

## LONDON BOROUGH OF HARROW

<b>Meeting:</b>	CABINET
<b>Date:</b>	16 DECEMBER 2003
<b>Subject:</b>	LONDON BOROUGHS GRANTS SCHEME – 2004/05 EXPENDITURE
<b>Key decision:</b>	YES
<b>Responsible Chief Officer:</b>	EXECUTIVE DIRECTOR-BUSINESS CONNECTIONS
<b>Relevant Portfolio Holder:</b>	FINANCE AND HUMAN RESOURCES AND PERFORMANCE MANAGEMENT
<b>Status:</b>	PART 1
<b>Ward:</b>	N/A
<b>Enclosures:</b>	APPENDIX A: LONDON BOROUGHS GRANT SCHEME ( ALG GRANTS COMMITTEE) –Future of Scheme APPENDIX B: PROPOSED BOROUGH SUBSCRIPTIONS

### 1. Summary/ Reason for urgency (if applicable)

- 1.1 This report discusses the future of the London Boroughs Grants Scheme and the proposed budget for 2004/05 and the recommended level of contributions required from each constituent council. Member are requested to consider agreeing to support the continuation of the scheme which must be sent to ALG by 31 December 2003 and agree the recommendations on the budget which must be sent to the ALG by Friday 17 January 2004.

**2. Recommendations (for decision by Cabinet)**

- 2.1 To consider approving the continuation of the scheme and accept the draft variation to the ALG Agreement dated 13 December 2001**
- 2.2 To support a budget of £ 28,028,788 a reduction in the overall level of expenditure of £ 894,582 which would require a total contribution of £760,344 from Harrow, to be met from the proposed budgetary provision for 2004/05.**
- 2.3 To note that the saving to Harrow would be £ 37,561 if this reduction is supported.**

**REASON: To inform the ALG Grants Committee of Harrow's response to the proposed variation to the Agreement and the London Boroughs Grants Scheme budget for 2004/05**

**3. Consultation with Ward Councillors**

Not applicable

**4. Policy Context (including Relevant Previous Decisions)**

- 4.1 Cabinet – 17 January 2003 – Members supported a reduction in the overall level of London Boroughs Grants Scheme expenditure for 2003/04, resulting in a total contribution of £ 797,905 from Harrow.**

**5. Relevance to Corporate Priorities**

- 5.1 This report addresses the Council's stated priority of "strengthening Harrow's local communities by promoting social inclusion amongst all Harrow residents both young and old, by seeking to eradicate poverty and by reducing the fear of crime."**

**6. Background Information and options considered**

- 6.1 This report is in two parts. The first section discusses the implications for the future of the scheme in the light of the designated Council withdrawing its consent to act as the designated Council. The second part seeks a recommendation on the proposed budget for the scheme if the required number of authorities sign the variation Agreement proposed by the ALG.**
- 6.2 The London Boroughs Grants Scheme was set up under Section 48 of the Local Government Act 1985 as the legal framework to enable the London Boroughs and City Councils to jointly fund cross-borough and London-wide voluntary services. The Scheme is funded by the thirty-three London Boroughs and City Councils under Section 48(3) of the Act. This states that**

- the scheme must be agreed by 17 of the constituent councils in Greater London for it to be binding on all authorities
- at least two-thirds of the Council's must approve the proposed overall level of expenditure on grants to voluntary organisations and other costs incurred by the London Boroughs Grants Scheme.

### **Future of the Scheme**

- 6.3 As the lead borough (London Borough of Richmond) has given notice of withdrawal from the role of designated Council with effect from 31 March 2004 the existing scheme ends. The Corporation of London has agreed to act as the designated borough from 1 April 2004. The ALG have prepared a draft variation to the scheme which requires the formal agreement of at least 17 of the authorities for the scheme to continue. The test of when 17 authorities agree to a new scheme is when the ALG or its legal adviser receive back 17 signed variations to the ALG agreement. The ALG have sought to set a deadline for this of 31<sup>st</sup> December 2003. Provided 17 authorities sign up by 31<sup>st</sup> March 2004, there will be a new scheme binding all 33.
- 6.4 The attached letter from the ALG sets out the position. (Appendix A).
- 6.5 The Cabinet is therefore asked to consider whether it supports the continuation of the scheme and if so to agree to sign the ALG Variation agreement.
- 6.6 Even if the Council decide to not support the agreement and wish to withdraw from the scheme, the new agreement would be binding on the Council if 17 authorities accept the agreement.
- 6.7 If the scheme were to be discontinued, it is probable transitional arrangements would need to be introduced to provide support to the many voluntary organisations receiving grant aid support. Similarly if the authorities decided to continue with scheme, 12 months notice would be required for any future withdrawal.

### **London Boroughs Grants Scheme Budget 2004-2005**

- 6.8 In the event of the scheme continuing the Cabinet needs to consider its recommendation on the Grants Committee Budget for 2004-2005. The Budget needs to be agreed by at least two thirds of the authorities.
- 6.9 This means that the ALG Grants Committee decides on an overall level of expenditure and recommends it to the London Boroughs and the Cities of Westminster and London and at least 22 of them must pass resolutions in their own Councils to ratify and give effect to that overall level of expenditure.
- 6.10 Once 22 constituent councils have given their approval, the overall level of expenditure and contributions to it are binding on all the constituent councils.
- 6.11 Contributions from each borough are, under Regulation 6(8) of the Levying Bodies (General) Regulation 1992, calculated proportionate to the population of the constituent boroughs. For the purposes of the contribution required for 2004/05, the population for each borough is based on the ONS mid-year population for 2002.

- 6.12 The Association of London Government (ALG) Leaders' Committee at its meeting on 11 November 2003 concurred with the recommendation of the ALG Grants Committee that resolved to recommend that the overall level of expenditure for the London Boroughs Grants Scheme for 2004/05 should be £28,028,788. It is proposed to fund this expenditure from projected bank interest and other estimated balances of £1,600,000, leaving a net amount of £26,428,788 to be funded from borough contributions. The recommendation represents a 4.3% decrease compared to the current year's borough contributions (or 7.2% in real terms)
- 6.13 The proposed London Boroughs Grants Scheme budget for 2004/05, together with the 2003/04 comparative budget is shown in Table 1 below:

Table 1

<b>LBGC Budget</b>	<b>2003/04</b>	<b>2002/03</b>
Expenditure:		
Grants	27,400,000	26,400,000
Administrative expenditure	1,523,370	1,628,788
Total expenditure	28,923,370	28,028,788
Made up of:		
Borough contributions	27,573,370	26,428,788
Interest and balances	1,350,000	1,600,000
<b>Total:</b>	<b>28,923,370</b>	<b>28,028,788</b>

- 6.14 If the recommendation is approved, the London Boroughs Grants Scheme budget for 2004/05 will decrease by £ 894,582. The amount available for grants will reduce by £1,000,000.
- 6.15 If the overall level of expenditure that has been recommended is approved by two-thirds of constituent councils, the amount each individual borough is required to pay is calculated on the basis of its total borough population as a percentage of the total London population. The total London population in mid-2002 was estimated to be 7,355,000. Harrow's estimated population in mid-2002 was 211,600, which amounts to 2.88% of the total London population compared with 2.89% in 2003-2004. The Council's contribution would be £ 760,344 compared with £ 797,905 in 2003-2004. (Appendix B)
- 6.16 If two-thirds of the constituent councils do not approve the recommendation by 1 February 2004, the Secretary of State will deem the overall level of expenditure to be the same as that approved for 2003/04 (£28,923,370). In this case, the total amount of borough contributions required would be £ 27,303,000 and therefore Harrow's contribution would be £ 786,000.

7. **Consultation**

Not applicable

8. **Finance Observations**

8.1 Included above

9. **Legal Observations**

9.1 No additional observations

10. **Conclusion**

- 10.1 Cabinet is asked to consider whether it wishes to continue in the scheme and if the scheme continues whether it wishes to support the ALG Grants Committee recommendation of an overall level of expenditure of £28,028,788 for 2004/05. If approved by two-thirds of constituent councils, Harrow's contribution for 2004/05 will be £760,344 a reduction of £ 37,561 compared to 2003-4
- 10.2 Harrow needs to inform the ALG Grants Committee of its formal response to whether it supports the Variation Agreement by 31 December 2003 and if the scheme does continue its recommendation on the Budget by Friday 16 January 2004.

11. **Background Papers**

- 11.1 ALG Grants Committee (10 November 2003) and Leaders' Committee (11 November 2003) report – London Boroughs Grants Scheme Budget Proposals 2004/05.

12. **Author**

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