) Closer working with the Grants Programme's Homelessness Priority on the ground
- 3) On the basis of this report and annex D (to follow), and subject to funding being agreed, to:

a) Consider the panel's recommendations for:

i) The organisations to be providers of this new cycle of the Poverty Priority on a cluster-by-cluster basis

ii) The amounts of funding to be awarded to each chosen organisation

b) Select one provider and the funding for this per cluster – the panel's recommendations are shown in each case

Give reasons if the second recommendation instead of the first is selected in any cluster; or if neither the first nor the second is selected.

Financial Implications for London Councils

The Director of Corporate Resources reports that, following the decision of the Grants Committee on 26 November 2015, at its meeting on 8 December 2015, the Leaders' Committee subsequently approved a sum of £2 million per year for the new ESF Priority 3 (subject to London Councils and the GLA signing of the new ESF agreement). This sum is made up of £1 million from borough contributions, matched by a further £1 million from ESF grant. London Councils officers will ensure there is a budgetary cap on each project, which in total will not exceed £1.88 million per annum, which equates to the £2 million approved budget less £120,000 (5.99%) allowable management and administration costs.

Legal Implications for London Councils

This new Priority is part of the Grants Programme being delivered under the London Grants Scheme established and jointly funded by the 33 London local authorities pursuant to section 48 of the Local Government Act 1985. The legislation places certain restrictions on grant-making under that Scheme, including that funding may only be awarded to eligible 'voluntary organisations' being bodies operating otherwise than for profit and which carry on activities which directly or indirectly benefit either the whole of Greater London or which extend beyond more than one local authority area. (Public or local authorities are not eligible.) All the constituent local authorities are required to contribute to expenditure under the Scheme and to approve the Scheme's budget.

The budget for grant-making under the Poverty Priority also benefits from ESF funding, as noted above. Therefore, the standard ESF grant terms and conditions also apply. These will be set out in the ESF grant agreement to be entered into by London Councils and the GLA (and as relevant those ESF grant terms and conditions will be reflected in London Councils' funding agreement with the providers whose bids are approved for funding by the Grants Committee in due course). Until that ESF grant agreement with the GLA is signed there is no binding written obligation on the GLA to pay the ESF funding to London Councils, although the discussions with the GLA (which has devolved authority from the DWP to administer the ESF funding) may reasonably be relied upon by London Councils to progress matters on the basis that any funding decisions by London Councils will be subject to that ESF funding being forthcoming; and this has been made clear to all those applying for funding under this Priority. As the ESF funding agreement between the GLA and London Councils is now unlikely to be signed at the date of the meeting to award funding for each commission, all decisions will be taken subject to that funding being agreed.

Equalities Implications for London Councils

Information was considered by the Grants Committee and Leaders' Committee on equalities implications at their meetings in November and December 2015 and March 2016. The specifications has been will be

drawn up with equalities target groups outlined and equalities objectives having regard to London Councils obligations under the Equalities Act 2010.

Annexes

- A. ESF Poverty Priority – Borough-Level Targets
- B. ESF Poverty Priority – Borough Clusters
- C. ESF Poverty Priority – List of Bids Received
- D. ESF Poverty Priority – Appraisal Panel's Recommendations – to follow