

# Grants Committee

ESF match funded Priority 3 Tackling Poverty  
Through Employment: options for anticipated  
underspend

Item: 6

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## Summary

The Priority 3 strand of the 2017-2021 London Councils Grants Programme – *Tackling poverty through employment* – will complete at the end of June 2019.

Despite efforts to address delivery challenges, which have been reported to Grants Committee, the programme will under-deliver against the original targets set (both activity and financial).

Based on the delivery profile to-date, the programme is estimated to outturn on completion at £3,019,000; half this value is attributable to the Grants programme. Considering management and administrative costs (see Financial Implications), it is projected that £1,135,000 will be returned to the Grants Programme once Priority 3 has completed.

Following a meeting of the Grants Committee Executive on 7 February 2019 ([papers for the meeting](#)) to discuss choices, this paper presents options to the Grants Committee for deploying the underspend, namely:

- Commission additional activity with existing commissions delivering across Priority 1 and Priority 2, to address the needs of London residents impacted by no recourse to public funds (sections 3 and 4)
- hold the underspend in reserves to allow the Grants Committee more time to consider the redeployment of funds (section 5)
- return funds to the boroughs through a one-off repatriation from reserves in 2020-21 (section 5).

**Recommendations** Grants Committee is asked to:

- a) discuss and consider the options presented in this paper
- b) recommend an option to Leaders Committee (April 2019) for approval

- c) task officers with undertaking the necessary actions to implement the agreed option.

## 1 Background

- 1.1 The Priority 3 strand of the 2017-2021 London Councils Grants Programme – *Tackling poverty through employment* – will complete at the end of June 2019.
- 1.2 The programme is funded by the Grants Committee - £3million - and is match-funded by European Social Funds (ESF). Officers have kept Grants Committee members informed about challenges to programme delivery that are related to the rigid compliance rules of ESF (see the following reports for further information: [Performance of Grants Programme 2017-21 \(G22/11\)](#); [Performance of Grants Programme 2017-21 \(G21/18\)](#); [Grants Programme 2017-21: Annual Review Year One 2017-18 \(G11/18\)](#); [Performance of Grants Programme 2017-21 \(G11/18\)](#)).
- 1.3 Despite efforts to address delivery challenges, the programme will under-deliver against the original targets set (both activity and financial). For the period October 2016 to December 2018, programme delivery, in cash terms, stands at:

Organisation and Cluster	Delivered to-date	Agreement Amount
Citizens Trust Brent, Ealing, Hillingdon, Hounslow, Richmond-upon-Thames	£289,660 (FINAL)	£896,228
London Training and Employment Network Croydon, Kingston-upon-Thames, Lambeth, Merton, Sutton, Wandsworth	£239,290	£483,211
MI ComputSolutions Bexley, Bromley, Greenwich, Lewisham, Southwark	£444,210	£966,423
Paddington Development Trust Barnet, Hammersmith & Fulham, Haringey, Harrow, Kensington & Chelsea, Westminster	£697,860	£464,409
Redbridge Council for Voluntary Service Enfield, City of London, Hackney, Islington, Tower Hamlets, Camden	£307,370	£926,313
Redbridge Council for Voluntary Service Barking & Dagenham, Havering, Newham, Redbridge, Waltham Forest	£353,540	£491,985
<b>Total Programme</b>		<b>£5,640,601*</b>

\* £2,820,300 is committed from the Grants Committee

- 1.4 Based on the delivery profile to-date, the programme is estimated to outturn on completion at £3,019,000; half this value is attributable to the Grants programme. Considering management and administrative costs (see Financial Implications), it is projected that £1,135,000 will be returned to the Grants Programme once Priority 3 has completed.

## **2 Options for re-deploying underspend**

- 2.1 Tendering a new commission through an open bid procedure, to meet a London-wide priority, was discussed and considered by Grants Committee Executive members. It was noted that justifying a new tender that would address a pan-London issue (commissioning research and so forth) would require a lengthy, resource intensive process. Along with all the associated risks attached to tendering, it was agreed that a new tender was not a preferred option.
- 2.2 Notwithstanding the challenges that the current Priority 3 programme has faced, the potential to draw down European Social Funding (ESF) was also discussed. Grants Committee Executive members were advised that the only route to do this was through a new tender, because of the procurement compliance requirements attached to ESF.
- 2.3 Therefore, the options for re-deploying unspent funds presented in this paper are:
  - 2.3.1 commission additional activity with existing commissions delivering across Priority 1 and Priority 2, to address the needs of London residents impacted by no recourse to public funds (sections 3 and 4 of this paper)
  - 2.3.2 hold the underspend in reserves to allow the Grants Committee more time to consider the redeployment of funds (section 5 of this paper)
  - 2.3.3 return funds to the boroughs through a one-off repatriation from reserves in 2020-21 (section 5 of this paper).

## **3 *Commission additional activity against Priority 1 (Combatting Homelessness) and/or Priority 2 (Tackling Sexual and Domestic Violence)***

- 3.1 The existing priorities – combatting homelessness, tackling sexual and domestic violence, and tackling poverty through employment – were agreed by Leaders Committee in 2016. During this January’s portfolio holder meeting, the Chair of London Councils, and the Chair and Vice Chairs of the Grants Committee, confirmed that these are current priorities for London.
- 3.2 Priority 1 and Priority 2 commissions are delivering well and are demonstrating that activity is meeting the needs of Londoners. It was highlighted, through the mid-programme review, that there are services at capacity due to demand, gaps in services predominantly due to increases in demand, and a rise in complexity of need.
- 3.3 All the first tier commissions (those that deliver services to beneficiaries) in these priorities deliver employment support or have good referral mechanisms to other organisations that can deliver employment related support.

3.4 Matters identified through the mid-programme review were discussed by Grants Committee Executive:

- 3.4.1 **Family support workers:** Family support workers in refuges are in short supply, due to resource constraints.
- 3.4.2 **Increased need for counselling services:** Across the services, the need for more counselling services - to meet various complex, enduring and multiple needs - dominates conversations about where to deploy additional resources.
- 3.4.3 **Increased need for support for men as victims of sexual and domestic violence:** The predominance of women as victims of sexual and domestic violence (around 90 per cent of victims are women) means that services are naturally geared towards supporting women.
- 3.4.4 **Modern day slavery and people trafficking:** Highlighted as a growing issue in West London boroughs.
- 3.4.5 **No recourse to public funds (NRPF):** Delivery partners are seeing increasing numbers of people with NRPF.
- 3.4.6 **Raising deposits:** Landlords in the private rented sector are increasingly requiring far higher deposits (for example, eight weeks of rental value).
- 3.4.7 **Youth homelessness:** Larger numbers of young people are presenting with complex needs/facing multiple barriers.
- 3.4.8 **Young women (aged 16 to 18) seeking refuge accommodation:** There is a high incidence of young women being turned away from refuges; women under the age of 18 made up 26 per cent of recent unsuccessful referrals, which is a continuing trend.

3.5 As all the above issues merited serious consideration, Grants Committee Executive members applied some key considerations during their discussions:

- 3.5.1 geography/reach - is the increased demand/gap in service experienced throughout London, will all boroughs benefit from additional investment
- 3.5.2 duplication with existing borough services - have boroughs already addressed a gap in service
- 3.5.3 evidence base - is further research needed to better understand the issue and service requirement
- 3.5.4 impact - what additionality, what appreciable difference will additional investment bring to vulnerable London residents and the boroughs

- 3.5.5 longer-term improved outcomes and savings - will limited, short-term additional investment now, lead to improved life outcomes for vulnerable residents and savings to the public purse
- 3.6 Against these key considerations, and following further investigation from the Grants team, additional investment for people with no recourse to public funds would bring the greatest additionality for vulnerable residents and the boroughs.

#### **4 No Recourse to Public Funds**

- 4.1 The cost of providing statutory support to people with no recourse to public funds (NRPF) is in excess of £50 million a year across the capital.
- 4.2 NRPF refers to people who are subject to immigration control and have no entitlement to public funds such as welfare benefits, Housing Benefit and Home Office support for asylum seekers. Individuals with NRPF have very few alternative avenues for support and local authorities have a duty to undertake an assessment of their needs under a combination of the Human Rights Act 1998, the Children's Act 1989 and the National Assistance Act 1948. NRPF has been growing rapidly and is a particularly acute issue in London, placing increasing service and financial pressure on local authorities. Consequently, boroughs are often left with the responsibility to provide for subsistence and accommodation needs that, under different circumstances, would be centrally funded. Currently, local authorities receive no funding for these costs
- 4.3 In order to improve understanding of the financial pressure on boroughs generated by the need to support clients with No Recourse to Public Funds (NRPF), London Councils conducted a survey in 2015. Its headline findings were that London boroughs spent an estimated £50 million in 2014/15 on NRPF in support of an estimated 3,200 cases during the year, with an estimated average annual cost per case of around £19,000.
- 4.4 A recent, detailed London Councils survey identified that:
  - 4.4.1 London boroughs spent £53.7 million in support of an estimated 2,881 households with NRPF in 2016/17
  - 4.4.2 the average cost of supporting a family with NRPF is approximately £19,000 a year
  - 4.4.3 complex cases are increasing – the number of households supported for over 1,000 days accounted for 36 per cent of all unresolved cases at the end of quarter one in 2017/18

- 4.4.4 whilst cost pressures are not uniform across boroughs, with expenditure ranging from £5 million to £0.5 million, the pressure on staff resource - for example, chasing the Home Office for information, gathering caseload information, resolving priority cases - impacts all the boroughs
- 4.5 Overwhelmingly, NRPF related expenditure for the boroughs arises through the need to support families with children, and care leavers.
- 4.6 Through the Grants Programme, delivery partners are currently supporting 450 to 500 vulnerable people with NRPF every quarter, and the number is increasing. Many of the people our delivery partners support face challenging personal circumstances, which are compounded by their NRPF status. Last year, one delivery partner working to tackle sexual and domestic violence took on a solicitor, full-time, to deal with the increasing volume of complex cases.
- 4.7 The issues of NRPF, homelessness and domestic violence are interrelated. Shelter has estimated that up to 20 per cent of Grants Programme beneficiaries have NRPF or complex problems with immigration status. Over 600 women a year with NRPF are affected by domestic violence, including women who have been trafficked into the UK for sexual exploitation.
- 4.8 Additional resources will enable delivery partners to increase levels of support to people with NRPF and provide much needed complementary service support to statutory services.
- 4.9 Should the Grants Committee agree that the Priority 3 underspend should be invested in increasing support for people with NRPF, detailed activity profiles will be developed for each commission delivering across Priorities 1 and 2, for consideration and agreement at the July AGM.

## **5 Repatriation of funds**

- 5.1 The immediate repatriation of funds was discussed by Grants Committee Executive members. Whilst funds could be returned to boroughs using the same methodology that is used for Grants levy payments i.e. ONS statistics, other options were raised:
- 5.1.1 the underspend could be rolled over (held in reserves) to allow Grants Committee more time to consider options for redeploying the funds
- 5.1.2 the one-off repatriation from reserves in 2020-2021.

- 5.2 Using the ONS statistics for the final year of contributions for Priority 3, the largest borough repayment would be £49,894 and the smallest £984 (see Annex 1 for a borough breakdown).
- 5.3 Grants Committee Executive members noted that, whilst repatriation of funds should not be discounted, alternatives to repayment were more in line with the principles and aims of the Grants programme, which is to support pan-London activity to the benefit of all the boroughs.
- 5.4 The final figure for the Priority 3 underspend will be presented to Grants Committee at the July AGM as part of the Grants budget report.

## **6 Recommendations**

- 6.1 Grants Committee is asked to:
    - 6.1.1 discuss and consider the options presented in this paper
    - 6.1.2 recommend an option to Leaders Committee (April 2019) for approval
    - 6.1.3 task officers with undertaking the necessary actions to implement the agreed option.
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## **Financial Implications for London Councils**

The Director of Corporate Resources reports that the net cost of the ESF match funded programme after accounting for the ESF grant funding is estimated at £1.865 million. The Committee contributed a total of £3 million towards the programme costs between 2015/16 to 2017/18 and the outcome of the programme will result in a potential underspend of £1.135 million. The slippage and programme management at the early stages has meant that the projected management and administration costs will exceed the budgeted cost over the life time of the project by approximately £223,000. However, the additional activity attracts ESF grant funding of £48,000 reducing the overspend to £175,000. This overspend can be funded from the overall underspend on the programme.

The report provides options of how the underspend of £1.135 million can be reallocated. The options presented are: commissioning additional activity against Priority 1 (Combating Homelessness) and Priority 2 (Tackling Sexual and Domestic Violence); tendering a new commission; hold the underspend in reserves to allow the Grants Committee more time to consider how to redeploy the funds; and a one-off repatriation of funds back to members.

In addition, the projected level of the S.48 borough funded commission reserves at 31 March 2019 exceeds the established benchmark of £250,000. Members may also wish to consider using the excess reserves to fund the options described above.

## **Legal Implications for London Councils**

None.

## **Equalities Implications for London Councils**

London Councils' funded services provide support to people within all the protected characteristics (Equality Act 2010), and targets groups highlighted as particularly hard to reach or more affected by the issues being tackled. Funded organisations are also required to submit equalities monitoring data, which can be collated across the grants scheme to provide data on the take up of services and gaps in provision to be addressed. The grants team reviews this data annually.

## **Background documents**

*ESF match funded Priority 3 Tackling Poverty Through Employment*, Item 4, 7 February 2019 (Grants Committee Executive)

*Month 9 Revenue Forecast 2018/19*, Grants Committee Executive, Item 5, 7 February 2019

*Performance of Grants Programme 2017-21*, Grants Committee, Item 4, 21 November 2018

	ONS Mid-2017 Estimate of Population (‘000)	%	£
<b>Inner London</b>			
Camden	253.36	2.87%	32,597
City of London	7.65	0.09%	984
Greenwich	282.85	3.21%	36,391
Hackney	275.93	3.13%	35,501
Hammersmith and Fulham	183.00	2.07%	23,545
Islington	235.00	2.66%	30,235
Kensington and Chelsea	155.74	1.76%	20,038
Lambeth	324.05	3.67%	41,692
Lewisham	301.31	3.41%	38,767
Southwark	314.23	3.56%	40,429
Tower Hamlets	307.96	3.49%	39,622
Wandsworth	323.26	3.66%	41,591
Westminster	244.80	2.77%	31,496
	<b>3,209.14</b>	<b>36.36%</b>	
<b>Outer London</b>			
Barking and Dagenham	210.71	2.39%	27,110
Barnet	387.80	4.39%	49,894
Bexley	246.12	2.79%	31,666
Brent	329.10	3.73%	42,342
Bromley	329.39	3.73%	42,379
Croydon	384.84	4.36%	49,514
Ealing	342.74	3.88%	44,097
Enfield	332.71	3.77%	42,806
Haringey	271.22	3.07%	34,895
Harrow	248.88	2.82%	32,021
Havering	256.04	2.90%	32,942
Hillingdon	302.34	3.43%	38,899
Hounslow	269.10	3.05%	34,622
Kingston upon Thames	174.61	1.98%	22,465
Merton	206.05	2.33%	26,510
Newham	348.00	3.94%	44,774
Redbridge	301.79	3.42%	38,828
Richmond upon Thames	195.68	2.22%	25,176
Sutton	203.24	2.30%	26,149
Waltham Forest	275.51	3.12%	35,447
	<b>5,615.87</b>	<b>63.64%</b>	
<b>Totals</b>	<b>8,825.01</b>	<b>100.00%</b>	<b>1,135,426</b>