



**LONDON COUNCILS JOINT COMMITTEE**  
**CONSOLIDATED STATEMENT OF ACCOUNTS**  
**YEAR ENDED 31 MARCH 2023**

## **LONDON COUNCILS – JOINT COMMITTEE**

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## NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS

### Annual Review

#### Background to our Shared Ambitions

The health and economic crisis in 2020 and 2021 motivated our leaders to work even closer together irrespective of party affiliation to promote Londoners' shared interests on a variety of topical issues, including the extension of the furlough scheme and London's vaccination campaign.

Building on the co-operative work Leaders and staff were involved in during the coronavirus pandemic, London Councils elected officers and the organisation's senior management team met over autumn 2021 and developed four core areas of the Leaders 'Shared Ambitions' for London Councils and for London. These were based around: **Political Leadership**, London Councils as a **trusted partner**, a **focus on pan-London efforts** and **championing innovation and practice**.

Taking the initial feedback from leaders, the iterative process of turning it into a business plan resolved around six core objectives. Three of the six objectives are outcomes focused: **London's Future, Climate and Net Zero**, and **Prevention and the Local Authority Role in Wellbeing**. The other three are more value-focused: **Our Value Proposition to Boroughs, London's Voice**, and **Organisational Development**.

Collaboration across London also drove London's ambitious recovery programme, overseen by London's Recovery Board which is co-chaired by our Chair and the Mayor of London. Those missions have goals out to 2030 and we remain committed to them. Delivering the Shared Ambitions on London's future, climate change and voice will contribute to those missions.

#### Delivery on our Shared Ambitions

Our work over the last year is set out under each of the Shared Ambitions themes below:

##### London's Future: A relentless focus on levelling up

###### Cost of living:

We brought boroughs together in September on the cost-of-living crisis, to share plans and ideas for supporting Londoners through another challenging period.

That discussion was followed by a number of activities, including the establishment of a member-officer working group chaired by Cllr Claire Holland, a new campaign with the GLA to drive up pension credit take-up and the creation of a data dashboard to enable us to measure the impact of the crisis at pan-London and borough-level, as well as inform our policy development and campaigning.

The first phase of the pan-London Pension Credit campaign resulted in 1,282 successful claims, providing an estimated £7.1 million benefit across 18 boroughs. The cost-of-living dashboard received positive feedback and is being enhanced with further data. London Councils and the GLA will collaborate on recommendations for the autumn Budget and winter preparedness, supported by commissioned research.

###### Building collaboration:

We worked collaboratively with the GLA on the UK Shared Prosperity Fund, with Leaders agreement on funding allocations to the boroughs and influencing the main bidding pot priorities.

London Councils and borough representatives are part of a new UKSPF board, reporting to the London 'Partnership' Board, providing oversight of the fund as a whole.

The UK Shared Prosperity Fund is now in delivery phase, with boroughs receiving GLA allocations brokered by London Councils.

**NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (Continued)**

Following the work that we undertook on UKSPF, the GLA is proposing to take a different approach to a new £12.5m Mayoral place-based regeneration fund with funds allocated through a process of engagement and co-commissioning, rather than competitive tendering. London Councils has facilitated a discussion between GLA and London borough officers to discuss what data and other processes should be used to identify where the funding might be targeted.

**Local Welfare Assistance**

We commissioned the design and trial of an evaluation framework for Local Welfare Assistance (LWA), working with seven London boroughs over six months. The evaluation, published in December, found that LWA is effective at preventing escalation of crisis and protecting residents from harmful consequences, as well as providing an opportunity for councils to sign-post residents to relevant support that can help prevent future crisis. The findings will inform the ongoing work of the London Partnership Board's Robust Safety Net mission, including working with interested boroughs to support them to implement the evaluation framework included in the report, as well as future discussions with government departments to make the case for dedicated LWA funding.

London Councils and the GLA are collaborating on a digital solution for Local Welfare Assistance, aiming to improve scheme administration and establish a standardized evaluation approach.

**Pan-London plan on SEND:**

Since the publication of the Green Paper 'Support and aspiration: a new approach to special educational needs and disability (SEND)', we have held a member event with lead members for children to help us shape our response to the proposals set out in the paper, written to Ministers and published an article by Cllr Edwards setting out the key messages from our response.

The government released its SEND and alternative provision improvement plan committing to a more inclusive system. London Councils lobbied for this change and we are collaborating with the London Innovation and Improvement Alliance (LIIA) to enact proposals.

In London Councils' report, we analysed borough forecasts for reception and Year 7 school places and provided policy recommendations for central and local government to address declining rolls. We have engaged with the DfE Regional Group and London Dioceses, along with the ALDCS network, to discuss the ongoing challenges.

**Leadership on refugee resettlement and reform of asylum dispersal:**

Since March 2022 we have convened a weekly/fortnightly Ukraine borough leads network. This enables boroughs to share good, innovative and emerging practice, identify and escalate issues of concern. We have also supported borough leads to respond to the humanitarian emergency and escalate issues through officer and political routes following the rapid decanting of the Manston processing.

Working with London boroughs, we have agreed a model for Afghan resettlement to avoid the over-concentration of any homelessness responsibilities in those boroughs hosting bridging hotels.

A London dispersal plan for Asylum Seekers was developed in close collaboration with boroughs and agreed by Leaders in October 2022. The London asylum dispersal multifactor model was submitted to Home Office alongside a set of principles and conditions for improving the wider system for receiving, accommodating, supporting and integrating asylum seekers.

The London dispersal model was subsequently agreed by Home Office and went live in early 2023 alongside a co-developed governance model to assure the delivery. London Councils' Local Government Working Group amplifies the pan-London voice and evidence base concerning support systems for asylum seekers.

**NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (Continued)**

Amid migration pressures, we participate in workshops and scenario planning and monitor all resettlement routes. We lobby and collaborate with boroughs on system pressures, particularly homelessness presentations, following the Streamlined Asylum Process and closure of Afghan Bridging hotels. We continue to establish best practice and support integration via the Ukraine Response London Borough Working Group.

**London's infrastructure:**

The delivery of a pan-London infrastructure framework began in August and was launched at UKREiiF 2023. For the first time, the framework sets out an agreed and prioritised list of schemes with strategic value for London and that could be particularly attractive to private investors.

The London Infrastructure Framework identifies 67 schemes across four categories and we will regularly update the framework for boroughs to propose new schemes. Our goals include engaging government departments, the private sector, and investors while implementing three key recommendations: a growth and devolution deal, an infrastructure development and expertise centre, and shared delivery vehicles. We will collaborate with Opportunity London and 3Ci to assist boroughs in developing investible propositions. The next mayoral review will precede the Comprehensive Spending Review.

**Economic Recovery Framework:**

In October, we held the first meeting of the refreshed London Councils Economy Board, chaired by Cllr Elizabeth Campbell with portfolio holders around economy, employment, skills, transportation, and environment. The board has overseen a refresh of the economic recovery framework.

**Climate Adaptation and Net Zero: delivering the seven climate programmes to address the climate issues facing boroughs****Cities Commission for Climate Investment (3Ci):**

London Councils is a founding partner of the Cities Commission for Climate Investment (3Ci), which reached an important milestone in October with the launch of an outline business case for place-based packages of investment that blend public and private finance for new infrastructure. Subsequently, 3Ci has been working to establish a range of demonstrator projects to test the principles and assumptions of the business case on the ground. Working with boroughs, we have identified over 600 projects that could support London to achieve its net zero ambitions and are ensuring that priority schemes are incorporated into the pan-London infrastructure framework.

**Delivery Plan of Climate Programme actions:**

Over the summer, we brought together officers from the seven climate change programmes to reflect on the progress made over the last two years, look at the connections and common challenges and start to scope out the next phase of programme development.

Boroughs are keen to accelerate delivery and identified a need for additional resource to achieve this. London Councils, working with LEDNet, has developed a new mixed resourcing model toward which most boroughs have agreed to make a direct financial contribution.

With these enhanced resources, London Councils will assist each of the programmes to secure dedicated programme management capacity alongside access to a small commissioning budget.

Governance and reporting arrangements will be updated to provide greater accountability to boroughs and a new communications strategy, including a new webpage to enable boroughs to easily access data and case studies as well as share learning, is being rolled out. A soft relaunch of the programmes is planned for autumn.

**NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (Continued)**

At its first meeting in February, the London Partnership Board agreed that options for accelerating retrofit across the whole of London's built environment should be explored, which is currently being scoped out with the GLA. The programme management for Retrofit London is now hosted at London Councils, to build its momentum and maintain strategic oversight from the lead boroughs.

Other notable achievements include Retrofit London winning the MJ Award for 'leadership in responding to the climate emergency' in June 2022 - and the completion of an options appraisal to enable boroughs to collectively procure energy and the launch of a pan-London campaign to reduce food waste.

**Developing funding and finance:**

Having developed an Outline Business Case in partnership with BEIS to Treasury green book standards and rules, 3Ci is now engaging with Treasury on the move to a Full Business Case. This was supported by the establishment of a time-limited Private Sector Net Zero Investment group, led by Catherine McGuinness, to secure greater public support for 3Ci's work amongst key investors, and to discuss how they can contribute to market creation. 3Ci is exploring routes to fund a series of "net zero neighbourhood" demonstrators around the country. Arup has been commissioned to make recommendations for a technical assistance programme, focusing on corporate leadership, procurement, finance, and development project managers.

The proposals for the programme will be tested with boroughs from May through August this year, before considering formal structure and set up needs. Options for funding the programme are also being explored. Finally, 3Ci is developing its engagement with the government minister, the shadow front bench, and parliamentarians, together with other sector bodies, to develop and land its role as the key initiative in place-based net zero financing.

**Supporting a fair transition for all Londoners:**

The London Economic Framework around the green jobs and skills agenda has been strengthened and London Councils has ensured that the Infrastructure Framework includes net zero compatible projects and speaks to 3Ci. Officers are developing a strategic climate framework that outlines: an overarching vision for achieving net zero in London; key areas of focus for action; and identifies the roles and responsibilities of key partners. This work is based on the economic recovery framework and incorporates a just transition at its heart. London Councils is also developing approaches to build equity into its climate policy development work, and the climate programmes have work focused in this area, which is primarily reported under the Wellbeing and Prevention Shared Ambition.

**Supporting climate change capability in boroughs:**

London Councils has begun hosting a series of well-attended peer learning sessions with borough officers around borough Climate Action Plans, addressing climate adaptation; monitoring and evaluation; and citizen engagement. Officers have working with boroughs to identify and collectively develop basic climate training materials.

**Green New Deal for London:**

We continue to jointly deliver the Green New Deal mission with GLA colleagues. The focus is on retrofitting all buildings, improving green finance for net zero projects and creating the right conditions for accelerating programmes for green skills development.

London Councils leads through its Retrofit London programme and business organisations have committed action on their stock. London Councils and GLA have developed a joint statement on green finance and how the place-based approach of blended finance can work with the green bond that the Mayor is progressing.

**NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (Continued)**

On green skills, we are currently taking stock of all the different activities taking place, including strategic sub-regions, the Green Economy climate programme, individual boroughs and the GLA with a view of creating an overall, collaborative strategy for delivery in this space.

**Transport and Mobility contracts:**

We continue to work towards the inclusion of climate change and sustainability in Transport and Mobility contracts (the milestone of Q2 2002 for LLCS and HEB has been rolled forward to 2023). A new Assistant Director, Commercial, Contracts and Service Delivery, was appointed to enable further progress in this area, including the development of a procurement pipeline for transport and mobility during Q1 of 2023.

**Wellbeing and the London borough role in Prevention: establishing and developing Integrated Care Systems across London****Drive up representation of London boroughs in ICSs:**

London Councils initiated a Chief Executives' ICS leads group to enable the exchange of intelligence and information about the development of new partnership arrangements, including ICB membership and governance and place partnerships, working with the Chief Executive group and London.

The Chief Executives' ICS Leads group now includes professional leads for adult social care, children's services, and public health – strengthening our voice within ICSs. London Councils' Leader representatives on the London Health Board convene to share insights on ICSs and place partnerships.

The Hewitt Review into the accountability and autonomy of ICSs has triggered a commitment to seize the opportunity to enhance the prevention and resilience. We published a Member Briefing on borough-focused recommendations. Early reviews of emerging ICB strategies and joint plans promote sharing ideas, challenges, and successes.

We facilitated meetings between CELC and SLT leads, the NHSE London Regional Director and Chief Finance Officer, strengthening strategic relationships for improved prevention services. The refreshed Health Equity Group for London, co-chaired by the lead Chief Executive for health, prioritises reducing access, experience, and outcome inequalities.

**Improvement in housing standards and conditions:**

We have set up the Setting the Standard system (London's centralised temporary accommodation inspection service) and 33 per cent of the bed and breakfast and studio properties used for Temporary Accommodation in London have been inspected. We have a target to have inspected 60 per cent by 2023. We have also launched a sector led housing standards improvement programme, which includes a series of learning action groups. This programme will include a peer-to-peer programme taking place in early 2023 through to 2024.

We are leading the Life Off the Streets programme, a partnership initiative for tackling rough sleeping in London. The programme is ambitious and cross cutting and includes tackling non-UK rough sleeping, responding to the specific needs of women and young people, ensuring greater support for rough sleepers around their health and support needs and enough off the streets accommodation that can manage those needs.

Our report: "Delivering for Tenants: Foundations of an effective local authority landlord service" with London Directors of Housing Group, in consultation with tenants and stakeholders, includes key principles, a self-assessment framework, and a toolkit for local authorities and landlords measuring progress against the five foundations.

**NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (Continued)**

A successful December 2022 APPG meeting on homelessness supported the group's co-chairs in a parliamentary debate on Homes for Ukraine scheme, highlighting the capital's homelessness pressures.

**Addressing Violence Against Women and Girls (VAWG):**

We held our first member lunchtime event on tackling VAWG, chaired by our Community Safety and VAWG Lead. With around 30 attendees, topics covered included the key challenges for survivors of domestic abuse and sexual violence, services funded through the London Council Grants programme and a case study presented by the Director of the Ashiana Network, one of London Councils' grants partners, about a survivor of abuse with no recourse to public funds who accessed support via their service.

We have successfully engaged at an early stage with new Police Commissioner, establishing a platform for improving the police and local authority partnership including local policing and community engagement.

London Councils has commissioned a research report to explore the funding of specialist support services for VAWG victims which we plan to launch at a Parliamentary event in May 2023.

An officer-member Task and Finish Group is developing the London Councils response to the Casey Review. It created a framework for resetting local authority-police relationships, including borough asks of the MPS, which was presented to the Met Commissioner in June. During a meeting with Sarah Jones MP, Shadow Minister for Policing and the Fire Service, London Councils further explored our priorities.

**Review of Climate Programme actions with public health outcomes:**

A workshop was held between the seven climate programmes, GLA, ADPH and others which identified several significant synergies, including tackling inequality and promoting public health. These will be tackled through the implementation plan scheduled for later in the year. The low carbon transport programme is undertaking a deeper assessment of the overlaps between transport and health policy as part of its work. Again, this will be included in the implementation plan. LEDNet has been through a process to define its strategic priorities and reinvigorate the network. Five key themes are taken forward, including transport and health & environment.

A London climate and health advisory group has now been established (and includes London Councils' Climate Change Programme Director) to strengthen institutional connections.

ADPH-L has set new priorities for its climate and health network, emphasising health and health equity in London's climate change decision-making.

London Councils secured resources for programme delivery and will incorporate equalities objectives and health equity impact analysis, into public health outcomes.

**London's Voice: developing a shared London narrative to maximise the city's opportunities for all Londoners****Levelling Up and London:**

London Councils submitted evidence to the Levelling Up, Housing and Communities Select Committee's inquiry into funding for levelling up. Our response welcomed the overall strategic aim of levelling up as a lever for addressing deprivation and regional differences in opportunity. We also raised concerns regarding the lack of an overarching funding strategy, the short-term nature of levelling up funding and an overly centralised system with government controlling too many of the funding levers. We reiterated our call for greater fiscal devolution to local areas over the medium to long term.

**NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (Continued)**

London Councils has influenced the focus of the Levelling Up Advisory Council's London workstream, and will continue to input and influence this work, starting with a workshop with government officials in June. The three themes for this work are:

- London's relationship with the wider UK - analysing the economic linkages between London's economy and the broader UK.
- Levelling up London - exploring inequalities within the capital and the challenge of inclusive growth.
- Exploring the strengths and challenges of London's devolution settlement.

**Making the case for London:**

London Councils have led the development of Opportunity London where we work with key London partners to present a powerful narrative about London's future as an open and green world city to global investors to attract sustainable investment into all of London's boroughs and communities. Through Opportunity London we are working with other cities as part of 'Team UK' at a range of investor events in the UK and which will include a joint stand with Manchester at the UK REiff investment event in Leeds in Spring 2023.

We have developed a new narrative for London Councils as the collective of London local government where shared ambitions are developed, agreed and championed by members working together; where boroughs speak as one and collaborate with Government, the Mayor of London, the London public sector, the third sector and key UK and other international cities. A programme of work is underway to ensure that the new narrative is embedded in all of the briefings and communications of London Councils to ensure consistent and coherent messaging across the organisation.

London Councils has led the Opportunity London Partnership to present a powerful narrative about London's future. It has supported the formation of a steering group comprised of London Councils' Executive members to ensure effective oversight of the programme going forwards. There has also been a strong London presence at recent conferences such as MIPIM and UKREiiF. This involved the design of a new "London stand" at these events and having a diverse panel of speakers with well attended events. Additionally, at UKREiiF, London Councils had a joint stand with Manchester to illustrate the partnership between London and other cities, to strengthen the message of London being part of "Team UK".

**Fair funding campaigning:**

London Councils has undertaken a range of activity to lobby for fair share of funding for Londoners. This has included: raising awareness of the overarching pressures on boroughs' budgets caused by inflation (June); highlighting the potential undercounting of London's population in the 2021 Census (June); illustrating the financial pressures on high needs budgets (in responding to the SEND Green Paper consultation, July); raising concerns about planned reforms to the Homelessness Prevention Grant (consulted on in August) and the distribution of ASC charging reform funding (consulted on in September).

Campaigning ahead of the Autumn Statement in November was successful, with government confirming the largest increase (9%) in funding since 2010 at the 2023-24 Local Government Finance Settlement and clarity over most of the funding for 2024-25 provided. The adult social care funding reforms were pushed back to 2025 and social care funding increased by over £380 million in the 2023-24 LGFS. We successfully lobbied for no borough to be worse off from reforms to the Homelessness Prevention Grant, and for two-year allocations to be confirmed – mirrored in the Public Health Grant allocations. We persuaded the government to change the guidance for the Household Support Fund to enable funding for supplementary advice services, to be considered eligible spend. We also successfully lobbied for an increase to High Needs funding for London boroughs (which increased by £177m in 2023-24) and an extension to the statutory override on the DSG to 2026. Work has begun on updating London Councils' core priorities for reform of core funding, which is expected to conclude by the autumn.

**NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (Continued)****Budget submissions:**

Our submission ahead of the Mini-Budget in September set out the challenges facing London boroughs, emphasising the lower funding of outer London boroughs. It sought financial support for London's boroughs, called for increases to social care funding and postponement of the ASC funding reforms, support for residents and businesses with the rising cost of living and inflation, funding for net zero, and devolution. The rapid changes to the wider national political context, meant London Councils did not make a submission. Our lobbying and media campaigning ahead of the Autumn Statement gained coverage in the Guardian, Times and BBC and other outlets to raise awareness of the £700m funding gap London boroughs were facing for 2023-24.

While we were successful in our lobbying call for a delay to the proposed ASC funding reforms, the Autumn Statement announcements on the 7% cap on social rents and the freeze in Local Housing Allowance rates remain a significant concern.

Our two-page submission to HM Treasury ahead of the Spring Budget in March reflected the key priorities at the time, focussing on housing and homelessness pressures; health & social care; support for businesses; delivering Net Zero; and devolution. While the announcements in the Budget were limited, the discounted PWLB borrowing rate for council housebuilding from June 2023; the new £63m Swimming Pool Support Fund to help public swimming pools with cost pressures and energy efficiency were welcome. The announcements following the Budget permitting local authorities to keep all their RTB receipts from sales in 2022/23 and 2023/24 and freezing the acquisition cap at 50% from 1 April 2023, were very welcome and met some of London Councils' longstanding policy asks on housing finance.

**Fiscal devolution:**

Analysis was undertaken in August to support the decision not to reconstitute the pan-London business rates pool next year (seen previously as an important steppingstone to greater fiscal devolution). In November, the Executive agreed to establish a task and finish group to help update and renew London Councils policy positions on fiscal devolution.

The task and finish group has met monthly since January 2023, considering: how fiscal devolution may align with functional/service devolution; a broad range of options for existing or new taxes that may be suitable for devolution to local government; reforms to the current system including business rates, council tax and grant funding; and has started to consider infrastructure financing, following the pan-London infrastructure project recommendations. It has been agreed to continue the T&F group beyond its original deadline of July to conclude in the autumn.

**Value Proposition for Boroughs: ensuring our services and everything we do adds value to the work of boroughs****Led by the boroughs:**

We have launched a new series of online briefings for councillors – London in Brief. These are led by London Councils' Executive Members and Strategic Policy Leads and all London's councillors direct access to the expertise at London Councils and its partners. Councillors can attend live or access recordings of the events when it is convenient to them. The subject matter is focussed on London Councils shared ambitions and started with workshops on VAWG and Climate Change.

**NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (Continued)**

The London in Brief series will continue this year, with officers and members of London Councils' Executive presenting to councillors on our work and on key issues that might affect them in their work. Planned events cover: London as a borough of Sanctuary, fiscal devolution, 2021 census analysis, modern slavery in London, and the London Infrastructure Framework.

As provider of the secretariat for the London APPG, we organised briefings on shared priorities, including asylum seekers and cost of living, to inform parliamentarians about their impact on boroughs and boroughs' efforts in tackling them

**Freedom Pass:**

We have completed the Freedom Pass settlement for 2023/24 with transport operators and the apportionment to boroughs. The cost of the settlement was originally £236.87 million, compared to £207.52 million in 2022/23. The 2023-24 Freedom Pass settlement was subsequently reduced to £226.64 million (saving £10.224 million) following lower than anticipated increase in rail fares.

We successfully completed a mid-term review of Freedom Passes expiring in 2025. The exercise checks continued eligibility of pass holders at the mid-point of their passes' five-year life. The exercise, which is forecast to cost £177,000, is estimated to avoid £6 million of cost to boroughs, thereby generating a benefit / cost ratio of 34 to one.

The annual Freedom Pass renewal saw over 80,000 passes issued and just under 9,000 passes not renewed, saving boroughs about £1.75 million.

**Senior workforce development:**

In workforce development, we have delivered an induction offer for new Chief Executives that have started during the past year that has been well received.

With significant churn at chief executive level in London there has been recognition this year of the need for a workforce strategy that will ensure a pipeline of chief executives and senior managers that can effectively support Leaders in their roles. The first elements of this work comprise continuation of the London Leadership Programme (LLP) and the development of an 'aspiring chief executives' programme. The recommissioning of a further four cohorts of the LLP will begin in December ready for launch in summer 2023, while the commissioning of the aspiring chief executive programme will begin in the new year. The aim of this programme will be to help participants understand the challenges of being a chief executive, how they can work effectively with members and how to tackle issues at a pan-London level. We have also developed and commissioned London Skills Academy to build housing development capabilities in boroughs.

Four additional cohorts of the London Leadership Programme (LLP) have been commissioned to develop collaborative systems leaders who understand the complex social and organisation systems that exist. Cohort 7 will launch in June with graduation in January 2024.

We commissioned the Leadership Centre and Solace to deliver pilot cohorts for an 'aspiring chief executives programme', supporting directors and executive directors to transition to chief executive roles. The first pilot of the aspiring chief executives programme will launch in autumn 2023.

**NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (Continued)****Performance benchmarking:**

The announcement of the Office for Local Government and their intentions around the collection and publishing of performance data meant a decision was taken to pause the building and commissioning of a new bespoke benchmarking solution. In the interim to help support boroughs be more resilient, we have worked with the Local Government Association to develop a series of data reports using their LG Inform benchmarking tool. These reports will provide information to the Self Improvement Board (SIB) that will measure the performance of London against a set of key metrics, highlight lines of enquiry for the Board related to borough or service performance and highlight notable practice from boroughs that can be shared more widely. This new model of reporting was trialled at the October Board meeting with information presented that is now enabling deep dives on a series of identified topics/themes. We will support boroughs to use the LG Inform reports and amend their own versions as required, alongside continuing to seek further information on the establishment of the Office for Local Government and government intentions around benchmarking.

On behalf of the SIB, we have continued to successfully deliver peer-to-peer support programmes for chief executives and treasurers. Both programmes have had high levels of engagement from across almost all boroughs and help contribute to building personal and organisational resilience.

The 2022/23 CE2CE peer support programme successfully held 27 one-to-one meetings involving 29 chief executives. The 2023 programme for Directors of Finance will begin shortly. Participation and engagement remain high.

**Support for networks:**

We are ensuring that all professional networks supported by London Councils are aware of the shared ambitions and support their delivery. This has included the Directors of Communications rapid sharing of best practice about communicating with the public on the cost-of-living crisis; as well as a joint workshop with the National Centre for Cyber Security and the Centre for the Protection of National Infrastructure on how to communicate with the public and other stakeholders in the event of a cyber-attack.

We are working on aligning professional networks in London for closer collaboration and information sharing. We have collated key priorities and structures across the networks, and will establish a shared meeting schedule to support pan-London collaboration.

**Organisational Development: enabling the organisation and its people to do their best work on behalf of London and Londoners****Budget and premises strategy:**

Our budget and medium-term financial strategy (MTFS) were completed on schedule and presented to the Executive. The review of our future premises requirements carried out by Moveworks, a firm of workplace consultants, was completed in October 2022. It revealed that we need significantly less office space than we currently occupy, and we can secure significant savings on premises costs over the medium-term by moving to a smaller property.

The search for smaller premises has started following positive discussions with City of London officers about terminating the lease on the Southwark Street building early. The search involves reviewing properties in the City's portfolio and commissioning an external search. The outcomes will be reported to members for consideration and approval.

Steps have been taken to ensure London Councils' financial arrangements remain sustainable and reduce reliance on reserves when setting annual budgets. A review of the operating model began in early 2023 to assess its support for the Shared Ambitions. This review will identify areas for improvement, increase effectiveness, and find savings and efficiencies, informing the budget for December 2023.

**NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (Continued)**

In January, CMT approved recommendations from the internal climate change group to enhance environmental sustainability. Changes in procurement, packaging use, grant funding, contracting, reporting, and evaluation will embed sustainability and social value. The goal is to create a more sustainable workplace during London Councils' office relocation. Policy evaluation tools are being tested to assess climate and equalities impacts.

**Powers and governance:**

We provided initial advice to Elected Officers about priorities on London Councils' powers and governance and have begun discussions with DLUHC about the potential for London Councils to have the same powers to receive and distribute funds pan-London as the GLA.

Workshops organised by the City of London's Solicitor's Department have highlighted London Councils' powers and governing agreements for members and staff. A governance toolkit has been created as a guide for amending governing agreements to support the Shared Ambitions.

Legal advice has been sought on several matters, including understanding constraints related to grant funding, enabling agile responses to future policy issues, delegating responsibilities to TEC for climate change programmes, and formalising TfL's role in the Taxicard Scheme.

**Leadership and values:**

We created an internal leadership group to engage a wider group of staff in the leadership of the organisation. Our work to embed race equality across the organisation is continuing as planned with staff participating in the Race Equality Learning & Development Sessions commissioned for this year. We also recently celebrated two years of the Leadership in Colour programme.

The first year of Race Equality Learning and Development Sessions saw significant staff participation. The recent staff survey revealed improved perception of London Councils' commitment to tackling racial inequality but emphasised the need for further equality efforts.

The internal leadership group continues to meet regularly, providing a platform for collaboration, knowledge sharing, peer support, and professional development.

**Learning and Development Framework:**

London Councils launched the Learning and Development Framework, prioritising continuous learning and development to deliver the Shared Ambitions. The framework aims to hone expertise, promote consistent knowledge sharing, foster collaboration and innovation, and celebrate achievements while striving for improvement.

**ICT and Digital Strategy:**

The ICT and Digital Strategy for 2023-2026 has been launched, outlining plans for stable and secure systems, cyber security, data sharing, website enhancements, and digital transformation projects. Lessons learned from pilot projects will inform future initiatives and promote innovation and best practices across the organisation.

**Records Management Strategy:**

London Councils developed a records management strategy to ensure effective information management and utilisation. The strategy supports data sharing and collaboration, both internally and with external stakeholders, to deliver the Shared Ambitions. Leveraging the Office 365 platform, data migration to SharePoint online will streamline compliance with information governance legislation

**NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)****Financial Review**

This Statement of Accounts represents the consolidation of the accounts of the activities of London Councils Joint Committee, London Councils Grants Committee and London Councils Transport and Environment Committee. Due to the unique nature of the Committee's activities, a breakdown of the main headings contained in the Comprehensive Income and Expenditure Statement are detailed in appendices A to C.

**Financial information**

The Director of Corporate Resources has pleasure in presenting the Consolidated Accounts which consist of the following:

- Statement of Responsibilities for the Statement of Accounts (page 16);
- Consolidated Comprehensive Income and Expenditure Statement (page 29);
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- Consolidated Balance Sheet (page 31);
- Consolidated Cash Flow Statement (page 32); and
- Notes to the Consolidated Accounts (pages 33 – 65).

**Revenue expenditure**

Set out below is a comparison between the actual and budget for the year.

	<b>Revised Budget</b>	<b>Actual</b>	<b>Variation</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Expenditure	51,419	56,371	4,952
Income	(48,657)	(51,067)	(2,410)
Interest income and expenditure	(75)	432	507
<b>Deficit for the year</b>	<b>2,687</b>	<b>5,736</b>	<b>3,049</b>
Transfer from Reserves	(2,687)	(6,422)	(3,735)
<b>Net Surplus for the year (including transfers from reserves)</b>	<b>-</b>	<b>(686)</b>	<b>(686)</b>

Whilst there is a reported deficit for the year of £5.736 million, this is largely due to IAS 19 pension adjustments, where for example, changes in liabilities as a result of years of service earned are debited or credited in the Comprehensive Income and Expenditure Statement. In the Movement in Reserves Statement, there are transfers to and from the Pensions Reserve to remove the impact of the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any such amounts payable but unpaid at the year-end.

Following these transfers there remains a surplus for the year of £686,000 which is analysed below.

**NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)**

The surplus of £686,000 is split over the three funding streams as follows:

	<b>Grants Committee £000</b>	<b>Transport, and Environment Committee £000</b>	<b>Joint Committee £000</b>	<b>Total £000</b>
Total Expenditure	6,665	34,649	15,058	56,371
Total Income	(6,667)	(32,863)	(11,537)	(51,067)
Interest income and expenditure	(11)	51	391	432
<b>Deficit for the year</b>	<b>(13)</b>	<b>1,837</b>	<b>3,913</b>	<b>5,736</b>
Transfer from Reserves	(120)	(2,445)	(3,857)	(6,422)
<b>Net Surplus</b>	<b>(133)</b>	<b>(608)</b>	<b>55</b>	<b>(686)</b>

Transport and Environment (TEC) and the Grants Committee (GC) are separate joint-committees that require separate accounts to be prepared (refer to Note 1, Item I on page 39 and Appendices A and B on pages 66 and 67).

**Grants Committee**

The surplus of £133,000 is due to an underspend of £158,000 in respect of the payments to commissioned services and a net overspend of £25,000 in respect of the administration of the scheme.

As part of the approved monitoring arrangements, officers review financial information including the audited accounts of funded organisations at the end of the year. This has identified some underspends or where payments are held back, on the programme across a number of organisations.

The overspend on the administration costs is attributable to:

- an overspend on operating expenditure of £61,000 made up of an overspend on employee costs of £41,000 and central recharges of £27,000 offset by an underspend on running costs of £7,000;
- an overstatement of a 2021/22 ESF grant debtor of £1,000;
- additional expenditure of £1,000 recognised in the accounts as a result of changes in the fair value of short-term cash bonds held by the City of London due to global economic events which have reduced the value of investments held;
- an additional sum of £38,000 from investment income has been received on Committee reserves, which was not included in the budget.

The Balance Sheet shows that the General Fund reserve balance has increased from £745,000 at the beginning of the year to £878,000 at the year-end.

## NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)

## Transport and Environment Committee

The surplus of £608,000 is mainly attributable to:

- **Freedom Pass non-TfL bus services (-£448,000)**

The level of trips made in the claims submitted by the independent bus operators has not recovered to the extent anticipated post-pandemic, which was reflected when setting the 2022/23 budget. While there is an ongoing recovery, actual expenditure of £652,000 for 2022/23 remains a significant underspend on the annual budget of £1.1 million.

- **Lorry Control Administration/PCN income/Reduction in Bad Debt Provision (-£291,000)**

The administration of the London Lorry Control Scheme underspent the revised budget of £909,000 by £123,000. This is attributable to the net impact of small overspends on general office costs along with an underspend on the review of the LLC scheme where a budget of £141,000 was carried forward. As a result of delays to completing the review, Members have agreed to carry this forward to 2022/23.

Enforcement of the London Lorry Control Scheme continues to significantly recover since the pandemic. The number of PCNs issued have returned to normal levels and this recovery has meant that there is a surplus against the budget of £1 million. The bad debt provision has decreased by £51,000 in respect of outstanding amounts, in accordance with usual accounting practice.

- **Net Freedom Pass survey and issue costs (Net £282,000)**

The budget for the freedom pass survey and issue processes for the year was £1.518 million. This budget covers the issuing of Freedom Passes to new applicants and for the replacement of passes which are lost, stolen or faulty. Total expenditure for 2022/23 was £2.025 million, a significant overspend of £507,000. This budget has been impacted in part due to inflationary pressure on expenditure and contracts within this budget, along with additional costs associated with the postal strike. The mid-term review carried out in the year is the largest cohort, incorporating the 2020 applicants and has resulted in additional costs in the year. However, a sum of £975,000 was collected during 2022/23 in respect of replacement Freedom Passes, £225,000 above the £750,000 budgetary provision. In net terms, there was a deficit of £282,000, which, in accordance with approved TEC practice, will be charged against the Freedom Pass specific reserve.

- **Taxicard (Net Nil)**

Total payments to the contractor, City Fleet were £6.912 million, £3.345 million below the revised total budgetary provision of £10.257 million, based on actual trips taken to during the year.

Due to the reduction in expenditure, no boroughs were required to contribute to the scheme cost; therefore, boroughs will be refunded for any actual contributions made. The net refund to the Boroughs is £2.257 million. TfL fund the scheme cost in arrears, based on actual trips data from the preceding quarter. Payments received from TfL have therefore reduced in line with actual claims by £990,000 during the year.

- **Interest earned on investment of cash-balances (-£97,000)**

Cash-flow management undertaken at the City of London, who invest London Councils cash balances on behalf of boroughs, has yielded interest receipts of £97,000 against a zero budgetary provision.

**NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS (continued)****Joint Committee**

The deficit of £55,000 is mainly attributable to:

- **Employee Costs (£29,000)**

Employee costs underspent by a net amount of £29,000, after considering secondment income and savings on vacant posts during the period. A Strategic Director of Recovery was seconded to London Councils in order to assist with work around London's recovery from Covid-19.

- **Running Costs (£416,000)**

Running costs have significantly overspent during 2022/23, largely due to backdated increased annual rent costs. During the year a rent review was carried out of the Southwark Street offices and the full rack rent value was negotiated back to 26 March 2021. The annual rent increase of £157,000 for each of the financial years 2021/22 and 2022/23 resulted in the recognition of an overspend of £314,000 in the accounts.

- **Commissioning, Improvement Fund & Health Partnership work (-£24,000)**

Expenditure on commissioning and other priority work amounted to £458,000 for the year, leading to an overspend of £58,000. This budget is subject to developing proposals and is often impacted upon by the timing of commissioning work. However, this overspend is reduced by an underspend on the Improvement and Efficiency Fund of £82,000

- **Health Partnership work (-£219,000)**

For health-related partnership working with the NHS (London Region), OHID and UKHSA (London Region) and Greater London Authority. During 2022/23, our contributions have gone towards schemes which work towards priorities set out in the London Vision for Health and Care and the delivery of events and publications which share of knowledge about and case studies of integrated working with health partners, including pan-London events for members and officers during 2022. Total expenditure of £181,000 has been recorded, the remainder of this budget is subject to developing proposals and is often impacted upon by the timing of commissioning work, the result of which has been an underspend in 2022/23.

- **Interest on Investment (-£202,000)**

The increase in income reflects higher returns available from the money markets in 2022/23, largely as a result of the Bank of England tightening monetary policy in the latter part of the year.

**Budget for 2023/24**

On 13 December 2022, the Leaders' Committee approved a total expenditure budget for 2023/24 of £60,630 million, exclusive of the borough payments of £217.012 million to Transport for London (TfL) in respect of Concessionary Fares. The direct payments to TfL are excluded from the accounts as the expenditure is not incurred by the Committee, therefore full inclusion of the costs artificially inflate London Councils income and expenditure. Total income sources, including the use of existing balances of £1.176 million were also estimated to be £60.630 million, leaving a projected balanced budget for the year.

**STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS****The Committee's Responsibilities**

The Committee is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. In this Committee, that officer is the Director of Corporate Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

**The Director of Corporate Resources' Responsibilities**

The Director of Corporate Resources is responsible for the preparation of the Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the Director of Corporate Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Committee will continue in operational existence for the foreseeable future; and
- maintained such internal control as is determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Committee at 31 March 2023 and of its income and expenditure for the year then ended.

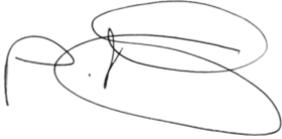


David Sanni CPFA FCCA  
Director of Corporate Resources

1 February 2024

**APPROVAL CERTIFICATE**

At a meeting of London Councils' Audit Committee held on 14 September 2023, the statement of accounts were approved on behalf of the Committee.

A handwritten signature in black ink, consisting of several overlapping loops and a horizontal line, positioned above the name of the signatory.

Cllr Peray Ahmet  
Chair of London Councils' Audit Committee

1 February 2024

**ANNUAL GOVERNANCE STATEMENT****Shared Ambition for London Councils**

Over the summer of 2021, the Group Leaders of London Councils (the Committee) reflected on their ambitions for London and Londoners. This reflection came after a period of intense and productive collaboration across London through the Covid-19 pandemic: a collaboration based on shared values which they want to continue into the recovery and beyond. In October 2021, the Group Leaders and Corporate Management Team developed four core areas of the Shared Ambitions for London Councils to transform it into an organisation that:

- provides political leadership based on shared values;
- is a trusted partner for central government, the GLA, other cities, business and the voluntary and community sector (VCS);
- focusses on pan-London efforts where they add real value; and
- champions innovation and leading practice and promotes collaboration and coalitions of the willing.

Taking initial feedback from Leaders, the process of turning the Shared Ambitions for London Councils into a business plan has been undertaken and the core areas have been broken down into six themes:

- London's future;
- Climate adaptation and net zero;
- Wellbeing and the borough role in prevention;
- London's voice;
- Value proposition for boroughs; and
- Organisational development and design.

A roadmap for delivering Shared Ambition milestones has been developed and is reviewed by officers and members on a regular basis to ensure that they remain relevant to London's local authorities and Londoners. London Councils has established a set of core values which continue to be promoted and embedded throughout the organisation.

**Scope of responsibility**

London Councils is responsible for ensuring that its business is conducted in accordance with the law, that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Committee is also responsible for securing continuous improvement in the way its functions are exercised.

In discharging this overall responsibility, the Committee is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

London Councils has approved and adopted a code of corporate governance in the form of a framework, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government 2016. A copy of London Councils Corporate Governance Framework can be obtained from the Chief Operating Officer and Director of Transport and Mobility at 59½ Southwark Street, London SE1 0AL. This statement explains how London Councils has applied this code.

**ANNUAL GOVERNANCE STATEMENT (continued)****The purpose of the governance framework**

The governance framework comprises the systems, processes, culture and values by which the Committee is directed and controlled and such activities through which it accounts to, and engages with, its stakeholders. It enables the organisation to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised and to manage them efficiently, effectively and economically.

The governance framework has been in place at London Councils for the year ended 31 March 2023 and up to the date of approval of the statement of accounts.

**The governance framework**

The key elements of the Committee's governance framework include:

- **Developing and communicating the Committee's vision** – The Committee has agreed a set of Shared Ambitions for London Councils and Londoners which inform the strategic direction of the organisation and the milestones included in the Shared Ambition Roadmap. The roadmap is reviewed on a regular basis and a report was presented to the Leaders' Committee in December 2022 detailing progress against the milestones and setting new ones for the next six months. There are a number of other ways in which the Committee communicates with relevant stakeholders which include member briefings, committee and other meetings, briefings for senior managerial and professional colleagues in boroughs.
- **Commitment to openness and acting in the public interest** – The Committee has adopted the Information Commissioner's model publication scheme and follows the provision for joint authorities and boards. Details of the scheme and the information published are available on London Councils' website. The Committee's decisions are made by its elected members and agendas, reports, background papers and minutes of meetings are published under this scheme.
- **Measuring the performance of services** – The Committee collects data on the performance of activities and services during the year. A summary of the key achievements is included in the Narrative Statement of the financial statements. Progress reports on the achievements of milestones included in the Shared Ambition Roadmap are presented to members twice a year. London Councils Corporate Management Team (CMT), the London Councils Executive and the Grants and Transport and Environment Committees receive regular financial management reports that monitor actual income and expenditure trends against approved budgets. London Councils operates a complaints procedure which provides an opportunity to put things right if an error is made and assists in the search to improve the quality of services to member authorities and to Londoners. There are also a number of internal management mechanisms, such as 1:1 review meetings and a fully embedded performance appraisal framework which monitor on-going progress against objectives

**ANNUAL GOVERNANCE STATEMENT (continued)**

- **Defining and documenting roles and responsibilities** – The London Councils Agreement sets out the main functions and obligations of London Councils and its member authorities. The Agreement includes the standing orders and financial regulations which provide details of the delegation arrangements in place. There is a scheme of delegations to officers in place which was last reviewed, updated and approved by the Leaders' Committee at its Annual General Meeting on 7 June 2022. There is an established protocol which provides guidance on the working relationships between elected members and officers and a series of working conventions for the operation of the organisation had been approved at the Leaders Committee' Annual General Meeting in June 2019. Additional information on the roles and responsibilities of London Councils Leaders' Committee, Executive, Grants Committee and Transport and Environment Committee are documented in their individual Terms of Reference. In addition to the Executive, the Leaders' Committee appointed members to two other sub-committees/forums during 2022/23 which are the Audit Committee and Young People's Education and Skills Board (YPES). The YPES Board will be stood down during 2023/24. All London Councils officers are issued with a job description which confirms their duties within the organisation. Executive portfolio holders and shadow members have agreed priorities that codify expectations of these roles.
- **Developing, communicating and embedding codes of conduct** – All London Councils Staff have been made aware of the staff handbook which is located on the intranet site. The staff handbook sign-posts staff to London Councils policies and procedures which are on the intranet. All staff are encouraged to refer to the intranet when they require guidance on London Councils policies and procedures. Reference to the staff handbook is also included in the induction training of all new staff joining London Councils with their attention specifically drawn to the financial regulations, the code of conduct, data protection and London Councils whistle blowing policy. London Councils has established a set of core values which will be promoted and embedded throughout the organisation.
- **Reviewing the effectiveness of the Committee's decision-making framework** - The standing orders and financial regulations are included within the London Councils Agreement. The standing orders were last reviewed by Leaders' Committee on 7 June 2022. The financial regulations were also reviewed and the changes approved by the Leaders Committee on 13 October 2020. Minutes of Committee meetings are posted on London Councils website and provide an official record of decisions made. There is a live stream of formal meetings of the main committees (Leaders, TEC and Grants). These are public meetings which the public and press can attend in person other than for exempt items of business. While formal sub- committee meetings are not live streamed, members of the public can attend them in person.
- **Identifying and managing risks** - London Councils Risk Management Strategy and Framework is currently under review with a revised version to be presented to the Audit Committee for consideration and approval in September 2023. The organisation's strategic risk will be considered as part of the review to ensure that they align with the Shared Ambitions. The individual team risk registers continue to be reviewed by the Corporate Governance Group and Corporate Management Team to ensure they support London Councils' corporate priorities, which provides members with assurance on how the risks identified are being managed.

**ANNUAL GOVERNANCE STATEMENT (continued)**

- **Anti-fraud and anti-corruption arrangements** – London Councils is committed to having an effective Anti-Fraud and Anti-Corruption strategy designed to promote standards of honest and fair conduct, prevent fraud and corruption, detect and investigate fraud and corruption, prosecute offenders, recover losses and maintain strong systems of internal control. There are two separate policies in place: London Councils Whistle Blowing Policy and London Councils Policy to Combat Fraud, Bribery and Corruption, which were updated and approved by London Councils Audit Committee in June 2019. Both documents are available on London Councils' intranet and website.
- **Effective management of change and transformation** – London Councils has a framework for managing organisational change which is available to all staff on the intranet. The framework provides guidance on the statutory elements of managing change and issues that should be considered when implementing changes.
- **Financial management arrangements** – London Councils' financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.
- **Assurance arrangements** – London Councils' internal audit function is carried out by the City of London's internal audit team under a service level agreement for financial support services. These arrangements conform with the governance requirements of the CIPFA statement on the Role of the Head of Internal Audit in public service organisations and Public Sector Internal Audit Standards.
- **Discharge of the monitoring officer function** – This is a statutory post under Section 5 of the Local Government and Housing Act 1989 and as such is not applicable to London Councils which is a joint committee. However, legal advice is provided to London Councils by the City of London Corporation including governance advice and support which in a local authority would generally be provided by the borough solicitor and monitoring officer.
- **Discharge of the head of paid service function** – London Councils' Chief Executive is the head of paid service. As with all officers, the Chief Executive is issued with a job description which confirms her duties within the organisation. The Chief Executive is subject to appraisal arrangements with Group Leaders who assess her performance against agreed objectives.
- **Audit Committee** – The Audit Committee is a sub-committee of London Councils Leaders' Committee. The Terms of Reference are agreed annually and were last agreed on 7 June 2022. The Audit Committee meets three times a year and is chaired by a leading member from a borough. The members of the Audit Committee will not normally be members of the Executive.
- **Response to audit recommendations** – The Committee responds to information requests and queries received from its external auditor on a timely basis. External and internal audit findings and recommendations are considered by officers and appropriate responses which include implementation timescales are provided to the auditors. Audit reports, which include management responses, are presented to the Audit Committee to consider and are published along with the Committee papers on the website. The implementation of audit recommendations are monitored on a regular basis.

**ANNUAL GOVERNANCE STATEMENT (continued)**

- **Compliance with relevant laws and regulations** - London Councils has comprehensive financial regulations and a comprehensive set of human resources policies and procedures which are reviewed on a regular basis. These arrangements ensure compliance with all applicable statutes, regulations and other relevant statements of best practice in order to ensure that public funds are properly safeguarded and are used economically, efficiently and effectively and in accordance with the statutory and other authorities that govern their use.
- **Whistle-blowing** – London Councils has a whistle-blowing policy which is available to all staff on the intranet. The policy aims to encourage staff and others to feel confident in raising serious concerns by providing clear avenues through which those concerns can be raised and reassuring staff who raise concerns that they will not be victimised if they have a reasonable belief and the disclosure was made in good faith. It is also on the website and staff are encouraged to bring this policy and the policy to combat fraud, bribery and corruption to the attention of contractors and third parties.
- **Identifying the development needs of members and officers** – London Councils has access to a programme of learning and development, which is available to all staff and can be found on the intranet. The aim of the programme is to assist in the achievement of the organisation's aims and objectives by providing opportunities for staff to gain the necessary skills and knowledge required to perform their tasks and duties effectively. London Councils also has a learning and feedback scheme which provides all staff with regular assessments of their performance and development needs in relation to their work objectives. Members have access to development opportunities in their own authorities. London Councils' website provides members with a useful source of information on specific policy areas.
- **Establishing clear channels of communication** – London Councils actively engages with relevant stakeholders when developing its work. All Committee meetings are open to the public and consultations are undertaken where relevant. London Councils issues member briefings and arranges a number of events, conferences and seminars that also provide opportunities for stakeholder engagement, as do regular meetings of officer networks. London Councils produces annual statutory financial statements which include a summary of key achievements over the last year within its Narrative Statement. Information on consultations, minutes of committee meetings and publications are posted on London Councils website [www.londoncouncils.gov.uk](http://www.londoncouncils.gov.uk). London Councils consults with Chief Officer groupings across boroughs in the development of its work.
- **Enhancing the accountability for service delivery and effectiveness of public service providers** - All working arrangements with public service providers are subject to signed agreements/contracts which set out the terms of the service provided. All agreements/contracts are reviewed to ensure that the roles and responsibilities of the parties involved are clearly defined and the terms are beneficial to London Councils and its member authorities. Key performance indicators are incorporated into agreements where appropriate and monitored regularly. Nominated officers are responsible for managing the outcomes of the service and establishing clear lines of communication with providers.
- **Partnership arrangements** – London Councils has a set protocol for staff to follow when working in partnership with outside bodies. A checklist is to be completed for each new partnership or project. Partnership arrangements are also subject to signed agreements which include objectives, roles and responsibilities. The performance of partnerships are monitored in the same manner as other service providers. London Councils does not currently have any material partnership arrangement.

**ANNUAL GOVERNANCE STATEMENT (continued)****Review of effectiveness**

London Councils has responsibility for conducting at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of London Councils Corporate Management Team which has responsibility for the development and maintenance of the governance environment, the internal audit annual report and also by comments made by the external auditors in their annual audit letter and other reports. The review of the effectiveness of the governance framework includes:

- The work of Internal Audit, undertaken by the City of London Corporation under a service level agreement, and the annual opinion of the Head of Audit and Risk Management at the City of London. Internal Audit plays a central role in providing the required assurance on internal controls through its comprehensive risk-based audit of all auditable areas within a five-year planning cycle, – with key areas being reviewed annually. This is reinforced by consultation with London Councils Corporate Management Team and London Councils' Audit Committee on perceived risk and by a rigorous follow-up audit regime. The review considers the annual opinion of the Head of Audit and Risk Management on the internal control environment in operation at London Councils during the financial year. The Head of Audit and Risk Management is satisfied that the breadth of scope and overall quantity of internal audit work undertaken is sufficient to be able to draw a reasonable conclusion as to the adequacy and effectiveness of London Councils' control, governance and risk management processes. On the basis of work undertaken, it is the Head of Audit and Risk Management's opinion that London Councils has adequate and effective systems of internal control in place to manage the achievement of its objectives. The Internal Audit Section of the City of London operates, in all aspects, in accordance with the CIPFA Code of Practice and Public Sector Internal Audit Standards.
- The Audit Committee's review of the governance arrangements in place during 2022/23.
- London Councils Corporate Management Team considers an annual report on Corporate Governance, which includes work completed during the current year and highlights work planned for the following year.

**ANNUAL GOVERNANCE STATEMENT (continued)****Areas for development during 2023/24**

The review of the effectiveness of London Councils governance arrangements has revealed the following areas for development during 2023/24:

**Pan London Mobility Schemes**

An internal audit review on the Pan London Mobility Schemes was completed in 2021/22. The review assessed the effectiveness of controls in operation over the contract management of the Freedom Pass and Taxicard schemes. The review concluded that there were adequate contract management arrangements in place and effective controls to ensure that only eligible users have access to the mobility schemes. There were adequate record keeping arrangements and well-established quality controls to facilitate efficient service provision and swift resolution of problems identified. A new Taxicard Customer Management System (CMS) has been developed to facilitate online applications for Taxicards and improve the production of performance management information on application processing times. However, the performance monitoring reports require further development work that will be completed in 2023/24.

**Parking and Traffic Services**

An internal audit review of Parking and Traffic Services was completed in 2021/22. The objectives of this review were to provide assurance that adequate arrangements were in place to:

- manage delivery of internally delivered Parking and Traffic services;
- manage the performance of external contractors;
- ensure that key external contracts are procured in line with the relevant procurement regulations; and
- ensure effective financial monitoring against allocated service budgets.

The review found that there were adequate control arrangements in place but recommended improvements on service performance measurements and compliance with procurement regulations. Some of the recommendations have either been already implemented or alternative mitigating controls have been instigated. The remaining recommendations will be implemented in 2023/24.

**Risk Management**

As mentioned earlier in the statement, a review of London Councils' risk management framework will be undertaken during 2023/24. The outcome of the review will be presented to the Audit Committee to consider and approve.

**Declarations of Interest**

An internal audit review of Declarations of Interest, and Gifts and Hospitality was conducted in 2022/23. Its objective was to examine the adequacy of controls in place for obtaining, recording, and reviewing Members and officers' declarations of interests and the gift and hospitality register and to provide assurance that these are made in accordance with London Councils codes and protocols.

**ANNUAL GOVERNANCE STATEMENT (continued)**

The review identified some areas of improvement in relation to the completeness of registers of interest for members and officers. London Councils has taken a decision to discontinue the practice of collating a members' register of interest as there is no statutory requirement for joint committees to retain this information. Members will be expected to make declarations in their own boroughs. A record will be kept of any declarations made by members during the course of a London Councils' committee meeting.

A recommendation in relation to the regularity and timeliness of officers' declarations has been accepted by management and will be implemented in 2023/24.

London Councils will take adequate steps over the coming year to address the above matters in order to further enhance its governance arrangements. London Councils is satisfied that these steps will address the improvement needs identified in the effectiveness review. London Councils will monitor their implementation and operation as part of our next annual review.

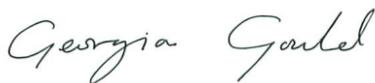
**Significant governance issues**

There are no significant governance issues.



Alison Griffin  
Chief Executive

1 February 2024



Cllr Georgia Gould  
Chair of London Councils

1 February 2024

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON COUNCILS JOINT COMMITTEE****Opinion**

We have audited the non-statutory consolidated financial statements of London Councils Joint Committee (the 'group') for the year ended 31 March 2023, which comprise the Consolidated Comprehensive Income and Expenditure statement, the Consolidated Movement in Reserves Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the group at 31 March 2023 and of its expenditure and income for the year then ended in accordance with the basis of accounting except that it does not prepare single entity financial statement for London Councils Joint Committee as described in Note 1a General Principles.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ISA (UK) 800. Our responsibilities under those standards are further described in the 'Auditor's responsibility for the audit of the consolidated financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Kingdom, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the Director of Corporate Resources' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group to cease to continue as a going concern.

In our evaluation of the Director of Corporate Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2022/23 that the group's consolidated financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and the group disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the consolidated financial statements are authorised for issue.

In auditing the consolidated financial statements, we have concluded that the Director of Corporate Resources' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON COUNCILS JOINT COMMITTEE (continued)**

The responsibilities of the Director of Corporate Resources with respect to going concern are described in the 'Responsibilities of the Joint Committee, the Director of Corporate Resources and Those Charged with Governance for the consolidated financial statements' section of this report.

**Other information**

The Director of Corporate Resources is responsible for the other information. The other information comprises the information included in the consolidated statement of accounts, other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the consolidated financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of the Joint Committee, the Director of Corporate Resources and those charged with governance for the consolidated financial statements**

As explained more fully in the Statement of Responsibilities, the Joint Committee is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Joint Committee, that officer is the Director of Corporate Resources. The Director of Corporate Resources is responsible for the preparation of the Statement of Accounts, which includes the consolidated financial statements, in accordance with the basis of accounting described in note 1a and for such internal control as the Director of Corporate Resources determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Director of Corporate Resources is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the group lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the group.

The Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

**Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements accounts.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON COUNCILS JOINT COMMITTEE (continued)**

A further description of our responsibilities for the audit of the consolidated financial statements accounts is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities) . This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the members of the joint committee, as a body, in accordance with our letter of engagement dated 13 July 2023. Our audit work has been undertaken so that we might state to the joint committee's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the joint committee and the joint committee's members as a body, for our audit work, for this report, or for the opinions we have formed.



PKF Littlejohn LLP, Statutory Auditor, Chartered Accountants, London

21 February 2024

## CONSOLIDATED COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

	Notes	2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net £000	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net £000
<b>Cost of Services</b>							
London Councils Grants Committee	Appx A	6,664	(6,667)	(3)	7,374	(6,679)	695
London Councils Transport and Environment Committee	Appx B	34,649	(32,863)	1,786	42,530	(41,680)	850
London Councils Joint Committee	Appx C	15,058	(11,537)	3,521	11,169	(9,156)	2,013
<b>Net Cost of Services</b>		<b>56,371</b>	<b>(51,067)</b>	<b>5,304</b>	<b>61,073</b>	<b>(57,515)</b>	<b>3,558</b>
Financing and investment income and expenditure	7	815	(383)	432	980	(85)	895
<b>Deficit on Provision of Services</b>		<b>57,186</b>	<b>(51,450)</b>	<b>5,736</b>	<b>62,053</b>	<b>(57,600)</b>	<b>4,453</b>
Actuarial loss/(gain) on pension assets/liabilities	9			(34,783)			(14,544)
<b>Other Comprehensive Income and Expenditure</b>				<b>(34,783)</b>			<b>(14,544)</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>(29,047)</b>			<b>(10,091)</b>

The notes on pages 33 to 65 form part of the accounts.

**CONSOLIDATED MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2023**

This statement shows the movement in the year on the different reserves held by the Committee, analysed into usable reserves and unusable reserves. The surplus or deficit on the provision of services line shows the true economic cost of providing the Committee's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

	2022/23			2021/22		
	Usable Reserves	Unusable Reserves	Total Committee Reserves	Usable Reserves	Unusable Reserves	Total Committee Reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April</b>	<b>12,431</b>	<b>(31,354)</b>	<b>(18,923)</b>	<b>13,713</b>	<b>(42,727)</b>	<b>(29,014)</b>
Total Comprehensive Income and Expenditure	(5,736)	34,783	29,047	(4,453)	14,544	10,091
Adjustments between accounting basis and funding basis under regulations (note 6)	3,594	(3,594)	-	3,171	(3,171)	-
<b>(Decrease)/Increase</b>	<b>(2,142)</b>	<b>31,189</b>	<b>29,047</b>	<b>(1,282)</b>	<b>11,373</b>	<b>10,091</b>
<b>Balance at 31 March</b>	<b>10,289</b>	<b>(165)</b>	<b>10,124</b>	<b>12,431</b>	<b>(31,354)</b>	<b>(18,923)</b>

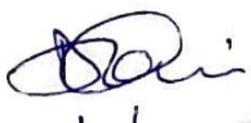
The notes on pages 33 to 65 form part of the accounts.

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2023**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Committee. The net assets or liabilities of the Committee (assets less liabilities) are matched by the reserves held by the Committee. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the authority is not able to use to provide services. This category includes reserves that hold unrealised gains and losses such as the Pension Reserve.

	Note	31 March 2023	31 March 2022
		£000	£000
Property, Plant and Equipment	10	630	778
Intangible Assets	11	-	-
Other Long Term Assets	9	-	-
<b>Long Term Assets</b>		<b>630</b>	<b>778</b>
Short Term Debtors	12	7,499	6,531
Cash and Cash Equivalent	13	14,916	15,761
<b>Current Assets</b>		<b>22,415</b>	<b>22,292</b>
Short Term Creditors	14	(11,756)	(9,663)
Provisions	15	(247)	(214)
<b>Current Liabilities</b>		<b>(12,003)</b>	<b>(9,877)</b>
Long Term Creditors	16	(45)	(241)
Provisions	15	(873)	(686)
Other Long Term Liabilities	9	-	(31,189)
<b>Long Term Liabilities</b>		<b>(918)</b>	<b>(32,116)</b>
<b>Net Assets/ (Liabilities)</b>		<b>10,124</b>	<b>(18,923)</b>
Usable Reserves	18	10,289	12,431
Unusable Reserves	20	(165)	(31,354)
<b>Total Reserves</b>		<b>10,124</b>	<b>(18,923)</b>

The notes on pages 33 to 65 form part of the accounts.



David Sanni CPFA FCCA  
Director of Corporate Resources

1 February 2024

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Committee during the reporting period. The statement shows how the Committee generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute towards the Committee's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Committee.

	<b>2022/23</b> <b>£000</b>	<b>2021/22</b> <b>£000</b>
Net deficit on the provision of services	(5,736)	(4,453)
Adjustments to net deficit on the provision of services for non-cash movements	4,978	5,021
Adjustments for items included in the net deficit on the provision of services that are investing and financing activities.	(364)	54
<b>Net cash flows from Operating Activities (note 21)</b>	<b>(1,122)</b>	<b>622</b>
Investing Activities (note 22)	277	(110)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(845)</b>	<b>512</b>
<b>Cash and cash equivalents at 1 April</b>	<b>15,761</b>	<b>15,249</b>
<b>Cash and cash equivalents at 31 March</b>	<b>14,916</b>	<b>15,761</b>

The notes on pages 33 to 65 form part of the accounts.

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023****1. Accounting Policies****a General Principles**

The Statement of Accounts summarises the Committee's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Committee prepares its accounts in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 except for the exception single entity financial statement for London Councils Joint Committee.

The Statement of Accounts have been prepared with the overriding requirement that it gives a 'true and fair' view of the financial position, performance and cash flows of the Committee.

The Statement of Accounts has been prepared with reference to:

- The objective of providing financial information about the reporting committee that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to it;
- The objective of providing information about the Committee's financial performance, financial position and cash flows that is useful to a wide range of users for assessing the stewardship of the Committee's management and for making economic decisions;
- The objective of meeting the common needs of most users focusing on the ability of the users to make economic decisions, the needs of public accountability and the stewardship of the Committee's resources;
- The accrual basis of accounting;
- The following underlying assumption:
  - Going concern basis.
- The following qualitative characteristics:
  - Relevance;
  - Materiality; and
  - Faithful representation.
- The following enhancing qualitative characteristics:
  - Comparability;
  - Verifiability;
  - Timeliness; and
  - Understandability.

The accounting convention adopted in the Statement of Accounts is historical cost.

The accounting policies have been consistently applied across all the committees consolidated in these accounts.

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

**b Accruals of Income and Expenditure**

The accounts are prepared on an accruals basis which means that income and expenditure are accounted for in the year that the associated activity takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract in accordance with *IFRS15 Revenue from Contracts with Customers*;
- Expenses in relation to services received (including those services provided by employees) are recorded as expenditure when services are received, rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;
- Income and expenditure are credited and debited to the relevant category within the Comprehensive Income and Expenditure Statement, unless they represent capital receipts or capital expenditure; and
- Creditors for grants outstanding to voluntary organisations at the year-end are included where approved by Committee, the circumstances of the voluntary organisation have not changed since approval, and evidence shows that expenditure in respect of the grant has been incurred. Creditors for ESF grants are recognised where grant claims received from voluntary organisations exceed payments made to the claimant.

**c Allocation of Income**

Income, where possible, is allocated to the specific service area to which it relates or offsets specific expenditure. Income that is not directly attributable to a particular service is apportioned to other expenditure categories based on actual expenditure.

**d Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits held by the City of London Corporation on behalf of London Councils, with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Committee's cash management.

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****1. Accounting Policies (continued)****e Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Committee. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

**f Employee Benefits****Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Committee. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. flexi leave) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

**Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Committee to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis when the Committee is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Committee to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

**Post Employment Benefits****Defined Benefit Pension Scheme**

As part of the terms and conditions of employment, officers of the Committee are offered membership of the Local Government Pension Scheme administered by the London Pension Fund Authority (LPFA). The scheme provides defined benefits to its members (retirement lump sums and pensions), earned as officers work for the Committee.

This scheme is accounted for as a final salary defined benefit scheme:

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****1. Accounting Policies (continued)**

- The liabilities of the pension fund attributable to the Committee are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, projected earnings of current employees etc.
- Liabilities are discounted to their value at current prices using, a discount rate of 4.8% (2021/22: 2.6%).
- The assets of the pension fund attributable to the Committee are included in the Balance Sheet at their fair value:
  - Quoted securities – current bid price;
  - Unquoted securities – professional estimate;
  - Unutilised securities – current bid price; and
  - Property – market value.
- The change in the net pensions liability is analysed into six components:
  - Current service cost – the increase in liabilities as a result of years of service earned this year debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
  - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years debited to the Staff Costs line in the Comprehensive Income and Expenditure Statement;
  - Net interest on the net defined benefit liability (asset), ie net interest expense for the Committee – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments;
  - Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
  - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
  - Contributions paid to the pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****1. Accounting Policies (continued)**

In accordance with the Code of Practice, the General Reserve balance is charged with the actual amount payable by the Committee to the pension fund and not the amount calculated according to the accounting standard. In the Movement in Reserves Statement, there are transfers to and from the Pensions Reserve to remove the impact of the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pension Reserve measures the beneficial impact to the General Reserve of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

The actuarial gains and losses are charged to Other Comprehensive Income in the Comprehensive Income and Expenditure Statement with a corresponding entry in the Pensions Reserve.

**Defined Contribution Pension Scheme**

The Committee operates a defined contribution pension scheme for tribunal adjudicators who are classed as workers under auto enrolment legislation but are not entitled to join the Local Government Pension Scheme. A defined contribution scheme is a pension plan under which the Committee pays contributions to a separate pension provider. Once the contributions have been paid the Committee has no further payment obligations. The value of contributions are based on a percentage of the fees paid to adjudicators as set out in the relevant auto enrolment legislation. The contributions recognised as an expense when they are due. Amounts owed at the end of a financial year are recognised as accruals in the accounts. The assets of the scheme are held separately from the Committee in independently administered funds.

**g Exceptional Items and Prior Period Adjustments**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Committee's financial performance.

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Committee's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the period.

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****1. Accounting Policies (continued)****h Financial Instruments****Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Committee becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Currently the Committee has no borrowings.

**Financial Assets**

Apart from cash, the only financial assets held by the Committee are receivables that have fixed or determinable payments but are not quoted in an active market and are measured at amortised cost. Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. Impairment losses/gains are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. However, an impairment allowance for bad debts associated with an externally funded project will be included in that line within the Comprehensive Income and Expenditure Statement.

**i Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government, ESF and third party grants and contributions are recognised as due to the Committee when there is reasonable assurance that:

- the Committee will comply with the conditions attached to the payments; and
- the grants will be received.

Amounts recognised as due to the Committee are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line in the Comprehensive Income and Expenditure Statement.

**j Intangible Assets**

Expenditure of £1,000 or more on non-monetary assets that do not have physical substance but are controlled by the Committee as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Committee. Intangible assets are measured initially at cost and amortised over the life of the asset.

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****1. Accounting Policies (continued)****k Interest Income**

Interest income is credited to the Comprehensive Income and Expenditure Statements of the constituent committees based on average cash balances held by the City of London and invested in accordance with their Treasury Management Strategy Statement and Annual Investment Strategy, which is approved by the City of London's Financial Investment Board.

**l Interest in Companies and Other Entities**

London Councils Joint Committee operates one subsidiary, London Councils Limited, a company limited by guarantee. London Councils Limited activities are consolidated within the Joint Committee statement of accounts. The company exists to record all transactions relating to the holding of property leases and the employment of the political advisers. London Councils' member boroughs are the members of the company and London Councils' Elected Officers are its Directors. London Councils benefits directly from the accommodation paid for by London Councils Limited and the services provided by the political advisers to members in their roles at London Councils.

The activities of London Councils Grants Committee and London Councils Transport and Environment Committee, which are carried out by London Councils Joint Committee, are incorporated into these group accounts. The activities of these associated committees and the main Joint Committee are detailed in appendices A to C.

Intragroup transactions are excluded from the Statement of Accounts on consolidation.

**m Leases****Finance leases**

Lease arrangements for assets are treated as finance leases when substantially all the risks and rewards associated with the ownership of an asset are transferred to the Committee. Rentals payable are apportioned between:

- A charge for the acquisition of the interest in the property (recognised as a liability in the balance sheet at the start of the lease, matched with an asset within Property, Plant and Equipment – the liability is written down as the rent becomes payable); and
- A finance charge.

Property, plant and equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the life of the lease.

**Operating leases**

Leases that do not meet the definition of finance leases are accounted for as operating leases. Lease rentals payable are charged to the Comprehensive Income and Expenditure Statement on a straight line basis over the terms of the lease.

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****1. Accounting Policies (continued)****n Overheads**

Central overhead costs identified as directly attributable to a particular funding stream are allocated in full to that funding stream. Where such costs are not directly attributable, they are re-charged across the funding streams using the most relevant apportionment basis, from the list below:

- Number of desk spaces;
- Full Time Equivalent units;
- Absolute value of transactions; and
- Volume of transactions.

**o Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. Expenditure on the acquisition, creation, enhancement of Property, Plant and Equipment subject to a de minimis level of £1,000, is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Committee and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Assets are initially measured at cost, comprising:

- the purchase price; and
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are then carried in the Balance Sheet at their depreciated historical costs.

Assets are depreciated on a straight line basis, starting after the year of acquisition, over their economic useful life as follows:

- Leasehold Improvements – the remaining period left on the lease;
- Furniture and Equipment:
  - Furniture and Fittings – 5 years;
  - Computer Hardware – 3 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal (if any) are credited to the Comprehensive Income and Expenditure Statement.

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****1. Accounting Policies (continued)****p Provisions**

Provisions are made where an event has taken place that gives the Committee a legal or constructive obligation that probably requires settlement by a transfer of economic benefits and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Comprehensive Income and Expenditure Statement in the year that the Committee becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year, where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provisions is reversed and credited back to the Comprehensive Income and Expenditure Statement. Provisions for dilapidations costs and works in connection with property leases are built up over the life of the lease on a straight line basis.

**q Reserves**

The Committee uses Specific Reserves to set aside funds earmarked for a specific purpose and money received from boroughs outside the main subscription, or from other public sector bodies, which is to be used for specific purposes. Reserves are created by transferring amounts from the General Reserve to the Specific Reserves on the Movement in Reserves Statement. When expenditure to be financed from a specific reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement and a transfer of funds from the specific reserve made to the General Reserve in the Movement in Reserves Statement.

Certain reserves are kept to manage the accounting processes for retirement and employee benefits and do not represent usable resources for the Committee.

**r Value Added Tax**

Value Added Tax (VAT) is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

**2. Accounting Standards that have been Issued but not yet adopted**

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) has introduced changes in accounting policies required from 1 April 2021. If these had been adopted for the financial year 2022/23 there would be no material changes to the Committee's accounts as detailed below.

**Annual Improvements to IFRS Standards 2018 -2020 cycle** – The International Accounting Standards Board's (IASB) annual improvements project provides a streamlined process for dealing efficiently with a collection of amendments to international accounting standards. The primary objective of the process is to enhance the quality of standards, by amending existing ones to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. Amendments are made through the annual improvements process when the amendment is considered non-urgent but necessary. There are proposed amendments to:

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****2. Accounting Standards that have been Issued but not yet adopted (continued)**

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 (Onerous contracts) – clarifies the intention of the standard
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

These improvements will not have a significant impact on the Committee's accounts.

**IFRS16 Leases** – This standard specifies how a lease is recognised, measured, presented and disclosed in the accounts. It removes the traditional distinction between finance leases and operating leases. Finance leases are accounted for as an acquisition of an asset with a corresponding liability both recognised on the balance sheet. In contrast, operating leases are accounted by recognising lease rentals payable in the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease. The standard requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset and a corresponding liability. The CIPFA/LASAAC Local Authority Accounting Code Board (CIPFA/LASAAC) has agreed to defer the implementation of the standard until 2024/25 in-line with the government's Financial Reporting Advisory Board's proposals for central government departments. CIPFA/LASAAC has taken this decision in response to pressures on council finance teams as a result of the Covid-19 pandemic. This will mean the effective date for implementation is now 1 April 2024. This standard will not have an impact on the Committee's accounts as it has not entered into any lease contracts.

**3. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in note 1, the Committee has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

**Government Funding**

There is a high degree of uncertainty about future levels of funding for local government. However, the Committee has determined that this uncertainty is not sufficient to provide an indication that the assets of the Committee might be impaired as a result of a need to reduce levels of service provision. The current level of uncommitted reserves provide a sufficient level of security for the projected inflationary increase on expenditure.

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Committee about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Committee's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

**Pensions**

Estimation of the net asset or liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Barnett Waddingham LLP, an independent firm of qualified actuaries, is engaged to provide London Councils with expert advice in calculating the net pension liability or asset.

The effect on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1.311 million. However, the assumptions interact in complex ways. During 2022/23, Barnett Waddingham LLP advised that the net pensions liability had moved to a net asset following an increase of £45.303 million as a result of a change in financial assumptions.

**Provisions**

The Committee has made a provision of £1.120 million for its contractual obligations for dilapidations and periodic decoration included within its property leases. The provision is based on the most reasonable estimate of these future costs. An increase of 10% to the total value of these costs would have the effect of adding £112,000 to the annual contribution to the provision.

**5. Events After the Balance Sheet Date**

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on 1 February 2024. Events taking place after this date are not reflected in the accounts or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the accounts and notes have been adjusted in all material respects to reflect the impact of this information.

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

## 6A. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned by the Committee in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the various committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Consolidated Comprehensive Income and Expenditure Statement.

	2022/23	2022/23	2022/23	2021/22	2021/22	2021/22
	Net Expenditure Chargeable to Usable Reserves £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Net Expenditure Chargeable to Usable Reserves £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
<b>Cost of Services</b>						
London Councils Grants Committee	(96)	93	(3)	615	80	695
London Councils Transport and Environment Committee	1,115	671	1,786	217	633	850
London Councils Joint Committee	1,487	2,034	3,521	396	1,617	2,013
<b>Net Cost of Services</b>	<b>2,506</b>	<b>2,798</b>	<b>5,304</b>	<b>1,228</b>	<b>2,330</b>	<b>3,558</b>
Financing and investment income and expenditure	(364)	796	432	54	841	895
<b>Deficit / (Surplus)</b>	<b>2,142</b>	<b>3,594</b>	<b>5,736</b>	<b>1,282</b>	<b>3,171</b>	<b>4,453</b>
Opening Usable Reserve Balance	(12,431)			(13,713)		
Deficit	2,142			1,282		
<b>Closing Usable Reserve Balance</b>	<b>(10,289)</b>			<b>(12,431)</b>		

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

## 6B. Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to the net expenditure chargeable to the General Reserve to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The adjustments arise due to the difference in the accounting basis and funding basis under regulations.

Adjustments between funding and accounting basis during 2022/23:

<b>Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure</b>	<b>Pension Adjustments £000</b>	<b>Accumulated Absence Adjustments £000</b>	<b>Total Adjustments £000</b>
Grants Committee	94	(1)	93
Transport and Environment Committee	689	(18)	671
London Councils Core Joint Committee	2,015	19	2,034
<b>Net Cost of Services</b>	<b>2,798</b>	<b>-</b>	<b>2,798</b>
Financing and investment income and expenditure	796	-	796
<b>Difference between General Reserve and Comprehensive Income and Expenditure Statements Deficit on Provision of Services</b>	<b>3,594</b>	<b>-</b>	<b>3,594</b>

Adjustments between funding and accounting basis during 2021/22:

<b>Adjustments from General Reserves to arrive at the Comprehensive Income and Expenditure</b>	<b>Pension Adjustments £000</b>	<b>Accumulated Absence Adjustments £000</b>	<b>Total Adjustments £000</b>
Grants Committee	81	(1)	80
Transport and Environment Committee	644	(11)	633
London Councils Core Joint Committee	1,671	(54)	1,617
<b>Net Cost of Services</b>	<b>2,396</b>	<b>(66)</b>	<b>2,330</b>
Financing and investment income and expenditure	841	-	841
<b>Difference between General Reserve and Comprehensive Income and Expenditure Statements Deficit on Provision of Services</b>	<b>3,237</b>	<b>(66)</b>	<b>3,171</b>

**Pension adjustments** – These adjustments relate to the removal of pension contributions and the addition of *IAS19 Employee Benefits* pension related expenditure and income as follows:

- **Net Cost of Services** – adjustments to remove the employer pension contributions made by the Committee as allowed by statute and the replacement with current service costs and past service costs; and
- **Financing and investment income and expenditure** – adjustment for the net interest on the defined benefit liability charged to the Comprehensive Income and Expenditure Statement.

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

## 6B. Note to the Expenditure and Funding Analysis (continued)

**Accumulated Absence adjustments** – This adjustment relates to the amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.

## 7. Financing and Investment Income and Expenditure

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Interest Payable	25	132
Interest and Investment Income	(338)	(85)
Net Loss on Pension Scheme Assets/Liabilities (see note 9)	796	841
Impairment loss/(gains) for bad debts	(51)	7
<b>Total</b>	<b>432</b>	<b>895</b>

## 8. Revenue from Contracts with Service Recipients

The Committee's main source of income is from annual subscriptions and agreed charges to member authorities. In 2022/23, London Councils Transport and Environment Committee provided administrative support and infrastructure to the Road User Charging Adjudicators (RUCA) on behalf of the Greater London Authority under the terms of a service contract. The contract is charged on a cost recovery basis with income from satisfying performance obligations recognised over time.

The amounts included in the Comprehensive Income and Expenditure Statement for the RUCA service:

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Revenue from contract	(1,874)	(1,367)
Impairment of contract receivables (annual movement)	-	-
<b>Total</b>	<b>(1,874)</b>	<b>(1,367)</b>

The amounts included in the Balance Sheet for the RUCA service:

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Receivables (included in debtors)	1,597	1,187
<b>Total</b>	<b>1,597</b>	<b>1,187</b>

In 2022/23, London Councils generated income from tenants licences and room hire income. Income is recognised over the period of the tenancy and hire respectively.

The amounts included in the Comprehensive Income and Expenditure Statement for tenants licences and room hire income:

	<b>2022/23</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Revenue from contract	(104)	(80)
<b>Total</b>	<b>(104)</b>	<b>(80)</b>

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****8. Revenue from Contracts with Service Recipients (continued)**

The amounts included in the Balance Sheet for tenants licences and room hire income:

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Receivables (included in debtors)	51	50
<b>Total Receivables</b>	<b>50</b>	<b>-</b>
Liabilities (included in creditors)	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>

**9. Pensions****Defined Benefit Scheme**

As part of their terms and conditions of employment, London Councils staff are eligible to participate in the Local Government Pension Scheme (LGPS) which is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings.

The administering authority for the Fund is the London Pensions Fund Authority (LPFA). The LPFA Board oversees the management of the Fund whilst the day to day fund administration is undertaken by the Local Pensions Partnership. Where appropriate some functions are delegated to the Fund's professional advisers.

On 1 May 2000, London Councils staff transferred into the LPFA Scheme as London Councils was granted Admitted Body status. Prior to this date, the five predecessor bodies had different pension arrangements for staff. The accumulated benefits of staff from the previous pension schemes have been transferred to the LPFA scheme.

As administering authority to the Fund, the London Pensions Fund Authority, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These should be amended when appropriate based on the Fund's performance and funding.

Employers' contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund was carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. Based on the triennial valuation as at 31 March 2019, the employers' contribution towards the Future Service Rate was set at 13.6% of pensionable pay for the period 1 April 2022 to 31 March 2023.

On the Employer's withdrawal from the plan, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary.

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****9. Pensions (continued)**

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the London Pensions Fund Authority Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

The LPFA, as administering authority, provided Barnett Waddingham LLP, an independent firm of qualified actuaries with scheme membership information as at 31 March 2022 for all employees within London Councils as part of the triennial valuation. Assets were allocated within the LPFA Pension Fund based on these calculated liabilities. The triennial valuation as at 31 March 2022 was the starting point for the 'roll forward' IAS 19 valuations. In order to assess the actuarial value of the LPFA Pension Fund's liabilities as at 31 March 2023 attributable to London Councils, scheme liabilities have been assessed by Barnett Waddingham LLP on an actuarial basis using the projected unit method, and estimate of pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

The individual committees' share of assets and liabilities of the pension scheme are not separable, therefore, all assets, liabilities, charges, returns and other costs have been allocated to each committee in accordance with the proportion of employer contributions paid by the committee as a percentage of the total paid by London Councils in the year. This approach results in an adjustment to the Defined Benefit Obligation and the Fair Value of Employer's Assets as a result of the difference between the percentage used to apportion the deficit at the start of the financial year and the percentage used at the end of the financial year.

The value of the of the Defined benefit Obligation takes into account the estimated impact of the Court of Appeal judgement in relation to the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes respectively.

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****9. Pensions (continued)****Financial Assumptions**

The financial assumptions as at 31 March 2023:

<b>Assumptions as at:</b>	<b>31 March 2023 (% per annum)</b>	<b>31 March 2022 (% per annum)</b>
CPI increases	2.85	3.20
Salary increases	3.85	4.20
Pension increases	2.85	3.20
Discount rate	4.80	2.60

These assumptions are set with reference to market conditions at 31 March 2023.

Our estimate of the duration of the Employer's liabilities is 18 years.

The discount rate should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. Our standard approach to derive the appropriate discount rate is known as the Single Equivalent Discount Rate (SEDR) methodology.

A sample of cashflows is used for employers at each year and derive the single discount rate which results in the same liability value as that which would be determined using a full yield curve valuation (essentially each year's cashflows has a different discount rate). In carrying out this derivation we use the annualised Merrill Lynch AA rated corporate bond yield curve and assume the curve is flat beyond the 30 year point. This is consistent with the approach used at the previous accounting date.

Similar to the SEDR approach described above a Single Equivalent Inflation Rate (SEIR) approach in deriving an appropriate RPI assumption has been adopted.

The SEIR adopted is such that the single assumed rate of inflation results in the same liability value (when discounted using the yield curve valuation described above) as that resulting from applying the BoE implied inflation curve. The BoE implied inflation curve is assumed to be flat beyond the 40 year point. This is consistent with the approach used at the previous accounting date.

Following a recent review of the market, and in particular noting the muted market reaction to the likely alignment of RPI with CPIH (Consumer Prices Index with Housing) from 2030, the gilt-implied inflation rates are currently distorted by supply and demand factors at medium and longer terms. An allowance for an Inflation Risk Premium (IRP) of 0.4% at medium and longer terms (from 9 years) has been made. This results in an overall IRP of between 0.0% p.a. and 0.25% p.a. depending on the term of the liabilities (for terms ranging from 1 year up to 30 years).

Salaries are assumed to increase at 1.0% p.a. above CPI which includes an allowance for promotions. This is consistent with the approach used at the previous accounting date.

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

## 9. Pensions (continued)

**Demographic and Statistical Assumptions**

A set of demographic assumptions that are consistent with those used for the most recent fund valuation, which was carried out as at 31 March 2022, except for the CMI projection model. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI\_2021 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an initial addition parameter of 0.0% p.a. and a 2021 weighting of 5%.

Changing the 2020 weight parameter has a material impact on projected mortality improvements from 2021. Placing a higher weight on data for 2021 leads to materially lower future mortality improvements as you would expect. However the impact of the 2021 weight parameter on future mortality improvements “dissipates” over time, with the effect completely disappearing by 2040.

The assumed life expectations from age 65, weighted by liability are:

	<b>31 March 2023</b>	<b>31 March 2022</b>
Retiring today:		
Males	22.6	22.8
Females	24.7	24.6
Retiring in 20 years:		
Males	22.8	23.6
Females	25.6	26.0

The fair value of the pension scheme assets attributable to the London Councils Joint Committee at 31 March 2023:

	<b>At 31 March 2023</b>		<b>At 31 March 2022</b>	
	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>%</b>
Equities	42,509	59%	40,744	57%
Target return portfolio	13,440	18%	15,418	22%
Infrastructure	9,146	13%	7,293	10%
Property	7,098	10%	6,423	9%
Cash	92	0%	1,706	2%
	<b>72,285</b>	<b>100%</b>	<b>71,584</b>	<b>100%</b>

Quoted securities included within the assets values above have been measured at their bid value in accordance with the Code.

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

## 9. Pensions (continued)

The analysis of the net value of the pension scheme assets and liabilities recognised in the Balance Sheet as at 31 March 2023 is as follows:

	<b>At 31 March 2023</b>	<b>At 31 March 2022</b>
	<b>£000</b>	<b>£000</b>
Fair value of employer assets	72,285	71,584
Present value of scheme liabilities	(72,232)	(102,706)
<b>Net Asset / (Liability)</b>	<b>53</b>	<b>(31,122)</b>
Present value of unfunded liabilities	(53)	(67)
<b>Net Asset / (Liability) in Balance Sheet</b>	<b>-</b>	<b>(31,189)</b>

The analysis of the amounts recognised in the Comprehensive Income and Expenditure Account for the year ended 31 March 2023 is as follows:

	<b>At 31 March 2023</b>	<b>At 31 March 2022</b>
	<b>£000</b>	<b>£000</b>
Service cost	3,981	3,136
Net interest on the defined liability	796	841
Administration expenses	21	81
<b>Total</b>	<b>4,798</b>	<b>4,058</b>

The reconciliation of the Defined Benefit Obligation at 31 March 2023 is as follows:

	<b>At 31 March 2023</b>	<b>At 31 March 2022</b>
	<b>£000</b>	<b>£000</b>
<b>Opening Defined Benefit Obligation</b>	<b>(102,773)</b>	<b>(105,059)</b>
Current service cost	(3,786)	(3,136)
Interest cost	(2,652)	(2,087)
Change in financial assumptions	40,578	6,322
Change in demographic assumptions	2,042	-
Experience (gain)/ loss on defined benefit obligation	(7,111)	(209)
Estimated benefits paid net of transfers	2,248	1,874
Past Service Costs including curtailments	(195)	-
Contributions by scheme participants	(641)	(483)
Unfunded pension payments	5	5
<b>Closing Defined Benefit Obligation</b>	<b>(72,285)</b>	<b>(102,773)</b>

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

## 9. Pensions (continued)

The reconciliation of the Fair Value of Employer's Assets at 31 March 2023 is as follows:

	At 31 March 2023	At 31 March 2022
	£000	£000
<b>Opening Fair Value of Employer's Assets</b>	<b>71,584</b>	<b>62,563</b>
Interest on assets	1,856	1,246
Return on assets less interest	(918)	8,431
Other actuarial gain/(losses)	193	-
Administration expenses	(21)	(81)
Contributions by employer	1,203	821
Contributions by scheme participants	641	483
Estimated benefits paid plus unfunded net of transfers in	(2,253)	(1,879)
<b>Closing Fair Value of Employer's Assets</b>	<b>72,285</b>	<b>71,584</b>

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity analysis:

	£000	£000	£000
<b>Adjustment to Discount Rate</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	66,423	72,285	68,727
Projected service cost	1,311	1,363	1,416
<b>Adjustment to Long-term Salary Increases</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	67,630	72,285	67,490
Projected service cost	1,364	1,363	1,362
<b>Adjustment to Pension Increases and Deferred Revaluation</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	68,678	72,285	66,470
Projected service cost	1,418	1,363	1,310
<b>Adjustment to Mortality Age Rating Assumption</b>	<b>+1 Year</b>	<b>None</b>	<b>-1 Year</b>
Present value of total obligation	69,927	72,285	65,278
Projected service cost	1,415	1,363	1,311

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

## 9. Pensions (continued)

The analysis of the re-measurements in Other Comprehensive Income and Expenditure for the year ended 31 March 2023 is as follows:

	<b>At 31 March 2023</b>	<b>At 31 March 2022</b>
	<b>£000</b>	<b>£000</b>
Return on plan assets in excess of interest	(918)	8,431
Other actuarial losses on assets	193	-
Change in financial assumptions	40,577	6,322
Change in demographic assumptions	2,042	-
Experience gain/(loss) on defined benefit obligation	(7,110)	(209)
<b>Re-measurements</b>	<b>34,784</b>	<b>14,544</b>

The projections for the year to 31 March 2024 is as follows:

	<b>31 March 2024</b>
	<b>£000</b>
Service cost	1,363
Net interest on the defined liability/(asset)	(242)
Administration expenses	22
<b>Total</b>	<b>1,143</b>
Employers contribution	638

**Defined Contribution Scheme**

The Committee provides a defined contribution scheme to adjudicators who are classed as workers under auto enrolment legislation but are not entitled to join the Local Government Pension Scheme. Pension contributions are based on a percentage of the monthly fee paid to adjudicators participating in the scheme. The Committee's contribution rate for the 2022/23 tax year was 3% (2021/22: 3%) while the adjudicators' minimum contribution rate was 5% (2021/22: 5%). The scheme is operated by Smart Pension and the amount recognised as an expense in the accounts is as follows:

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Current period contributions	35	32

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

## 10. Property, Plant and Equipment

Movements in 2022/23:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
<b>Cost</b>			
At 1 April 2022	1,281	2,058	3,339
Additions	87	-	87
Disposals	-	-	-
<b>At 31 March 2023</b>	<b>1,368</b>	<b>2,058</b>	<b>3,426</b>
At 1 April 2022	1,084	1,477	2,561
Charge for the year	65	170	235
Charge relating to Disposals	-	-	-
<b>At 31 March 2023</b>	<b>1,149</b>	<b>1,647</b>	<b>2,796</b>
<b>Net Book Value</b>			
<b>At 31 March 2023</b>	<b>219</b>	<b>411</b>	<b>630</b>
<b>At 31 March 2022</b>	<b>197</b>	<b>581</b>	<b>778</b>

Movements in 2021/22:

	Furniture and Equipment £000	Leasehold Improvements £000	Total £000
<b>Cost</b>			
At 1 April 2021	1,224	2,143	3,367
Additions	57	-	57
Disposals	-	(85)	(85)
<b>At 31 March 2022</b>	<b>1,281</b>	<b>2,058</b>	<b>3,339</b>
At 1 April 2021	978	1,306	2,284
Charge for the year	106	171	277
Charge relating to Disposals	-	-	-
<b>At 31 March 2022</b>	<b>1,084</b>	<b>1,477</b>	<b>2,561</b>
<b>Net Book Value</b>			
<b>At 31 March 2022</b>	<b>197</b>	<b>581</b>	<b>778</b>
<b>At 31 March 2021</b>	<b>246</b>	<b>837</b>	<b>1,083</b>

The capital expenditure on Property, Plant and Equipment will be funded from revenue budgets in line with the annual depreciation charge.

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****10. Property, Plant and Equipment (continued)**

There are no contractual commitments for the acquisition of Property, Plant and Equipment.

**11. Intangible Assets**

The intangible assets consisted solely of purchased computer software. The Committee accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The carrying amount of computer software, accounted for as intangible assets, are amortised on a straight line basis, starting after the year of acquisition, over the lower of 3 years or the length of the software licence. The intangible asset was fully amortised during 2021/22

The movement on Intangible Asset balances during the year is as follows:

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at start of year:</b>		
Gross carrying amount	-	18
Accumulated amortisation	-	(17)
<b>Net carrying amount at start of year</b>	-	<b>1</b>
Additions		
Disposals:		
Reduction to carrying amount	-	-
Reduction to accumulated amortisation	-	-
Amortisation for the period	-	(1)
<b>Net carrying amount at end of year</b>	-	<b>(1)</b>
Comprising:		
Gross carrying amount	-	18
Accumulated amortisation	-	(18)
	-	-

The capital expenditure on intangible assets was funded from revenue budgets in line with the annual amortisation charge.

There are no contractual commitments for the acquisition of Intangible Assets.

**12. Short Term Debtors**

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>
Amounts owed by member authorities	2,810	2,904
Payments in advance	427	327
Other debtors	4,347	3,437
Impairment losses for bad debts	(85)	(137)
<b>Total</b>	<b>7,499</b>	<b>6,531</b>

**13. Cash and Cash Equivalents**

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>
Cash held by the Committee	734	251
Cash balances held by the City of London	14,182	15,510
<b>Total</b>	<b>14,916</b>	<b>15,761</b>

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

## 14. Short Term Creditors

	31 March 2023	31 March 2022
	£000	£000
Amounts owed to member authorities	(6,908)	(5,723)
Receipts in advance	(1,180)	(819)
Accruals	(3,207)	(2,866)
Other creditors	(461)	(255)
<b>Total</b>	<b>(11,756)</b>	<b>(9,663)</b>

## 15. Provisions

	Property Lease Provisions £000
<b>Balance at 1 April 2022</b>	<b>(900)</b>
Additional Provisions made in 2022/23	(205)
Unwinding of discount	(15)
Amounts used in 2022/23	-
Unused amounts reversed in 2022/23	-
<b>Balance at 31 March 2023</b>	<b>(1,120)</b>

Analysis of Total Provisions:

	£000
Current	(247)
Non-current	(873)
<b>Total Provision</b>	<b>(1,120)</b>

The Committee has established a provision for its contractual obligations included within its property leases. The lease for Southwark Street requires internal and external decoration works to be carried out in March 2016, March 2021 and March 2026 and dilapidation works to be carried out in March 2026. Some of the internal and external decoration work due in March 2016 and March 2021 has not yet been carried out.

The lease for Chancery Exchange requires internal decoration work to be carried out every three years commencing from March 2018 and general dilapidation work to be carried out at the end of the lease in March 2025. There has been no internal decoration work carried out to date.

## 16. Long Term Creditors

	31 March 2023	31 March 2022
	£000	£000
Amounts owed to member authorities	(45)	(238)
Accruals	-	(3)
<b>Total</b>	<b>(45)</b>	<b>(241)</b>

The creditor balances above have arisen due to the smoothing of property leases.

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

## 17. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Financial assets:

	31 March 2023	31 March 2022
	£000	£000
Amortised cost	21,943	21,865
<b>Total financial assets</b>	<b>21,943</b>	<b>21,865</b>
Non-financial assets	5,827	1,205
<b>Total assets</b>	<b>27,770</b>	<b>23,070</b>

Financial liabilities:

	31 March 2023	31 March 2022
	£000	£000
Amortised cost	(12,756)	(10,639)
<b>Total financial liabilities</b>	<b>(12,756)</b>	<b>(10,639)</b>
Non-financial liabilities	(165)	(31,354)
<b>Total liabilities</b>	<b>(12,921)</b>	<b>(41,993)</b>

## 18. Usable Reserves

	31 March 2023	31 March 2022
	£000	£000
General Reserve	9,183	10,487
Freedom Pass Renewal Reserve	649	931
Special Projects Reserve	457	1,013
<b>Total</b>	<b>10,289</b>	<b>12,431</b>

## 19. Transfers to Specific Reserves

Transfers (from)/to the Specific Reserves during the year ended 31 March 2023:

	Balance at 1 April 2022	Transfer out	Transfer In	Balance at 31 March 2023
	£000	£000	£000	£000
Freedom Pass Renewal Reserve	931	(282)	-	649
Special Projects Reserve	1,013	(556)	-	457
<b>Total</b>	<b>1,944</b>	<b>(838)</b>	<b>-</b>	<b>1,106</b>

Transfers (from)/to the Specific Reserves during the year ended 31 March 2022:

	Balance at 1 April 2021	Transfer out	Transfer In	Balance at 31 March 2022
	£000	£000	£000	£000
Freedom Pass Renewal Reserve	792	-	139	931
Special Projects Reserve	1,337	(324)	-	1,013
<b>Total</b>	<b>2,129</b>	<b>(324)</b>	<b>139</b>	<b>1,944</b>

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****19. Transfers (from)/to Specific Reserves (continued)**

The Freedom Pass Renewal Reserve was established by the Transport and Environment Committee to accumulate funds to meet the cost of the Freedom Pass renewal exercises.

The Special Projects Reserve was established by the Transport and Environment Committee to be used for priority projects as determined by the Committee.

**20. Unusable Reserves**

	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£000</b>	<b>£000</b>
Pensions Reserve	-	(31,189)
Accumulated Absences Reserve	(165)	(165)
<b>Total</b>	<b>(165)</b>	<b>(31,354)</b>

**Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Committee accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Committee makes employer's contribution to the pension fund or eventually pays any pensions for which it is directly responsible. The credit balance on the Pension Reserve therefore shows a surplus in the benefits earned by past and current employees and the resources the Committee has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	<b>2022/23</b>		<b>2021/22</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>		<b>(31,189)</b>		<b>(42,496)</b>
Actuarial (losses)/gains on pension assets and liabilities		34,783		14,544
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(4,798)		(4,058)	
Employer's pensions contribution and direct payments to pensioners payable in the year	1,204	(3,595)	821	(3,237)
<b>Balance at 31 March</b>		<b>-</b>		<b>(31,189)</b>

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

## 20. Unusable Reserves (continued)

**Accumulated Absences Reserve**

The Accumulated Absences Reserve absorbs the differences that would otherwise arise on the General Reserve from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Reserve is neutralised by transfers to or from the Reserve.

	2022/23		2022/23	
	£000	£000	£000	£000
<b>Balance at 1 April</b>		<b>(165)</b>		<b>(231)</b>
Settlement or cancellation of accrual made at the end of the preceding year	165		231	
Amounts accrued at the end of the current year	(165)		(165)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		-		66
<b>Balance at 31 March</b>		<b>(165)</b>		<b>(165)</b>

## 21. Cash Flow Statement – Operating Activities

	2022/23		2021/22	
	£000	£000	£000	£000
<b>Deficit on Provision of Services</b>		<b>(5,736)</b>		<b>(4,453)</b>
Adjusted for:				
Current Service Cost Adjustment	2,799		2,396	
Depreciation	235		276	
Amortisation of Intangible Assets	-		1	
Net loss on Pension Scheme Assets/Liabilities	796		841	
Provision for liabilities and charges	220		160	
Carrying amount on aborted refurbishment costs	-		85	
Increase in Debtors	(968)		(71)	
Increase in Creditors	1,896		1,333	
<b>Adjustments for non-cash movements</b>		<b>4,978</b>		<b>5,021</b>
Finance and investment expenditure	25		139	
Finance and investment income	(389)		(85)	
<b>Adjustments for investing and financing activities</b>		<b>(364)</b>		<b>54</b>
<b>Net cash flows from Operating Activities</b>		<b>(1,122)</b>		<b>622</b>

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

## 22. Cash Flow Statement – Investing Activities

	2022/23	2021/22
	£000	£000
Finance and investment expenditure	(25)	(139)
Finance and investment income	389	85
Payment to Acquire Property, Plant and Equipment and Intangible Assets	(87)	(56)
<b>Total</b>	<b>277</b>	<b>(110)</b>

## 23. Leases

## Operating Leases

The Committee uses leased properties under the terms of operating leases. The amounts recognised in the accounts under these arrangements during the year amounted to £1.4 million (2021/22: £1.08 million) and are included in Premises costs in the Comprehensive Income and Expenditure Statement.

The minimum lease payments under non-cancellable operating leases for each of the following periods:

	31 March 2023	31 March 2022
	£000	£000
Not later than one year	1,429	1,272
Later than one year and not later than five years	2,208	3,204
<b>Total</b>	<b>3,637</b>	<b>4,476</b>

## 24. Intragroup Transactions

The intragroup transactions excluded from the Consolidated Comprehensive Income and Expenditure Statement during the year are as follows:

	2022/23	2021/22
	£000	£000
London Councils Limited recharge of Chancery Exchange costs to the Transport and Environment Committee:		
Expenditure	514	515
Income	(514)	(515)
London Councils Limited recharge of Southwark Street costs to London Councils Joint Committee:		
Expenditure	347	-
Income	(347)	-
Transfer between London Councils Joint Committee and London Councils Transport and Environment Committee for climate change work:		
Expenditure	345	146
Income	(345)	(146)

## 25. Members' Allowances

The Committee paid the following amounts to members of its Committees during the year.

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

	2022/23 £000	2021/22 £000
Members' Allowances	232	239

**26. Officers' Remuneration**

The number of employees whose remuneration (including termination payments but excluding employer's pension contributions) was £50,000 or more in bands of £5,000 was:

Remuneration Bands	Number of Employees	
	2022/23	2021/22
£50,000 - £54,999	11	14
£55,000 - £59,999	6	4
£60,000 - £64,999	4	4
£65,000 - £69,999	2	2
£70,000 - £74,999	1	1
£75,000 - £79,999	2	-
£80,000 - £84,999	-	1
£85,000 - £89,999	7	4
£90,000 - £94,999	4	3
£95,000 - £99,999	-	1
£100,000 - £104,999	-	1
£105,000 - £109,999	2	2
£110,000 - £114,999	-	1
£115,000 - £119,999	-	2
£120,000 - £124,999	4	-
£180,000 - £184,999	1	-

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

## 26. Officers' Remuneration (continued)

The remuneration paid to the Committee's senior employees in 2022/23 is as follows:

Post Holder	Salary £	Compensation for Loss of Office £	Total Remuneration excluding Pension Contribution	Employer's Pension Contribution £	Total Remuneration including Pension Contribution £
Chief Executive (Alison Griffin)	181,032	-	181,032	24,620	205,652
Strategy Director, London's Futures <sup>1</sup>	86,258	-	86,258	11,731	97,989
Director, Corporate Governance <sup>2</sup>	89,539	-	89,539	12,177	101,716
Director, Corporate Resources	105,679	-	105,679	14,372	120,051
Director, Transport and Mobility	124,865	-	124,865	16,954	141,819
Strategic Director, London's Communities <sup>3</sup>	122,473	-	122,473	16,656	139,129
Director, Communications	122,473	-	122,473	16,656	139,129
Director LG Finance and Improvement	122,473	-	122,473	16,656	139,129
<b>Total</b>	<b>954,792</b>	<b>-</b>	<b>954,792</b>	<b>129,822</b>	<b>1,084,614</b>

<sup>1</sup> Appointed during 2022/23

<sup>2</sup> Left during 2022/23

<sup>3</sup> Title change from: Director, Young People Education and skills, Community Services and Grants

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

## 26. Officers' Remuneration (continued)

The remuneration paid to the Committee's senior employees in 2021/22 is as follows:

Post Holder	Salary £	Bonus £	Compensation for Loss of Office £	Total Remuneration excluding Pension Contribution	Employer's Pension Contribution £	Total Remuneration including Pension Contribution £
New Chief Executive (Alison Griffin)	119,896	-	-	119,896	16,306	136,202
Chief Executive (John O'Brien)	20,141	-	-	20,141	1,817	21,958
Deputy Chief Executive	69,746	-	-	69,746	9,485	79,231
Director, Corporate Governance	87,999	-	-	87,999	11,968	99,967
New Director, Corporate Resources	50,967	-	-	50,967	6,932	57,899
Director, Corporate Resources	63,887	-	-	63,887	7,601	71,488
New Director, Transport and Mobility	71,211	-	-	71,211	9,685	80,896
Director, Transport and Mobility	55,515	-	-	55,515	7,665	63,180
Strategic Director, Young People Education and Skills, Community Services and Grants	109,999	-	-	109,999	14,960	124,959
Director, Communications	109,999	-	-	109,999	14,960	124,959
Director LG Finance and Improvement	77,502	-	-	77,502	10,540	88,042
<b>Total</b>	<b>836,862</b>	<b>-</b>	<b>-</b>	<b>836,862</b>	<b>111,919</b>	<b>948,781</b>

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)

**27. Termination Benefits**

There were termination payments included in the Comprehensive Income and Expenditure Statement of £10,000 for 2022/23 (2021/22: Nil).

**28. External Audit Costs**

The Committee incurred the following amounts in relation to the audit of the Statement of Accounts and Employers' Association Annual Return:

	<b>2022/23</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>
Fees payable in respect of the audit of the Statement of Accounts and Employers' Association Return	53	65
Additional fees payable in respect of the audit of the 2022/23 Statement of Accounts and Employers' Association Return	-	-
	<b>53</b>	<b>65</b>

The audit fee is apportioned to the committees on the basis of the absolute value of financial transaction in accordance with the accounting policy on overheads (see Note 1, Item n).

**29. Related Parties**

The Committee is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Committee or to be controlled or influenced by the Committee. Disclosure of these transactions allows readers to assess the extent to which the Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain with the Committee.

**Member Boroughs**

Member boroughs have direct control over the Committees activities through their membership of London Councils Leaders' Committee. The total value of income from subscriptions, contributions and other charges paid to London Councils by its member boroughs during 2021/22 was £36.613 million (2021/22: £43.189 million). The total value of expenditure on rent, rates, professional fees and the distribution of grants paid to member boroughs during 2022/23 was £3.116 million (2021/22: £2.798 million). On 31 March 2023, the value of debtor balances owed by member boroughs (including payments in advance) amounted to £2.810 million (2021/22: £2.904 million) and the value of creditor balances (including receipts in advance) owed to member boroughs amounted to £7.031 million (2021/22: £5.961 million).

**Transport for London**

A representative of Transport for London (TfL) sits on London Councils Transport and Environment Committee and therefore has influence over the activities of the Committee. The total value of income received from TfL in respect of subscriptions, contributions and charges during 2020/21 was £7.548 million (2021/22: £8.738 million). The total value of payments to TfL during 2022/23 was £66,000 (2021/22: £150,000). On 31 March 2023, the value of debtor balances owed by TfL amounted to £1.426 million (2021/22: £808,000) and the value of creditor balances owed to TfL amounted to £18,000 (2021/22: £180,000).

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 (continued)****29. Related Parties (continued)****Central Government**

Central Government has effective control over the general operations of member boroughs as it is responsible for providing the statutory framework within which the boroughs operate, provides the majority of their funding in the form of grants and prescribes the terms of many of the transactions that the boroughs have with other parties. The total value of expenditure on the registration of debts to HM Courts and Tribunal Services and other charges during 2022/23 amounted to £7.504 million (2021/22: £6.293 million). There was no funding received from Central Government in 2022/23 (2021/22: £118,000). On 31 March 2023, the value of debtor balances owed by central government bodies amounted to £473,000 (2021/22: £427,000) and the value of creditor balances owed to central government bodies (including receipts in advance) amounted to £225,000 (2021/22: £442,000).

**London Pensions Fund Authority (LPFA)**

London Councils' pension scheme is administered by the LPFA and members of London Councils Leaders Committee sit on the LPFA board. The total value of expenditure paid to the LPFA for pension payments and other charges during 2022/23 was £1.052 million (2021/22: £832,000). On 31 March 2023, the value of creditor balances owed to the LPFA (including receipts in advance) was nil (2021/22: £1,000).

**30. Grant Commitments**

The value of grant commitments in 2023/24 is £6.173 million.

**31. Concessionary fares**

These accounts do not include the amount of £197.350 million (2021/22: £275.975 million) paid directly by member boroughs to Transport for London in respect of the Concessionary Fares scheme. Whilst these direct payments are included in the Committee's annual budget they are excluded from the accounts as the expenditure is not incurred by the Committee, therefore full inclusion of the costs will artificially inflate London Councils income and expenditure.

**32. Segmental Reporting**

The information in the accounts is set out in the segments based on the Committee's internal management reporting. Therefore, no further disclosures are required.

**Appendix A – London Councils Grants Committee Comprehensive Income and Expenditure Statement 2022/23 which is for information and not covered by the Independent Auditor’s Report**

	2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net £000	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net £000
<b>Cost of Services</b>						
Borough commissioned services	6,048	(6,173)	(125)	6,188	(6,173)	15
ESF commissioned services	-	1	1	-	(12)	(12)
NRPF commissioned services	-	-	-	319	-	319
Homelessness Hub	-	-	-	300	-	300
<b>Cost of Services</b>	<b>6,048</b>	<b>(6,172)</b>	<b>(124)</b>	<b>6,807</b>	<b>(6,185)</b>	<b>622</b>
Other Operating Expenditure	617	(495)	122	568	(495)	73
Financing and investment income and expenditure	28	(39)	(11)	39	(8)	31
<b>Deficit on Provision of Services</b>	<b>6,693</b>	<b>(6,706)</b>	<b>(13)</b>	<b>7,414</b>	<b>(6,688)</b>	<b>726</b>
Re-measurement of the net defined liability			(1,172)			(256)
<b>Other Comprehensive Income and Expenditure</b>			<b>(1,172)</b>			<b>(256)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(1,185)</b>			<b>470</b>

**Appendix B – London Councils Transport and Environment Committee Comprehensive Income and Expenditure Statement 2022/23 which is for information and not covered by the Independent Auditor’s Report**

	2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net £000	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net £000
<b>Cost of Services</b>						
Freedom Pass and Taxicard services	18,748	(18,623)	125	27,931	(28,525)	(594)
Direct Services	13,609	(13,907)	(298)	12,146	(12,837)	(692)
<b>Cost of Services</b>	<b>32,357</b>	<b>(32,530)</b>	<b>(173)</b>	<b>40,077</b>	<b>(41,362)</b>	<b>(1,286)</b>
Other Operating Expenditure	2,292	(333)	1,959	2,453	(318)	2,136
Financing and investment income and expenditure	199	(148)	51	272	(27)	245
<b>Deficit on Provision of Services</b>	<b>34,848</b>	<b>(33,011)</b>	<b>1,837</b>	<b>42,802</b>	<b>(41,707)</b>	<b>1,095</b>
Re-measurement of the net defined liability			(9,272)			(4,888)
<b>Other Comprehensive Income and Expenditure</b>			<b>(9,272)</b>			<b>(4,888)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(7,435)</b>			<b>(3,793)</b>

**Appendix C – London Councils Joint Committee Comprehensive Income and Expenditure Statement 2022/23 which is for information and not covered by the Independent Auditor’s Report**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

	2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net £000	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net £000
<b>Cost of Services</b>						
Recovery Fund	86	(86)	-	192	(192)	-
Externally Funded Projects	5,605	(5,656)	(51)	2,979	(2,980)	(1)
Improvement and Efficiency	100	(100)	-	100	(100)	-
Research and Commissioning	458	(458)	-	375	(375)	-
Health Partnership Funding	181	(181)	-	-	-	-
Shared Ambition Impact Fund	120	(120)	-	-	-	-
YPES Regional Activity	33	(180)	(147)	30	(180)	(150)
<b>Net Cost of Services</b>	<b>6,583</b>	<b>(6,781)</b>	<b>(198)</b>	<b>3,676</b>	<b>(3,827)</b>	<b>(151)</b>
Other Operating Expenditure	9,682	(5,963)	3,719	8,154	(5,990)	2,164
Financing and investment income and expenditure	594	(202)	392	669	(50)	619
<b>Deficit on Provision of Services</b>	<b>16,859</b>	<b>(12,946)</b>	<b>3,913</b>	<b>12,499</b>	<b>(9,867)</b>	<b>2,632</b>
Re-measurement of the net defined liability			(24,339)			(9,400)
<b>Other Comprehensive Income and Expenditure</b>			<b>(24,339)</b>			<b>(9,400)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(20,426)</b>			<b>(6,768)</b>

## Appendix C – London Councils Joint Committee Comprehensive Income and Expenditure Statement 2022/23 (continued)

### a. Consolidation Adjustments

Included within the Deficit on the Provision of Services is expenditure of £862,000 (2021/22: £515,000) and income of £862,000 (2021/22: £515,000) in respect of the premises costs of Southwark Street and Chancery Exchange which were incurred by London Councils Limited and recharged to London Councils Transport and Environment Committee. There is also a transfer of £345,000 (2021/22: £146,000) from the Transport and Environment Committee to the core Joint Committee to fund climate change related policy work.

These amounts are removed on consolidation as follows:

	<b>2022/23 Gross Expenditure £000</b>	<b>2022/23 Gross Income £000</b>	<b>2022/23 Net £000</b>	<b>2021/22 Gross Expenditure £000</b>	<b>2021/22 Gross Income £000</b>	<b>2021/22 Net £000</b>
Net Cost of Services	6,583	(6,781)	(198)	3,676	(3,827)	(151)
Other Operating Expenditure	9,682	(5,963)	3,719	8,154	(5,990)	2,164
	<b>16,265</b>	<b>(12,744)</b>	<b>3,521</b>	<b>11,830</b>	<b>(9,817)</b>	<b>2,013</b>
Recharge of premises costs	(862)	862	-	(515)	515	-
Transfer between Committees	(345)	345	-	(146)	146	-
<b>Amount included in Consolidated Income and Expenditure Statement</b>	<b>15,058</b>	<b>(11,537)</b>	<b>3,521</b>	<b>11,169</b>	<b>(9,156)</b>	<b>2,013</b>

### b. Other Operating Expenditure

Other Operating Expenditure consists of the following items:

	<b>2021/22 £000</b>	<b>2021/22 £000</b>
Staff costs	6,820	5,627
Premises costs	1,835	1,522
Other running costs	1,027	1,005
<b>Total</b>	<b>9,682</b>	<b>8,154</b>

**GLOSSARY****Accounting Policies**

The specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting the accounts.

**Accruals**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

**Actuarial Gains and Losses**

Changes in actuarial deficits or surpluses that arise because either actual experience or events have differed from the assumptions adopted at the previous valuation (experience gains or losses) or the actuarial assumptions have been changed.

**Actuary**

An independent consultant who advises on the financial position of the Pension Fund.

**Amortised Cost**

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

**Balance Sheet**

A statement showing the position of the Council's assets and liabilities as at 31 March in each year.

**Budget**

A forecast of the Committee's planned expenditure. Budgets are reviewed during the course of the financial year to take account of pay and price changes and other factors affecting the level or cost of services.

**Capital Charges**

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services. The charge includes depreciation (intended to represent the cost of using the asset) and any impairment that may have occurred in the year of account.

**Capital Expenditure**

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

**Carrying amount**

The amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

**Change in Accounting Estimate**

An adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not correction of errors.

**Consistency**

The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

**GLOSSARY (continued)****Contingent**

A condition which exists at the balance sheet date where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the authority's control.

**Contract**

An agreement between two or more parties that creates enforceable rights and obligations.

**Creditors**

Amounts owed by the Committee for goods received or services provided before the end of the accounting period but for which payments have not been made by the end of that accounting period.

**Current Asset**

An asset that will be consumed or cease to have value within one year of the reporting date. Examples are inventories and debtors.

**Current Expenditure**

A general term for the direct running costs of local authority services, including employee costs and running expenses.

**Current Liability**

An amount which will become payable or could be called in within the next accounting period, examples are creditors and cash overdrawn.

**Current Service Cost**

The increase in the present value of a defined benefit obligation resulting from employee service in the current period.

**Curtailments**

Curtailments arise as a result of the early payment of accrued pensions on retirement on the grounds of efficiency, redundancy or where the employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.

**Debtors**

Amounts due to the Committee before the end of the accounting period but for which payments have not yet been received by the end of that accounting period.

**Depreciation**

The loss in value of a fixed asset due to age, wear and tear, deterioration or obsolescence.

**Employee benefits**

All forms of consideration given by an entity in exchange for service rendered by employees.

**Equity Instrument**

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (such as an equity share in a company) – this will only apply to investments in other entities held by the Committee.

**Events after the reporting period**

Those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the accounts are authorised for issue. Two types of events can be identified: a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period), and b) Those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

**GLOSSARY (continued)****Fair Value**

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In accounting terms, fair values are approximated by the present value of the cash flows that will take place over the remaining life of the financial instrument.

**Financial Asset**

A right to future economic benefits controlled by the authority that is represented by: cash; an equity instrument of another entity; a contractual right to receive cash (or another financial asset) from another entity; and a contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the authority.

**Financial Instrument**

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Liability**

An obligation to transfer economic benefits controlled by the authority that is represented by: a contractual obligation to deliver cash (or another financial asset) to another entity; and a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the authority.

**Fixed Assets**

Tangible assets that yield benefit to the Committee and its services for a period of more than one year.

**Historical Cost**

This is the cost deemed to be the carrying amount of an asset as at 1 April (i.e. b/f from 31 March) or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

**Impairment**

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

**Intangible Assets**

An intangible asset is an identifiable non-monetary asset without physical substance. It must be controlled by the authority as a result of past events, and future economic or service benefits must be expected to flow from the intangible asset to the authority. The most common class of intangible asset in local government bodies is computer software.

**Inventories**

Assets that are: a) in the form of materials or supplies to be consumed in the production process b) in the form of materials or supplies to be consumed or distributed in the rendering of services c) held for sale or distribution in the ordinary course of operations, or d) in the process of production for sale or distribution.

**Levies**

A payment that a local authority is required to make to a particular body (a levying body) to meet specific services.

**Material**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the accounts. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

**GLOSSARY (continued)****Net Realisable Value**

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

**Operational Assets**

Fixed assets held and occupied, used or consumed by the Committee in the direct delivery of services for which it has either a statutory or discretionary responsibility.

**Past Service Cost**

The increase in the present value of Pension Fund liabilities arising in the current year from previous years' service. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

**Pensions Interest Cost**

The expected increase during a period in the present value of Pension Fund liabilities which arises because the benefits are due one year closer to settlement.

**Performance Obligation**

A promise in a contract with a service recipient to transfer to the service recipient either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the service recipient.

**Post Balance Sheet Events**

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

**Post-Employment Benefits**

Employee benefits (other than termination benefits) which are payable after the completion of employment.

**Present Value of a Defined Benefit Obligation**

The present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

**Provision**

An amount set aside in the accounts for liabilities or losses which are certain or very likely to occur but uncertain as to the amounts involved or the dates on which they will arise.

**Prudence**

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or other assets and full and proper allowance is made for all known and foreseeable losses and liabilities.

**Recharges**

The collective term for accounting entries representing transfers of (or to cover) costs initially debited elsewhere. They therefore comprise apportionments and charges.

**Recoverable Amount**

The recoverable amount of an asset is the higher of fair value less costs to sell (i.e. net selling price) and its value in use.

**GLOSSARY (continued)****Related Parties**

Two or more parties are related parties when at any time during the financial period:

- (i) one party has direct or indirect control of the other party; or
- (ii) the parties are subject to common control from the same source; or
- (iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- (iv) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

**Related Party Transaction**

A related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the authority or the government of which it forms part.

**Remuneration**

All sums paid to or receivable by an employee and sums due by way of expense allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

**Reserves**

Sums set aside to finance future spending for purposes falling outside the definition of a provision.

Reserves set aside for stated purposes are known as earmarked reserves. The remainder are unallocated reserves, often described as balances.

**Residual Value**

The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

**Service Recipient**

A party that has contracted with an authority to obtain goods or services that are an output of the authority's normal operating activities in exchange for consideration.

**Short-Term Employee Benefits**

Employee benefits (other than termination benefits) that fall due wholly within 12 months after the end of the period in which the employees render the related service.

**Specific Grants**

These are grants paid by various government departments outside the main formula. They include ring-fenced grants and specific formula grants.

**Specific Reserves**

Reserves set aside for a specific purpose or a particular service or type of expenditure.

**Tangible Fixed Assets**

Tangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.

**Useful Life**

The period over which benefits will be derived from the use of a fixed asset.

**GLOSSARY (continued)**

**VAT**

An indirect tax levied on most business transactions and on many goods and some services. Input Tax is VAT charged on purchases. Output Tax is VAT charged in sales.