

To: Borough Leaders

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Our reference:
Your reference:
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Dear Colleague

LONDON BOROUGH GRANTS SCHEME (ALG Grants Committee)

As you know the London Borough of Richmond upon Thames has given notice of withdrawal from the role of designated council ("lead borough") for the Grants Scheme with effect from 31 March 2004. Since Richmond advised the ALG of this, we have been working to establish new arrangements to take effect from 1 April 2004. We had hoped to find a way for the ALG itself to take on the largely formal lead borough duties but this is now not possible for 2004-2005. We are therefore grateful to the Corporation of London for its taking on the lead borough role. We continue to discuss with the Government the longer-term solution of these duties falling to the ALG Joint Committee.

To effect the change in lead borough, the current Grants Scheme formally terminates on 31 March 2004 and a new Scheme will be made by variation to the ALG Agreement dated 13 December 2001.

The draft variation to the ALG Agreement has today been circulated by the ALG's legal adviser to each borough legal adviser, seeking your council's formal agreement before 31 December 2003. Your Chief Executive was asked to plan for this in your council's decision-making processes in a circular from the ALG on 23 September 2003. A simple majority of boroughs is needed to effect this change to the ALG agreement.

I understand that some boroughs feel that this relatively minor administrative change provides an opportunity to end the Grants scheme. As I said above, the change in lead borough does formally terminate the Grants scheme. I am also aware of the dissatisfaction shared by many boroughs about the Grants scheme, including the costs incurred by a borough and the perception of the local benefits to the borough. . You will know that on 11 November 2003, the Leaders' Committee of the ALG resolved to undertake a review of the

overall level of the grants expenditure budget. This, together with the use of the mechanisms within the statutory scheme, is the proper way to address boroughs' concerns.

In my view, it would be extremely unwise to use a procedural device to end preemptorily the scheme, which plays such an important part in the voluntary sector in London. I would be happy to discuss this further with any Leader who cares to contact me. However, I do hope that in the light of this letter your borough will formally approve the variation to the ALG agreement necessary to change the lead borough arrangements. We will be in touch soon about how we propose to undertake the review of grants expenditure and I look forward to receiving your borough's views on that review.

With best wishes



Sir Robin Wales
Chair

Copy: London Borough Chief Executives